

# BP, US government finalize \$20 billion settlement over 2010 oil spill

By Tom Hall  
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In a federal courtroom in New Orleans on Monday, oil giant British Petroleum (BP) finalized a \$20.8 billion settlement of a civil suit stemming from the 2010 Deepwater Horizon oil spill, the worst environmental disaster in American history.

Monday's announcement brings to a close a protracted, years-long legal theater in which the Obama administration colluded with BP to shield the company from liability to the maximum extent possible. Not a single high-ranking executive has faced punishment for the reckless policies that led directly to the deaths of 11 workers on the Deepwater Horizon rig and the release of 4.9 million barrels of oil, resulting in environmental devastation whose true dimensions are not yet fully understood.

Far from an aberration, this is a continuation of the Obama administration's role, as the lead representative of the American corporate-financial oligarchy, of covering for corporate criminality and shifting the cost of their crimes onto the backs of the population. Monday's settlement is another indicator that the ability of corporate criminals to operate with impunity has become the rule, even a cardinal feature of American life.

The settlement amounts to a slap on the wrist for one of the largest companies in the world. Of the total sum, the company will pay only \$5.5 billion in federal fines under the Clean Water Act, a paltry \$1,725 per barrel of oil released during the spill out of the maximum allowable fine of \$4,300 per barrel. The company will also pay around \$4.9 billion total to the state governments of Texas, Louisiana, Mississippi, Alabama and Florida. Another \$7.1 billion will go to settle claims stemming from environmental damages. The agreement also includes a provision lifting the federal government's ban on contracts with BP,

according to *Wall Street Journal*. The settlement will be tax-deductible. Moreover, the money from the settlement will be released at a slow trickle, approximately \$1.1 billion per year over the course of 15 to 18 years, meaning that the value of the settlement will be significantly eroded by inflation. The annual amount BP will pay out for the settlement will be roughly equivalent to BP's second quarter profits from this year alone.

As with the earlier \$4.5 billion settlement with federal prosecutors in the criminal case against the company, such sums are merely the "cost of doing business" for BP. Thus, while it has been trumpeted by the corporate-controlled media and by government officials as the steepest environmental penalties in American history, it is actually a signal to major corporations that they are free to flaunt environmental regulations with virtual impunity.

The total cost of the settlement is roughly equivalent to the \$18 billion in Clean Water Act fines alone originally sought by federal prosecutors. This figure was put out of reach in January when presiding federal judge Carl Barbier accepted a significant undercount of the true extent of the spill, capping the maximum allowable fines at \$13.7 billion. BP was eventually found liable for scarcely more than a third of even this amount.

Nevertheless, newly appointed US Attorney General Loretta Lynch effusively praised the deal, declaring in a press conference that "BP is receiving the punishment it deserves, while also providing critical compensation for the injuries that it caused to the environment and the economy of the Gulf region. The steep penalty should inspire BP and its peers to take every measure necessary to ensure that nothing like this

can ever happen again.”

In reality, the lightness of the settlement exceeded even the wildest dreams of BP itself, which had thrown up every possible roadblock during the court proceedings to avoid as much liability as possible. When details of the settlement first emerged in July, one industry analyst told the *New York Times*, “Every aspect of this deal is better than what both we and the market were expecting.”

The federal government’s figure of \$20.8 billion is somewhat larger than the widely cited \$18.7 billion figure announced by BP in July. However, this does not reflect a change in the language of the settlement. Rather, the higher figure is due solely to the federal government artificially inflating its figure by including money already spent by BP. Geoff Morrell, the company’s VP of communications, confirmed to the media that the new figure “does not reflect a new settlement or any new money.” This did not prevent the *New York Times* from falsely claiming in its headline Monday that the settlement had been “raised” to \$20.8 billion.

From the beginning, the Obama administration worked overtime to run interference for BP, parroting the company’s lies about the true extent of the spill and allowing BP to remain in charge of the cleanup effort. In order to limit the company’s civil liabilities, the Obama administration set up the Gulf Coast Claims Facility, headed by notorious corporate lawyer Kenneth Feinberg, which required claimants seeking restitution for the economic impact of the spill to waive their right to sue in order to receive a paltry lump-sum payment. Although \$20 billion was set aside for the fund, little more than a quarter of this was actually dispensed by Feinberg.

The ongoing effects of the oil spill continue to wreak havoc on a fragile ecosystem upon which countless local residents rely for their livelihood. In Louisiana, where \$5 billion of the settlement’s restoration money will be spent, the oil spill contributed to the acceleration of soil subsidence in the state’s marshy, low-lying coastal regions, which also function as natural hurricane barriers for large metropolitan areas such as New Orleans.

The spill has also been linked to falling oyster catches for local fisherman as well as a mass die-off of dolphins in the Gulf. The use of chemical dispersants

by the company during the cleanup, in order to push the surface oil beneath the waters’ surface and away from television cameras, has resulted in thousands of square miles of the seafloor being coated in what one study described as a “bathtub ring” of oil. BP has responded by publicly attacking these environmental studies and absurdly claiming that the environmental impact of the spill has been minimal, while flooding local TV markets along the Gulf Coast with advertisements fraudulently proclaiming the company’s “commitment” to environmental restoration.

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