

# NEWS RELEASE

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## EXXON VALDEZ SETTLEMENT REACHED

JUNEAU--Governor Walter J. Hickel today signed a \$900 million settlement with Exxon and the federal government over the March, 1989, Exxon Valdez oil spill.

"This is a great settlement for the people of Alaska, for the environment and for the federal government," Hickel said. "I believe most Alaskans felt relieved when we brought home the first proposal last March, and were rightfully disappointed when the legislature turned it down. We said then that we would continue to work with Exxon and the federal government, if we could get them back to the table. They did come back, and I have to say I have never been involved in negotiations that showed as high a level of cooperation between the state and federal governments and private parties as this has."

Hickel said one key to getting the agreement was to accommodate the needs of fishermen, Native subsistence users and others whose lives were disrupted by the spill. The third party litigants settled with the state and federal governments over the past week in agreements that allow them access to resource damage data gathered by government scientists.

The civil settlement calls for Exxon to pay the state \$900 million over the next 10 years under the following terms: \$90 million within 10 days of acceptance of the settlement by the court; \$150 million (minus the cost of cleanup for 1991 and 1992) to be paid on December 1, 1992; \$100 million in September 1993, and \$70 million in each of the succeeding eight Septembers.

The funds will be controlled by six trustees, three state and three federal, who will appoint multi-member advisory panels to assist them. Use of the funds will be restricted to cleanup, assessment, restitution and enhancement of those areas impacted by the oil spill.

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Hickel said that although he will not submit the settlement to legislators, he will consult with them on any outstanding issues remaining.

"The legislature gave us its directive in the resolution it passed last May," Hickel said. "I am glad we had their unanimous support going into this round. We addressed many of the concerns they had, most notably the need to share information with third party litigants. We also made the advisory panels mandatory, and kept the reopener clause in. But, we were only one of the parties to the settlement, and a lot of what the legislature asked for just wasn't possible."

Finality of the civil settlement could again hinge on acceptance of the criminal plea bargain, as each of the three parties retain the right to terminate if the plea bargain is rejected. Under that agreement, which is to be filed in Anchorage this morning, Exxon will plead guilty to one criminal charge, while Exxon Shipping will plead guilty to three charges.

The two companies will pay a total fine of \$150 million, plus restitution of \$100 million. \$125 million of the fine will be remitted, however, Exxon is required to pay \$50 million to the state and \$50 million to the federal government to be used for restoration in Alaska.

Of the fine, \$12 million must by law be deposited into the North American Wetlands Conservation Fund, for use in the U.S., Canada and Mexico for wetlands enhancement. The restitution will be split evenly between the federal and state governments.

"If you ask me if it's a better deal, I'd say it is, because it means \$50 million more to the restoration of the spill-impacted areas," Attorney General Charlie Cole said. "It is a fair settlement, in the best interest of the state and of the people who reside in the areas affected by the spill, and who make their living from those resources."

Cole said the third party plaintiffs, including fishermen, Native villages and individual natives, retain the right to sue for harm done to their livelihoods and subsistence way of life.

Although Alyeska Pipeline Service Company is released from natural resource damage claims, the two governments retain the right to recover for other damages. Third party claimants also retain the right to sue Alyeska

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# Department of Justice

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EXXON PLEADS GUILTY AND AGREES TO RECORD \$1.125 BILLION  
TO RESOLVE FEDERAL AND STATE CLAIMS FROM EXXON VALDEZ OIL SPILL

WASHINGTON, D.C. -- The Department of Justice today announced the filing of a criminal plea agreement and a civil consent decree in which Exxon Corporation and Exxon Shipping Company will pay a record \$1.125 billion in fines, restitution and civil damages. Exxon has already spent \$2.5 billion to address the consequences and causes of the 1989 Exxon Valdez Oil spill. Both agreements were filed in the District of Alaska and are subject to court approval.

The companies agreed to an assessed fine of a record \$150 million dollars plus \$100 million in restitution. In recognition of the companies voluntary expenditures of \$2.5 billion, \$125 million of the criminal fine is remitted. The companies will also plead guilty to four violations of federal environmental law. The \$100 million in restitution is twice the amount agreed to in a previous criminal settlement on March 13, 1991.

According to the civil consent decree, Exxon will pay \$900 million to reimburse the federal and state government's past clean up costs and fund the restoration of Prince William Sound

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and the Gulf of Alaska. The first payment of \$90 million will be made ten days after the decree is entered as final.

"The criminal plea, if accepted, requires Exxon to pay \$125 million immediately -- one of the largest criminal penalties of its kind in American history. This sentence is more than twice the total sentences imposed for environmental crimes in U.S. history," said Barry M. Hartman, Acting Assistant Attorney General for the Environment and Natural Resources Division.

"We are very pleased that this agreement, if accepted by the Court, will double the amount of money immediately available to address the consequences of the Valdez oil spill," concluded Hartman.

The \$150 million assessed fine represents the proper punitive sanction based on the conduct giving rise to the spill, and the \$100 million in restitution immediately addresses the consequences to the environment.

The agreement also recognizes Exxon's substantial efforts to make the environment whole after the spill, including spending \$2.5 billion to clean up the environment and compensate for losses due to the spill. Although Exxon must immediately pay \$25 million into the U.S. Treasury and an additional \$100 million in restitution for the Sound, the agreement allows for remission, or forgiveness, for a portion of the fine. Remission is based on post-spill activities and reduces the fine by one dollar for

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every twenty dollars voluntarily spent by Exxon to address the consequences of the spill.

"Approximately ninety-eight percent of the funds will be used for natural resource damage restoration and related activities. It is critical that funds be immediately available to restore Prince William Sound. If both agreements are approved, over \$200 million will be immediately available for that purpose," said Hartman.

Exxon Shipping has agreed to plead guilty to misdemeanor violations of the Refuse Act, Clean Water Act and Migratory Bird Treaty Act (MBTA). Exxon Corporation will plead guilty to one misdemeanor violation of the MBTA. The fines for violating the MBTA, which total \$12 million, will be earmarked for wetlands conservation projects throughout the U.S., Canada, and Mexico, in accordance with the North American Wetlands Conservation Act.

Under the consent decree, after the initial \$90 million payment, Exxon will then pay approximately \$110 million dollars on September 1, 1992. Thereafter, Exxon will pay \$100 million on September 1, 1993 and \$70 million each September 1 through the year 2001. The agreement also has a reopener clause stating that Exxon may incur an additional \$100 million for natural resource damages not currently foreseen.

Hartman praised the outstanding efforts of the Federal Bureau of Investigation and the U.S. Fish and Wildlife Service,

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Division of Enforcement. Special Agents from both agencies conducted an extensive criminal investigation over the last two-and-a-half years that culminated in the successful resolution of this criminal case.

Hartman also thanked Secretary of Transportation Sam Skinner, Administrator of the U.S. Environmental Protection Agency (EPA) William K. Reilly, Deputy Solicitor of Interior Martin Suberg, Assistant to the Secretary of Interior of Alaska Vernon Wiggins, EPA's Assistant Administrator for Water Lajuana Wilcher, General Counsel for the Department of Agriculture Alan Raul, and General Counsel for the National Oceanic and Atmospheric Administration Thomas Campbell.

Hartman singled out for special praise Alaska Attorney General Charles Cole and U.S. Assistant Attorney General for the Civil Division Stuart M. Gerson, whom he said worked with him closely and with remarkable cohesion in producing the final civil settlement.

"This has been a team effort in the highest sense," concluded Hartman.

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