

# Alabama to get \$2.3 billion from settlement with BP

By TIM LOCKETTE, Consolidated News Service | Posted: Thursday, July 2, 2015 6:55 pm

**MONTGOMERY** — Alabama will get \$2.3 billion from the oil company BP after settling a lawsuit over damages from the Deepwater Horizon oil spill, Gov. Robert Bentley announced Thursday.

"We were hoping for numbers like this, and we probably exceeded our expectations," Bentley said of the settlement.

Alabama and several other Gulf states took the oil company to court to recoup damages from the 2010 spill at BP's Deepwater Horizon offshore oil platform, which damaged fishing in the Gulf and shut down an entire season of tourism along the coast.

Bentley said the agreement yielded a total of \$18.5 billion for all the states in the lawsuit, including \$1.3 billion for environmental restoration projects in Alabama and another \$1 billion to be paid to Alabama over the next 18 years.

That money, roughly \$55 million per year if the payments are divided evenly, would go to the state's General Fund budget, which pays for all state agencies except schools.

Bentley said the settlement would not solve the problems of the General Fund, which faces a shortfall of more than \$200 million in the fiscal year that begins Oct. 1. The governor said he still intends to call a special session to pass a budget, something lawmakers and the governor couldn't agree on in the regular session earlier this year.

"This money will help with the General Fund, but it is not the solution to our problems," Bentley said.

Attempts to reach BP officials for comment were not immediately successful. The company released a statement about the settlement on its website.

"This is a realistic outcome, which provides clarity and certainty for all parties," Bob Dudley, BP's group chief executive, is quoted as



## BP oil spill

Fire-boat response crews battle the blazing remnants of the Deepwater Horizon oil rig, April 21, 2010. (U.S. Coast Guard via The New York Times)

saying in the BP statement.

A spreadsheet with the BP statement shows the company paying out \$1 billion in state claims immediately after the agreement with the five states becomes official. After a two-year pause, the spreadsheet shows, the company would pay a total of \$260 million per year to the five states.

The governor said much of the state revenue lost to the oil spill likely came out of the Education Trust Fund, the state's separate budget for schools. The ETF is funded largely by sales and income taxes, and the hit to tourism in coastal counties was one of the biggest impacts of the spill.

Still, the settlement money goes into the General Fund, which receives all un-earmarked revenue for the state.

Much of the \$1.3 billion for environmental restoration will go to the state's Department of Conservation, Bentley said. BP has already paid roughly \$340 million in environmental fines, Bentley said.

For years, Alabama lawmakers have managed to cover shortfalls in the General Fund by dipping into one-time sources of money. Bentley said he hoped the BP settlement wouldn't encourage lawmakers to continue that trend.

Gulf states have been in litigation with BP for nearly five years. **Jere Beasley**, a lawyer who worked for the state on the case, said the parties reached a settlement last Tuesday. Beasley said it was clear from the start that the oil company would eventually settle.

"We knew they were going to settle after the first deposition," he said.

Attorney General Luther Strange said \$1 billion from the \$18.5 billion settlement would go to local governments in the Gulf states.

"They'll be dealing with that in coming weeks," Strange said.

The settlement is an "agreement in principle," Bentley said, and would have to get court approval to become official. Beasley, however, said there was little likelihood BP would back out of the agreement.

"There's no way BP can back out," he said. "They're locked into the settlement."