BP Seeks Cuts In Settlement Program's Budget

Michael Kunzelman, Associated Press

NEW ORLEANS (AP) — BP has urged a federal judge to reject a $111 million budget request by the court-supervised administrator of the company's multibillion-dollar settlement with Gulf Coast businesses and residents following its 2010 Gulf oil spill.

In a court filing Wednesday, BP [1] attorneys said claims administrator Patrick Juneau refused to cut his office's fourth-quarter budget request by at least $25.5 million after the company complained that it was excessive.

Last month, U.S. District Judge Carl Barbier ordered the London-based oil giant to pay more than $130 million for Juneau's third-quarter budget despite the company's objections.

BP said Juneau's latest budget proposal isn't reasonable, either, and shouldn't be approved. The company claims Juneau's office has failed to adequately manage its outside vendors' inflated expenses.

Juneau's office "is operating from the mistaken view that a budget item should be included unless BP can conclusively show it is not necessary," BP lawyers wrote. "The proper presumption should be the exact opposite. Unless there is objective evidence that an expenditure is necessary, it should not be included in the budget."

Barbier appointed former FBI Director Louis Freeh in July to conduct a broad review of the settlement program, including allegations that a lawyer who worked on Juneau's staff accepted a portion of settlement payments for claims he had referred to a New Orleans law firm.

Freeh issued a report last week that cleared Juneau of any wrongdoing and said the investigation found nothing that warranted shutting down payments to victims of the oil spill.

But it concluded that top members of his staff engaged in conduct that was improper, unethical and possibly criminal. The report also says Freeh's work is "ongoing" and will result in recommendations for strengthening the settlement program's operations and anti-fraud measures.

BP noted that Freeh's report found that BrownGreer, a settlement program vendor averaging $15 million in monthly fees, has resisted efforts to control its costs. The company claims Juneau's fourth-quarter budget allocates millions of dollars to BrownGreer without sufficient detail to evaluate whether all of those expenses are warranted.

"BrownGreer's unsupported cost estimates are particularly suspect given Special Master Freeh's statement, among others, that BrownGreer has 'resisted' efforts to

'control costs and to create efficiencies,'" BP lawyers wrote.

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