BP asks appeals court to throw out oil spill settlement

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Oil giant British Petroleum (BP) asked a federal appeals court on Friday to dispense with the entirety of the multibillion-dollar claims settlement arising from the 2010 oil spill in the Gulf of Mexico if it loses a separate appeal demanding revision to an earlier ruling on the claims process, which the company argues has led to potentially billions of dollars of "fraudulent" claims.

Last year, BP joined plaintiffs in asking that US District Judge Carl Barbier approve the final claims settlement. However, BP subsequently opposed Barbier's interpretations of the settlement terms, and has asked the 5th U.S. Circuit Court of Appeals to overturn Barbier's rulings.

Barbier, the judge in charge of overseeing the settlement fund, handed down a March 5 decision upholding the claims process. Barbier stated that "Objective formulas, the possibility of 'false positives,' and giving claimants flexibility to choose the most favorable time periods are all consequences BP accepted when it decided to buy peace through a global, class-wide resolution."

If the 5th Circuit Court upholds Barbier's ruling, "then the settlement would be rendered wholly unfair, irrational, and constitutionally suspect," BP lawyers claim, in which case BP demands that the entire settlement be scrapped.

BP, facing lower-than-expected profits from its international operations, and with only $300 million left in the escrow fund set aside for spill-related costs, has in recent months decided to play hardball with the claims settlement process that it formerly accepted. The company recently revised its estimate of the total cost of the spill settlement to $9.6 billion, up from $7.8 billion, while warning that the ultimate cost could be higher. By comparison, the company made more than $11 billion in profits in 2012.

From the beginning, BP has been treated with kid gloves by the entire political establishment. The company was ultimately fined a mere $4.5 billion for the oil spill, compared to a maximum possible fine of nearly $20 billion.

The Gulf Coast Claims Facility (GCCF) and the associated escrow fund set up by the Obama administration was from the start designed to limit the company's liability for the worst environmental disaster in American history. The former head of the Claims Facility, Kenneth Feinberg, is a career corporate lawyer who was directly paid by BP for his work on the GCCF. People who filed claims with Feinberg's organization waived their right to sue in order to receive the paltry benefits on offer. Nevertheless, BP has made it increasingly clear that it will tolerate no further inroads on its profits.

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