

# Halliburton Has Incentive To Cut Deal In Oil Spill

Michael Kunzelman, Associated Press

NEW ORLEANS (AP) — Halliburton has resolved a U.S. Justice Department [criminal probe](#) [1] of its role in the 2010 Gulf oil spill by agreeing to pay a \$200,000 fine and admitting it destroyed evidence, but the company still has a powerful incentive to cut another deal with businesses and residents.

The plea agreement doesn't shield Halliburton from a high-stakes decision by a federal judge, who is considering how much the companies involved in the well blowout should pay for damage from the nation's worst offshore oil spill. How much each pays would be determined by how much fault the judge assigns them for the disaster that killed 11 workers and led to millions of gallons of oil spewing into the Gulf of Mexico.

Texas-based Halliburton, which was British oil giant BP's cement contractor on the Deepwater Horizon oil rig that exploded, can take its chances on getting a favorable ruling by a U.S. judge. Or it can eliminate much of the risk and potential liability by settling with a team of attorneys for tens of thousands of Gulf Coast businesses and residents who claim the spill cost them money.

The guilty plea could apply more pressure on Halliburton to get a deal done before the judge rules.

An arraignment for Halliburton is scheduled for Wednesday. It's unclear when the company will plead guilty.

In a regulatory filing Friday, Halliburton said it is participating in court-facilitated settlement discussions to resolve a "substantial portion" of the private claims pending before the judge. But the pace of those talks has recently slowed while BP challenges a portion of its own multibillion-dollar settlement with the team of plaintiffs' lawyers, the filing says.

Halliburton won't face any other criminal charges in connection with the case, though individual employees could still be charged. The Justice Department agreed not to prosecute the company for any other conduct related to the blowout.

When BP reached its own criminal settlement with the Justice Department, it agreed to pay a record \$4 billion and plead guilty to manslaughter charges for the deaths of the rig workers. Rig owner Transocean Ltd., meanwhile, pleaded guilty to a misdemeanor charge and agreed to pay \$400 million in criminal penalties.

Fadel Gheit, an Oppenheimer & Co. Inc. senior analyst who covers the oil and gas industry, said he was surprised that the criminal settlement didn't cost Halliburton far more money.

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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

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"I call it a traffic violation," he said. "This is for (a company) that destroyed evidence, for heaven's sake."

The destruction of evidence involved a post-spill review of the cement job on BP's well.

The allegations at the center of criminal case aren't new. In December 2011, BP sought sanctions against Halliburton over its handling of cement testing and modeling results.

Although the federal government doesn't have any civil claims against Halliburton, plaintiffs' attorneys in the civil case before the judge have argued that the company's conduct contributed to the blowout and resulted from "gross negligence." Halliburton faces hefty fines if the judge agrees with that claim.

In their response two weeks ago, Halliburton attorneys claimed there was no evidence that Halliburton or its employees concealed or destroyed evidence.

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