Judge Hears Details of Gulf Oil Spill Settlement

MICHAEL KUNZELMAN, Associated Press

NEW ORLEANS (AP) — A federal judge in New Orleans said Wednesday he is leaning in favor of granting preliminary approval to a proposed class-action settlement that would resolve billions of dollars in claims against BP over the 2010 oil spill in the Gulf of Mexico. The development comes despite objections from a BP contractor on the doomed well project, the Mississippi attorney general and others.

After hearing BP and a team of plaintiffs' attorneys outline the proposed deal, U.S. District Judge Carl Barbier said he plans to rule within a week. Barbier would hold a "fairness hearing" later this year, possibly in November, before deciding whether to give his final approval.

The proposed agreement is intended to resolve more than 100,000 claims by people and businesses who blame economic losses on the nation's worst offshore oil spill.

"This has been a very impressive effort on the part of counsel ... in terms of getting to where you all are today," Barbier said, noting that litigation over the Exxon Valdez spill took roughly 20 years to resolve. "I did not intend for this case to go on for 20 years, not with me in charge of it."

London-based BP PLC estimates it would pay about $7.8 billion to resolve these claims, but the settlement wouldn't be capped and likely would be one of the largest class-action settlements ever.

Barbier stressed that his preliminary approval would only mark a "starting point," with objections to the deal to be considered in coming months. The proposal was announced March 2 and is spelled out in hundreds of pages of documents filed last week.

Objections already have begun trickling in. In a court filing earlier Wednesday, a group of commercial fishermen and industry groups said it sees "significant flaws" in the settlement and claimed it wouldn't protect most fishermen against future risks to fisheries. Also Wednesday, Mississippi Attorney General Jim Hood said in a court filing he objects to the settlement's use of liability releases the former administrator of a victims' compensation fund had people sign if they were seeking a final payment from the fund. Hood maintains the releases are illegal and would improperly exclude 200,000 individuals and businesses from sharing in the settlement if it is approved in its current form.

Late Tuesday, cement contractor Halliburton objected to the proposed settlement, saying the settlement improperly seeks to assign certain claims that BP has made against Halliburton to the Plaintiffs Steering Committee.

BP has agreed to pay $2.3 billion for seafood-related claims by commercial fishing vessel owners, captains and deckhands. The settlement also would compensate other categories of losses, including lost wages, businesses losses, property damage and damage to vessels that worked on the spill cleanup.

The agreement calls for paying medical claims by cleanup workers and others who say they suffered illnesses from exposure to the oil or chemicals used to disperse it. In addition, BP has agreed to spend $105 million over five years to set up a Gulf Coast health outreach program and pay for medical examinations.

BP attorney Rick Godfrey said the agreement differs from most other class-action settlements in that claimants will be paid before a judge gives final approval or appeals are exhausted.

"This is full and fair compensation offered now ... not years from now," Godfrey said.

The settlement doesn't resolve separate claims brought by the federal government and Gulf states against BP and its partners on the Deepwater Horizon drilling rig over environmental damage from the nation's worst offshore oil spill.

It also doesn't resolve claims against Switzerland-based rig owner Transocean Ltd. and Houston-based cement contractor Halliburton. Barbier has scheduled a May 3 status conference to discuss plans for a possible trial on the other claims.

The April 20, 2010, blowout of BP's Macondo well triggered an explosion that killed 11 rig workers and unleashed a gusher that spewed more than 200 million gallons of oil into the Gulf.

In the aftermath, BP created a $20 billion fund to compensate commercial fishermen, property owners, hotels and other tourism-driven businesses that claimed they suffered economic damages.

The Gulf Coast Claims Facility processed more than 221,000 claims and paid out more than $6 billion from the fund before a court-supervised administrator took over March 8. The administrator, Patrick Juneau, says claimants have received more than $134 million during the transition period as of April 6. But in his court filing Wednesday, Hood, the Mississippi attorney general, demanded relief on behalf of 2,600 claimants whom an independent audit identified as having been improperly denied claims from the fund by the prior administrator.

The settlement excludes certain types of businesses, including financial institutions, casinos and racetracks, as well as losses allegedly caused by the federal government's temporary moratorium on deepwater drilling.

Associated Press writer Harry R. Weber contributed to this report from Atlanta.

Source URL (retrieved on *07/14/2014 - 12:55pm*):

http://www.chem.info/news/2012/04/judge-hears-details-gulf-oil-spill-settlement?qt-most_popular=0