Judge Allows Gulf Oil Spill Settlement to Proceed

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NEW ORLEANS (AP) — A federal judge on Wednesday preliminarily approved 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.

U.S. District Judge Carl Barbier's ruling allows the settlement process to proceed, but he will hold a "fairness hearing" on Nov. 8 before deciding whether to give his final approval to the deal between London-based BP PLC and a team of plaintiffs' attorneys.

The proposed settlement doesn't have a cap, but BP estimates it will pay about $7.8 billion to resolve more than 100,000 claims by people and businesses who blame the spill for economic losses.

The deal announced March 2 was spelled out in hundreds of pages of documents filed last month. Barbier also heard an outline of the proposal during an April 25 hearing.

"At this stage, the Settlement Agreement appears fair, has no obvious deficiencies, does not improperly grant preferential treatment to the Class Representatives or to segments of the Class, and does not grant excessive compensation to attorneys. It falls within the range of possible judicial approval," Barbier wrote Wednesday in a 43-page order.

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 business, wages, 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.

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 private plaintiffs' claims against Switzerland-based rig owner Transocean Ltd. and Houston-based cement contractor Halliburton.

The judge said he would have months to consider any objections to the settlement, but some groups of plaintiffs and elected officials haven't waited to air their concerns.

In a recent court filing, a group of commercial fishermen and industry groups said they see "significant flaws" and claimed it wouldn't protect most fishermen against future risks to fisheries.

Mississippi Attorney General Jim Hood said he objects to the settlement's use of liability releases that the former administrator of a victims' compensation fund had people sign if they were seeking a final payment from the fund.

Florida Attorney General Pamela Jo Bondi had urged Barbier to hold off on giving his preliminary approval so that "other interested stakeholders" could have more time to review and comment on the proposed settlement's terms.

Halliburton said the settlement improperly seeks to assign certain claims that BP has made against Halliburton to the Plaintiffs' Steering Committee, the team of attorneys who brokered the deal.

The April 20, 2010, blowout of BP's Macondo well triggered an explosion that killed 11 rig workers and spilled 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. During the transition period, claimants have received more than $134 million.

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