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You are here: [EPA Home](#) [History](#) [Topics](#) [Exxon Valdez Oil Spill](#) Exxon to Pay Record One Billion Dollars in Criminal Fines and Civil Damages in Connection with Alaskan Oil Spill

[EPA History Home](#)
[Timeline of Accomplishments](#)
[Topics](#)
[Publications](#)
[EPA Leaders](#)
[Organization](#)
[Images](#)

Exxon to Pay Record One Billion Dollars in Criminal Fines and Civil Damages in Connection with Alaskan Oil Spill

[EPA press release - March 13, 1991]

Attached is the Justice Department press release issued today on the Exxon Valdez settlement.

Department of Justice

March 13, 1991

Washington, D.C. - Attorney General Dick Thornburgh and Alaska Governor Walter Hickel today announced that Exxon Corporation and Exxon Shipping Company have agreed to settle all federal and state civil claims resulting from the Exxon Valdez oil spill on March 24, 1989, by the payment of \$900 million in damages. The settlement also has a reopener clause stating that Exxon may incur an additional \$100 million for natural resource damages not currently foreseen.

The Attorney General also announced that the two corporate defendants have agreed to plead guilty to federal environmental criminal charges and to pay a criminal fine of \$100 million, of which \$50 million will be remitted; the State of Alaska will receive \$50 million of the \$100 million as restitution for restoration of the damaged natural resources. This is, by far, the largest single environmental criminal recovery ever exacted.

According to the plea settlement, which will be filed in the District of Alaska, Exxon Shipping Co. will plead guilty to violating the Clean Water Act, the Refuse Act, and the Migratory Bird Treaty Act. Exxon Corporation will plead guilty to violating the Migratory Bird Treaty Act.

"The aggregate of one billion dollars in civil damages and criminal restitution is by far the largest single amount ever paid as a result of environmental violations. Through tough negotiations by the Department of Justice, the Environmental Protection Agency, the Department of Agriculture, the Department of Interior, the Department of Transportation, the National Oceanic and Atmospheric Administration (NOAA), the State of Alaska, and federal prosecutors, the federal and state interests surrounding the legal responsibilities of Exxon Shipping and Exxon Corporation have been vindicated," said Thornburgh.

Filed in the District of Alaska today is a civil complaint and accompanying consent decree alleging violations of the Clean Water Act. The decree states that Exxon Shipping and Exxon Corp. will pay a total of \$900 million in civil damages over the next ten years to federal and state trustees. The money will be used for additional cleanup and both short and long term restoration projects in Prince William Sound and the Gulf of Alaska, the areas damaged by the spill. Of the total, \$135 million is committed for past expenses such as cleanup and scientific research.

Both the Plea Agreement and the Consent Order will require court review and approval.

Governor Hickel, who initially proposed settlement in a personal one-on-one meeting in Juneau with Exxon's Chairman Lawrence Rawl on January 15, 1991, commends the outcome. Said Hickel, "When Mr. Rawl and I first met in Juneau, we made it clear that negotiations could only be successful if we kept the talks at the highest level. Today, we have a settlement which is the result of eight weeks of intensive negotiations. It's a good settlement and its use will benefit the environment directly.

"On behalf of the State of Alaska, I want to commend Attorney General Thornburgh for his legal leadership, Alaska Attorney General Charlie Cole for his aggressive yet patient commitment, Secretary of Interior Manuel Lujan for his tenacity, Secretary of Transportation Samuel Skinner, NOAA Administrator Dr. Knauss, and Environmental Protection Agency (EPA) Administrator Reilly. We have a winner--environmentally, psychologically, and financially."

Reilly said, "I am pleased with the settlement being announced today. The one billion dollar settlement with Exxon--plus a \$100 million reopener for damages currently unanticipated--is the largest environmental assessment ever and the funds will be available years earlier than any recovery that could have been secured through full litigation.

"These funds assure that necessary activities will be carried out and monitored to restore Prince William Sound. It also should send a clear signal to ship owners that they share responsibility for protecting waters and coastlines. The settlement closes a chapter on the nation's largest oil spill ever, and it allows us to turn our attention finally now to the tasks of restoration," said Reilly.

John Knauss, NOAA Administrator and Commerce Undersecretary, called the settlement, "a good deal for the nation and one that resolves all of the governments' outstanding claims against Exxon. It will permit us to complete the critical cleanup and begin restoration of Prince William Sound now, while avoiding years of lengthy and costly litigation."

Interior Secretary manual Lujan said of the agreement, "This settlement serves notice to all that carelessness in transporting oil can have costly consequences. It also ensures adequate funding to complete the cleanup, continue appropriate studies and restore the fish, wildlife and other natural resources of Prince William Sound."

Secretary of Agriculture Edward Madigan said of today's settlement, "The funds from the settlement will enable the Department of Agriculture to restore the natural beauty of the portion of the Chugach National Forest that was impaired by the spill."

The Department of Justice and Alaska signed an agreement outlining how and under what authority money obtained in a settlement with Exxon would be spent. Following the law, there are six trustee agencies which will administer the funds from the civil settlement: NOAA, the Department of Agriculture, the Department of Interior, the Alaska Department of Fish and Game, the Alaska Department of Environmental Conservation, and the Alaska Attorney General's Office.

Under this agreement, the trustees will collectively decide how the approximately \$750 million paid by Exxon in satisfaction of civil claims and remaining after past expenses such as those for scientific research and cleanup will be spent to restore Prince William Sound and the Gulf of Alaska.

Thornburgh praised Governor Hickel; Alaska Attorney General Charlie Cole; Administrator Reilly; Secretary Lujan; Secretary Skinner; NOAA Administrator Knauss and General Counsel Tom Campbell; General Counsel of the Department of Agriculture Alan Raul; Assistant Attorney General for the Environment and Natural Resources Division Richard B. Stewart; and Assistant Attorney General for the Civil Division Stuart Gerson, for their dedication and cooperative spirit throughout the thousands of hours of negotiations needed to reach this settlement.

Thornburgh pointed out that the United States and Alaska have asked the U.S. District Court in Alaska to allow a 30-day public comment period regarding the civil consent order. This public comment period is not required by law but is being requested to allow any interested parties not a part of this settlement to express publicly their opinion regarding today's settlement.

More than 700 miles of Alaska shoreline were covered with crude oil spilling from the Exxon Valdez when it ran aground on Bligh Reef in Prince William Sound on March 24, 1989. Approximately 11 million gallons of crude oil spilled from the Valdez fouling the waters and shorelines of both National Wildlife Refuges and National Parks. As a result, more than 36,000 migratory birds, including at least 100 bald eagles along with numerous other varieties of wildlife, were killed.

Since the date of the spill, Exxon has spent approximately \$2.2 billion to clean up Prince William sound and the Gulf of Alaska. Cleaning has included the containment of oil using booms, skimming oil from the surface of the water, mobilizing thousands of workers to conduct excavation of contaminated beaches, high pressure water washing of beaches, and rescuing and rehabilitating wildlife fouled by oil.

On February 27, 1990, Exxon Shipping Co. and Exxon Corp. were each indicted by a federal Grand Jury in Alaska. Both were charged with one misdemeanor violation of the Clean Water Act, one misdemeanor violation of the Refuse Act, one misdemeanor violation of the Migratory Bird Treaty Act, one felony violation of the Ports and Waterways Act, and one felony violation of the Dangerous Cargo Act. According to the plea agreement, Exxon Shipping will plead guilty to three misdemeanors and Exxon Corporation will plead guilty to one misdemeanor.

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