

Chapter One

'VERY BEST SETTLEMENT POSSIBLE'

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BP settlement: 'A good step

forward'

ALABAMA STANDS TO GAIN \$2.3 BILLION IN SETTLEMENT OVER BP DEEPWATER

Five years after a major oil spill killed 11 men and ravaged the economy and environment of the Gulf Coast, Alabama and four other states have reached a preliminary agreement to settle claims from the disaster with oil giant BP

Brian Lyman, Montgomery Advertiser

The \$18.7 billion settlement, announced Thursday morning, will mean about \$2.3 billion for Alabama. The number includes criminal fines already paid by the company over the April 20, 2010 Deepwater Horizon explosion.



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Alabama Governor Robert Bentley announces BP oil spill settlement.

About \$1.3 billion will go to environmental restoration in coastal Alabama, and \$1 billion will go for economic damages. The broader settlement also includes a total of \$1 billion for local governments all around the Gulf Coast.

"While today's news will never make up for loss and hurt for so many Alabamians, it is a good step forward to making Alabama whole again," Gov. Robert Bentley said at press conference Thursday, flanked by Attorney General Luther Strange, who led the states' litigation over the claims.

Opinion: [Oil spill settlement funds won't cure all fiscal ills](http://www.montgomeryadvertiser.com/story/opinion/2015/07/02/oil-spill-settlement-funds-cure-fiscal-ills/29619815/)
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U.S. District Judge Carl Barbier of the U.S. District for Eastern Louisiana must approve the agreement, and the parties involved there were a handful of outstanding issues. But state officials involved in the negotiations praised the agreement.



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MONTGOMERIANS REACT TO BP SETTLEMENT

After Gov. Robert Bentley announced details of the \$2.3 billion settlement with BP over the Deepwater Horizon explosion, we asked people around Montgomery what they thought about it.

Andrew J. Yawn/Montgomery Advertiser
Steve Arnold/Montgomery Advertiser

"I think Alabama has received the very best settlement possible," Strange said. "I think it will benefit future generations of Alabamians."

The settlement does not address claims made by individuals.

Chapter Two

'IT'S ABSOLUTELY FAIR'

The money will not be immediately available. According to BP's website, environmental restoration funds payments will start one year from the finalization of the agreement, and last for 15 years. BP will pay economic restoration funds three years after the final execution of the agreement, and for 15 years after.

"For BP, this agreement will resolve the largest liabilities remaining from the tragic accident and enable BP to focus on safely delivering the energy the world needs," Bob Dudley, BP's group chief executive, said in a statement. "For the United States and the Gulf in particular, this agreement will deliver a significant income stream over many years for further restoration of natural resources and for losses related to the spill."

Jere Beasley, managing partner of Beasley Allen, which developed estimates of damage from the oil spill, said Thursday the parties agreed to the basics of the settlement June 23. Strange said that the details were not finalized until Wednesday night.

"It's absolutely fair," Beasley said Thursday. "Based on everything we had and the information from all the department heads, the projections and the actual losses we could prove, it's a very good settlement. In fact, it was more quite honestly than I thought they would pay."

OIL SPILL DISASTER BY THE NUMBERS

Important dates and stats concerning the Deepwater Horizon drilling rig disaster and its aftermath

BP; U.S. Coast Guard; News Journal archives

A few issues remain. But Beasley said BP can not "back away" from the monetary agreement.

In all, the oil company agreed to pay \$5.5 billion in fines for Clear Water Act violations. BP will pay a total of \$7.1 billion to the federal government and the five Gulf states for environmental damages. Both payments will begin one year after the finalization of the settlement.

The five states will receive \$4.9 billion.

Chapter Three

DISASTER IN THE GULF

Three explosions ripped through the Deepwater Horizon, an oil rig leased by BP, at 10 p.m. on the night of April 20, 2010. The rig became engulfed in flames before sinking into the Gulf. The bodies of the 11 men who died were never recovered. Seventeen workers were injured.

Shortly after the explosion, cameras picked up evidence of oil and gas leaking into the Gulf. Soon, National Oceanic and Atmospheric Administration (NOAA) officials began providing daily maps of a triangle-shaped, rapidly expanding oil slick in the Gulf of Mexico.



THE MONTGOMERY ADVERTISER

Oil spill settlement funds won't cure all fiscal ills

(<http://www.montgomeryadvertiser.com/story/opinion/2015/07/02/oil-spill-settlement-funds-cure-fiscal-ills/29619815/?from=global&sessionKey=&autologin=>)

Fishing in the Gulf came to a halt, and tourism slowed to a crawl as Gulf communities deployed booms and maintained a vigil, waiting for the oil to come ashore. The first oil reached Louisiana in mid-May; by early June, tar balls -- greasy, rock-sized spheres of weathered oil -- began washing up on Alabama beaches.

The human and financial toll was heavy. Shrimp landings in Alabama fell 56 percent. Studies conducted in Baldwin County showed one-third to one-half of people living in affected communities met the criteria for clinical depression (<http://www.apa.org/monitor/2014/07-08/spill.aspx>). Levels of depression remained elevated for two years afterward.

The well was not capped until mid-July, 2010. In all, 3.19 million barrels of oil -- 134 million gallons -- leaked into the Gulf.

Chapter Four

WHERE THE MONEY GOES

Some of the money will likely end up in the state's troubled General Fund, which faces a \$200 million shortfall next year. But Bentley stressed during and after Thursday's press conference that the economic funds -- which, if distributed equally each year, would amount to \$55.5 million -- would not solve the budget crisis.

"Does it help some? Yes," Bentley said. "But we do not know when that money will come."

The environmental clean-up money, Bentley said, includes \$340 million already spent in Alabama on restoration efforts. The rest, Bentley said, will go to a trust fund established under the 2012 RESTORE Act, which provides grants for environmental projects related to the oil spill.

Messages left with environmental groups Thursday were not immediately returned.

BP OIL SPILL: A TIMELINE

Significant dates from the Deepwater Horizon disaster.

2008

2009

2010

2011

2012

2013

2014

2015

2016

PNJ archives, BP, FDEP, news statements, other media outlets

Tammy Herrington, director of Conservation Alabama, praised the settlement in a statement but said legislators "must remember the intent of this funding" and urged lawmakers to keep the recovery of natural resources foremost in their minds.

"Without projects that focus on long-term environmental recovery and stability, we risk losing the natural resources that are absolutely vital to the health of Alabama's Gulf Coast's environment, economy, and communities," the statement said.

Most of the state revenue lost to the oil spill came in income and sales taxes that would have gone to the Education Trust Fund, but "we have to put (the funding) where our needs are," the governor said.

Strange said the General Fund situation was not a factor in the agreement. Last March, Barbier ordered a jury trial over Alabama's claims last March. Strange called that decisive.

"Getting the trial date set created an environment that brought everyone to the table," Strange said at the press conference.

The jury trial would likely have begun in the fall of 2016, and could have taken place in Montgomery, Beasley said. But Beasley said he expected a settlement, due to the wealth of evidence against BP.

"They had to more or less admit what they had done," Beasley said. "We had internal documents, memos and emails showing that the engineers on the platform were telling the engineers in Houston, 'We're heading toward a disaster, and we've got to stop it.' The return message was 'Keep going.' "

The result, state officials said, was a settlement that was satisfactory.

"I do believe it's a fair amount," Bentley said. "We were hoping for numbers like this, and we probably exceeded our expectations."

Alabama stands to gain \$2.3 billion in settlement over BP Deepwater Horizon explosion, oil spill

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