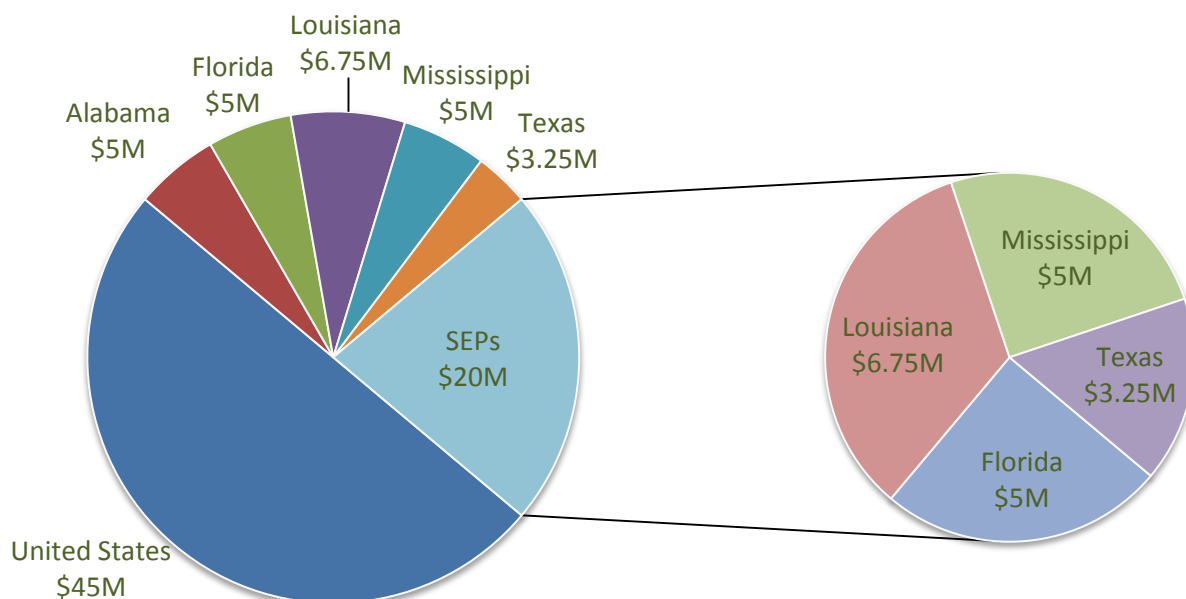


On February 17, 2012, the U.S. Department of Justice, U.S. Coast Guard, and U.S. Environmental Protection Agency announced that they had reached a settlement with MOEX Offshore 2007 LLC on certain civil claims related to the *Deepwater Horizon* disaster. MOEX owned a 10% interest in the Macondo well lease. This fact sheet sets out the main terms of the settlement. Keep in mind that:

- **The court approved the settlement on June 18, 2012.** The settlement was open for public comment before final approval was given.
- **This settlement does not cover all potential claims against MOEX.** It does not address criminal charges or claims for natural resource damages.¹
- **MOEX reached a separate settlement with BP in May 2011.** According to BP's press release, MOEX agreed to pay BP \$1.065 billion in exchange for BP's agreement to cover any compensatory claims (for example, natural resource damages claims) against MOEX related to the *Deepwater Horizon* disaster. Civil and criminal fines and penalties were excluded.

Overview of the Settlement

In total, MOEX agreed to pay \$90 million. This amount includes \$70 million for civil penalties, and \$20 million for Supplemental Environmental Projects (SEPs) focused on land acquisition and habitat protection. The amounts were allocated as follows:*



* To receive its allocated portion of the civil penalties, each state was required to sign a covenant not to sue MOEX for civil and administrative penalties.

¹ The consent decree releases MOEX from further civil and administrative penalties under the following provisions: (1) Clean Water Act, 33 USC §§ 1321(b)(6) and (7); (2) Outer Continental Shelf Lands Act, 43 USC § 1350(b); (3) Endangered Species Act, 16 USC § 1540(a)(1); (4) Marine Mammal Protection Act, 16 USC § 1375(a)(1); (5) National Marine Sanctuaries Act, 16 USC § 1436(1); and (6) Oil and Gas Royalty Management Act, 30 USC § 1719(a).

Where will the civil penalties go?

The \$70 million in civil penalties were allocated among the United States and five Gulf states as set forth above. The penalties going to the United States went to the Oil Spill Liability Trust Fund, which is an account created by Congress to hold, among other things, certain payments, taxes, and penalties paid by oil and gas companies. The Fund is used to cover the costs of future oil spills. The penalties going to the states went to a variety of entities. For example, the \$5 million in civil penalties received by Florida went to the state's Department of Environmental Protection.

What is a Supplemental Environmental Project (SEP)?

According to the U.S. Environmental Protection Agency, a supplemental environmental project (SEP) is an "environmentally beneficial project" that an individual or business agrees to implement "as part of a settlement of an enforcement action." SEPs must meet certain requirements to be implemented. One requirement is that there must be a connection between the SEP and the violation that led to the enforcement action. In this instance, MOEX has agreed to spend \$20 million to implement land acquisition and habitat protection projects in Florida, Louisiana, Mississippi, and Texas. The acquired properties must "contain habitat and natural resources worthy of conservation in perpetuity, and/or . . . protect water quality in the Gulf of Mexico region."

What about Alabama?

Alabama was the only Gulf state that did not take part in the settlement. A spokesman for Alabama Governor Robert Bentley indicated that the state did not believe the settlement "was sufficient" for the state, and that Alabama would continue to pursue its claims against MOEX. Since Alabama would have been required to sign a covenant not to sue MOEX to receive a portion of the civil penalties, it will not be entitled to those penalties.

Have any SEPs been identified?

Yes, several SEPs have already been identified. For example, in Louisiana, the SEP money was used to acquire over 11,000 acres of forested wetlands in the Maurepas Swamp Wildlife Management Area. In Florida, the money was used to buy rights "to environmentally sensitive lands around the Panhandle." And, in Texas, part of the money was used to buy 80 acres of land for a state park to help protect whooping cranes.

Is there a timeline for completing the SEPs?

The SEPs must be completed within two years of the date the settlement was approved (i.e., by June 18, 2014).