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Judge Accepts Exxon Pact, Ending Suits on Valdez Spill

A Federal judge today accepted a \$1 billion package of criminal and civil settlements to bring to an end the state and Federal cases against the Exxon Corporation arising from the 1989 Exxon Valdez oil spill.

Federal District Judge H. Russel Holland, who rejected an earlier settlement in April, said two changes in the package made it acceptable: the increase of the criminal penalty from \$100 million to \$125 million, and the allocation of \$100 million of the penalty toward restitution of the area devastated by the spill. In the earlier settlement, \$50 million was allocated toward restitution, and the remaining \$50 million was to have been paid into the Federal treasury.

Unlike the previous settlement, which required ratification by the Alaska Legislature, the agreement today becomes final with the judge's signature. Private Lawsuits Pending

Hundreds of lawsuits filed against Exxon by private individuals, companies and Native Alaskan villages are still pending.

The chairman of Exxon, Lawrence G. Rawl, attended the two-and-a-half-hour hearing and personally pleaded guilty on behalf of Exxon to a single misdemeanor charge of killing migratory waterfowl. Augustus Elmer, the president of Exxon Shipping Company, a subsidiary of Exxon, entered guilty pleas for his company to three misdemeanors: killing waterfowl and violating the Clean Water Act and Refuse Act. In return for the pleas, prosecutors dropped four felony and two misdemeanor charges.

The two companies agreed to pay record fines and restitution payments totaling \$125 million within 30 days. The civil settlement, ending lawsuits by Alaska and the United States Justice Department against Exxon, will result in a \$900 million payment by Exxon over 10 years to a trust fund administered by three state and three Federal officials. Exxon could be liable for an additional \$100 million if unknown damage is discovered from the 11 million gallon oil spill.

Payments 'Off the Charts'

Gov. Walter J. Hickel, who personally negotiated the first settlement, said after the hearing: "The judge made us whole again. For the last two and a half years, we've been divided. Now we can look forward."

But environmental groups, including the Sierra Club, have said that both settlements were far too lenient on the company.

In urging Judge Holland to accept the agreement, Barry Hartman, acting director of the Justice Department's Environment and Natural Resources Division, pointed to charts showing that the proposed criminal payment was more than twice the amount collected by the Government for all environmental crimes from 1983 to 1990, and that the civil settlement was also extraordinary.

He said the payments were "off the charts" -- using the description Judge Holland gave to the spill's damage in his April rejection.

Charles De Monaco, Assistant Chief of the Justice Department's environmental crimes section, said Exxon will have paid \$3.5 billion for cleanup, claims and the settlement. "There is no question Exxon has paid dearly for this oil spill," he said.

Attorney General Charles Cole of Alaska also urged the judge to accept the pact, saying the state could put the restitution money to much better use than the \$25 million in legal fees it has been spending each year since the spill.

James Neal, a lawyer for Exxon Shipping speaking for both companies, said Exxon was giving up a strong legal case to accept the agreement. He contended that Exxon was a "good corporate citizen" and had spent hundreds of millions of dollars to protect the environment and workers in projects unrelated to the cleanup of Prince William Sound.

He laid blame for the disaster on the failure of the tanker's captain, Joseph L. Hazelwood, who on March 24, 1989, abandoned the bridge in violation of company policy as the Exxon Valdez headed for Bligh Reef in Prince William Sound.

In his address to the judge, Mr. Neal also sought to deflect the publicity surrounding comments made by Mr. Rawl in March, when he said the settlement would not hurt Exxon at all. Mr. Rawl meant that Exxon had already set aside money for the civil and criminal penalties, Mr. Neal said, so there would have been little effect on current earnings.
Chairman Speaks Quietly

Mr. Rawl, in a brief comment from his chair at the defense table, told the judge: "There's no question -- I'm sure we've regretted the spill very much. We've done all we can possibly do to get the spill cleaned up."

For the normally combative Mr. Rawl, his role as humbled oil company chief was unusual. Answering the kind of routine questions that judges normally direct at defendants to insure that they understand their rights, Mr. Rawl spoke in a barely audible voice.

Did he personally review the agreement? "Yes, your honor, I have." Did he understand what rights he was giving up for Exxon by not going to trial? "Yes, your honor, I do understand."

Judge Holland repeatedly referred to him as "Mr. Rawls."