Pipeline operator reaches tentative settlement deal in California oil spill lawsuits

August 26 2022, by Laura J. Nelson and Hannah Fry

Credit: Unsplash/CC0 Public Domain

The Texas company that operates the oil pipeline that sent at least 25,000 gallons of crude gushing into the waters off Southern California in a spill last fall has tentatively agreed to settle more than a dozen

lawsuits brought by Orange County business owners and residents.

The chief executive of Houston-based Amplify Energy Corp., Martyn Willsher, did not disclose the terms of the settlement, but said in a statement Thursday that the proposed deal would be a "reasonable and fair resolution" to the disastrous spill.

The company's insurance policy would cover the cost of the payouts, Amplify Energy said.

The deal would resolve civil lawsuits filed in federal court by property owners, business owners and residents who said they suffered financial effects from the October spill. Those plaintiffs include Laguna Beach coastal property owners, a Huntington Beach surf school, a Seal Beach bait and tackle store, and several groups of fishing and seafood sales companies.

Attorneys representing the plaintiffs said in a statement Thursday that the details of the agreement, which resulted from "extensive negotiations" between the parties, will be presented to the court for approval. They did not disclose the terms of the settlement to The Times.

The attorneys, Wylie Aitken, Lexi Hazam and Stephen Larson, noted in the statement that their clients have not resolved their claims against the shipping companies that operate two container ships accused of dragging their anchors across the ocean floor and damaging the pipeline, leading to the spill.

They added that "all rights to continue pursuing claims against the ship related entities are expressly reserved."

In an interview with The Times, Aitken noted that the settlement

agreement includes monetary and injunctive relief, a court order requiring certain actions on Amplify's part.

The steps for injunctive relief Amplify will take have not been disclosed. However, the agreement will likely result in Amplify agreeing to certain procedures to ensure a similar spill doesn't happen again, Aitken said.

Willsher said Amplify plans to "vigorously" pursue legal claims against the shipping companies that own and operate the two container ships.

The U.S. Coast Guard has said that an anchor striking and dragging the pipeline could have made the conduit more vulnerable to other damage or to environmental stressors.

Amplify has accused two shipping firms and their subsidiaries—based in Switzerland, Panama, Liberia and Greece—of improperly allowing their ships to stay in anchorages in San Pedro Bay during a bad winter storm in January 2021.

Driven by 60-mph winds and 17-foot waves, the MSC Danit and the Cosco Beijing container ships dragged their anchors "into areas where federal law prohibits anchoring," Amplify's lawyers said in a February complaint against the shipping companies.

Amplify is seeking punitive damages, as well as reimbursement for legal fees, costs to repair and replace the ruptured portions of the pipeline, and revenue lost while the pipeline has been out of service.

Willsher said Amplify is also still pursuing its lawsuit against the Marine Exchange of Southern California, which monitors and directs traffic in the busy San Pedro Bay, alleging that the nonprofit should have been aware of the anchor drags and notified the company.

Amplify has pushed to require the Marine Exchange to notify owners of undersea property of any potential anchor drags within 24 hours.

In late July, the Orange County Board of Supervisors voted 4 to 1 in closed session to approve a nearly $1-million settlement agreement with Amplify.

In exchange for agreeing not to sue the oil company, the county accepted a $956,352 payment to cover cleanup costs, including legal bills and salaries for workers who scrambled to keep the oil out of sensitive wetlands.

Supervisor Katrina Foley described the settlement as a "win for the taxpayers" that covered the county's immediate costs. Supervisor Andrew Do, the only member of the board to vote against the deal, said that an agreement could be premature.

"We might have claims that might not materialize for years to come," Do said at the time. He wished, he said, that the county would "take our time."

Other entities, including the Huntington Beach Wetlands Conservancy, are still working to get reimbursed from Amplify for the cost of responding to the spill.

The October 2021 oil spill disrupted activity along the coast for weeks and forced the cancelation of the Pacific Airshow in Huntington Beach, one of the city's most popular annual events.

"It was devastating for businesses. It was devastating for folks who came out for the air show. It was devastating for the environment," Huntington Beach Councilman Dan Kalmick said of the oil spill. "There's long-term impacts here so folks getting made whole is important."

2022 Los Angeles Times.
Distributed by Tribune Content Agency, LLC.

Citation: Pipeline operator reaches tentative settlement deal in California oil spill lawsuits (2022, August 26) retrieved 25 April 2024 from https://phys.org/news/2022-08-pipeline-tentative-settlement-california-oil.html

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.