

Investigations and legal proceedings





Investigations into the Deepwater Horizon accident played an important role in understanding its causes and will help to improve the safety of deepwater drilling

Internal investigation

In the immediate aftermath of the explosion, BP launched an internal investigation drawing on the expertise of more than 50 technical and other specialists from within BP and the industry.

The BP investigation concluded that no single cause was responsible for the accident. The investigation instead found that a complex, inter-linked series of mechanical failures, human judgements, engineering design, operational implementation and team interfaces, involving several companies including BP, contributed to the accident.

The investigation team made 26 recommendations specific to deepwater drilling which BP is implementing. A total of 25 recommendations had been completed by the end of 2014. We expect the final recommendation to be completed by the end of 2015, as scheduled.

External investigations and hearings

We co-operated with all official investigations and hearings related to the accident. Several entities have issued reports of their investigations, including the US Coast Guard, the Bureau of Ocean Energy Management, Regulation and Enforcement, the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling and the National Academy of Engineering. The US Chemical Safety and Hazard Investigation Board (CSB) issued preliminary findings in 2012 and in 2014 released the first two volumes of its final report. The CSB has indicated that it will release the final volume in 2015.

While the reports contain criticisms of BP, we believe the findings of these reports support the conclusion, consistent with our own investigation that the accident resulted from multiple causes and was due to the actions of multiple parties.

Independent monitors

Two independent monitors – a process safety monitor and an ethics monitor – were appointed under the terms of the criminal plea agreement BP reached with the US government in 2012 to resolve all federal criminal claims arising out of the Deepwater Horizon incident.



The process safety monitor, retained for a period of up to four years from 2014, is reviewing and providing recommendations concerning BP Exploration & Production Inc's (BPXP) process safety and risk management procedures for deepwater drilling in the Gulf of Mexico. BPXP is the BP group company that conducts exploration and production operations in the Gulf of Mexico.

The ethics monitor, retained for a term of up to four years from 2013, is reviewing and providing recommendations concerning BP's ethics and compliance programme. In 2014, the ethics monitor assigned members of his team to work alongside BP employees in the ethics and compliance and other supporting functions to better understand their day-to-day interaction with the businesses and to assess the extent of line management's ownership of ethics and compliance.

The monitors have interviewed BP employees, reviewed policies and procedures, and made site visits in preparation for their initial reports, which will be delivered in 2015.

Claims

BP began paying compensation for legitimate claims for damages within weeks of the Deepwater Horizon accident. From May 2010 to the end of 2014, BP had paid a total of approximately \$11.6 billion to individuals and businesses through various claims processes, with \$600 million being paid in 2014. BP had paid almost \$1.5 billion for claims, advances and settlements with government entities.

BP reached settlements in 2012 with the Plaintiffs' Steering Committee (PSC) to resolve the substantial majority of legitimate individual and business claims, and medical claims stemming from the accident and oil spill. The PSC was established to act on behalf of individual and business plaintiffs in the multi-district litigation proceedings in New Orleans.

As part of its monitoring of settlement payments, BP identified and disputed multiple awards that appeared to result from an incorrect interpretation of the economic and property damages settlement agreement by the claims administrator. BP has also raised issues about misconduct and inefficiency in the facility administering the settlement. This is an ongoing situation.

Multi-district litigation

The multi-district litigation trial relating to liability, limitation, exoneration and fault allocation began in the federal district court in New Orleans in February 2013.

The first phase of the trial focused on the causes of the accident and the allocation of fault among the defendants. In September 2014 the court found that BPXP was grossly



negligent in connection with the Deepwater Horizon accident and is therefore subject to enhanced civil penalties. BP does not believe that the evidence at trial supports a finding of gross negligence and has appealed this ruling.

The second phase of the trial focused on efforts to stop the flow of oil and the volume of oil spilled. In January 2015, the district court found that 3.19 million barrels of oil were discharged into the Gulf of Mexico and therefore subject to a Clean Water Act penalty. We have appealed this ruling. In addition, the court found that BP was not grossly negligent in its source control efforts.

The penalty phase trial finished in February 2015, with the ruling to come at a later date. In this phase, the district court will determine the amount of civil penalties owed to the US under the Clean Water Act.

Agreement with EPA

Following the Deepwater Horizon incident, the US Environmental Protection Agency (EPA) suspended various BP companies from entering into new contracts with the US government or renewing existing ones.

BP entered into an agreement with the EPA in March 2014, resolving all suspension and debarment matters. Under this agreement, which applies for five years, BP has agreed to safety and operations, ethics and compliance, and corporate governance requirements.

Attestation

The information on this page forms part of the information reviewed and reported on by Ernst & Young as part of BP's 2014 sustainability reporting. [View the full assurance statement.](#)