Billions at Stake for BP in Gulf Oil Spill Trial

MICHAEL KUNZELMAN,Associated Press

NEW ORLEANS (AP) — Nearly three years after a deadly rig explosion in the Gulf of Mexico triggered the United States' worst offshore oil spill, a trial started Monday in the high-stakes case against British oil giant BP and other companies involved.

U.S. District Judge Carl Barbier was scheduled to hear several hours of opening statements by lawyers for the companies, federal and state governments and others who sued over the 2010 disaster that left 11 rig workers dead. Barbier was hearing the case without a jury.

The trial is designed to identify the causes of BP's well blowout and assign percentages of fault to the companies. That will help determine how much more each has to pay for their roles in the environmental catastrophe.

Months of negotiations have failed to produce a settlement that could have averted the trial.

BP has said it already has racked up more than $24 billion in spill-related expenses and has estimated it will pay a total of $42 billion to fully resolve its liability for the disaster that killed 11 workers and spewed millions of gallons of oil.

But the trial attorneys for the federal government and Gulf states and private plaintiffs hope to convince the judge that the company is liable for much more.

With billions of dollars on the line, the companies and their courtroom adversaries have spared no expense in preparing for a trial that could last several months. Hundreds of attorneys have worked on the case, generating roughly 90 million pages of documents, logging nearly 9,000 docket entries and taking more than 300 depositions of witnesses who could testify at trial.

"In terms of sheer dollar amounts and public attention, this is one of the most complex and massive disputes ever faced by the courts," said Fordham University law professor Howard Erichson, an expert in complex litigation.

Barbier has promised he won't let the case drag on for years as has the litigation over the 1989 Exxon Valdez spill, which still hasn't been completely resolved. He encouraged settlement talks that already have resolved billions of dollars in spill-related claims.

"Judge Barbier has managed the case actively and moved it along toward trial pretty quickly," Erichson said.

In December, Barbier gave final approval to a settlement between BP and Plaintiffs' Steering Committee lawyers representing Gulf Coast businesses and residents who

claim the spill cost them money. BP estimates it will pay roughly $8.5 billion to resolve tens of thousands of these claims, but the deal doesn't have a cap.

BP resolved a Justice Department criminal probe by agreeing to plead guilty to manslaughter and other charges and pay $4 billion in criminal penalties. Deepwater Horizon rig owner Transocean Ltd. reached a separate settlement with the federal government, pleading guilty to a misdemeanor charge and agreeing to pay $1.4 billion in criminal and civil penalties.

But there's plenty left for the lawyers to argue about at trial, given that the federal government and Gulf states haven't resolved civil claims against the company that could be worth more than $20 billion.

The Justice Department and private plaintiffs' attorneys have said they would prove BP acted with gross negligence before the blowout of its Macondo well on April 20, 2010.

BP's civil penalties would soar if Barbier agrees with that claim.

BP, meanwhile, argues the federal government's estimate of how much oil spewed from the well — more than 200 million gallons — is inflated by at least 20 percent. Clean Water Act penalties are based on how many barrels of oil spilled.

Barbier plans to hold the trial in at least two phases and may issue partial rulings at the end of each. The first phase, which could last three months, is designed to determine what caused the blowout and assign percentages of blame to the companies involved. The second phase will address efforts to stop the flow of oil from the well and aims to determine how much crude spilled into the Gulf.

The trial originally was scheduled to start a year ago, but Barbier postponed it to allow BP to wrap up its settlement with the Plaintiffs' Steering Committee.

Source URL (retrieved on *09/18/2014 - 4:46am*):
http://www.chem.info/news/2013/02/billions-stake-bp-gulf-oil-spill-trial?qt-most_popular=1