

PUBLICATION

District Court Dismisses \$265 Billion OCSLA Suit Against BP

Authors: Sarah Katherine Casey

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A U.S. District Court Judge in Houston dismissed a lawsuit by a former contractor on behalf of the United States against BP alleging claims under the False Claims Act that had been pending since 2009. In U.S. ex rel. Abbott v. BP Exploration and Production Inc., the former contractor for a BP brought the suit alleging that the oil giant had lied to the U.S. Department of the Interior to obtain exclusive offshore leases in the Gulf of Mexico by failing to comply with federal safety regulations. The plaintiff cited to the lack of engineering design certification stamps in BP's records. The environmental group, Food & Water Watch, joined as a plaintiff in the suit. Under the Outer Continental Shelf Lands Act, the plaintiffs sought an injunction preventing BP from operating in the Atlantis field in the Gulf and treble damages in the amount of \$256 billion. The case received immense attention after the Deepwater Horizon explosion in 2010.

The court found that the plaintiffs were not qualified to sue because they had no direct, first-hand knowledge and instead based their claims on public information. In addition, discovery had not revealed any design errors. Federal regulators indicated that BP had complied with safety rules and that they did not rely on the stamps to ascertain the company's compliance. The plaintiffs had survived a 2011 motion to dismiss when the court found that BP's right to extract oil and gas from the Outer Continental Shelf was predicated on its compliance with the leases' provisions, including compliance with all OCSLA regulations. The court ultimately rejected the plaintiffs' claim that BP had damaged the United States, citing the hundreds of millions in federal royalties and bonuses paid under the leases.