



The Exxon Valdez Oil Spill Exposed: A Reality Check on ExxonMobil's claims

On March 24, 1989 the unthinkable happened...

Eleven million gallons of North Slope crude oil began pouring out of the Exxon Valdez oil tanker into the pristine waters of Alaska's Prince William Sound. Hundreds of thousands of fish, seabirds, bald eagles, otters, seals and whales were maimed and killed. The native communities whose lives depended on those waters for commercial and subsistence fishing were, and still are, devastated. In 1994, ExxonMobil was found "reckless" by judge and jury and ordered to pay \$5 billion in punitive damages to the 34,000 victims of the spill. ExxonMobil argues it should pay only \$25 million. The company has appealed every verdict since, dragging the victims through thirteen years of litigation. Some 6,000 plaintiffs have died awaiting compensation. In 2006, the damages were lowered to \$2.5 billion based on a recent Supreme Court ruling that lowers punitive damage awards. ExxonMobil has asked the court to reconsider.

EXXON claims: "Research from major independent scientific laboratories and academic institutions resoundingly demonstrate the recovery of the Prince William Sound ecosystem."

REALITY CHECK: According to the Exxon Valdez Oil Spill Trustee Council, a partnership between the state and federal government formed to oversee ecosystem restoration in Prince William Sound, serious problems still remain. As of 2006, only ten out of 30 species and services harmed by the spill have recovered, and seven show little to no improvement at all. The "independent" laboratories ExxonMobil cites are funded by the company. Scientists from Exxon-funded labs are the main ones who have declared the area recovered. The discrepancy in the claims can in part be attributed to flaws in the methodology and controls of the research. According to marine biologist, Dr. Riki Ott who specializes in oil impacts on water quality, several of ExxonMobil's studies contain flawed science. For example, the recovery of sea otters is dependent not just on survival rates but declining birth rates of pups, which was not considered by ExxonMobil's scientists. The failure to use appropriate study controls also invalidated many comparisons of injured to healthy beaches.

EXXON claims: Prince William Sound has recovered; it's healthy, robust and thriving.

REALITY CHECK: The herring fish population, a critical species upon which other species depend, has still not recovered from the Exxon Valdez spill. The multi-million dollar herring industry that once supported the local economy, countless livelihoods and generations of Alaskan natives is now closed indefinitely. Marine biologist Dr. Riki Ott notes that, "When the herring has recovered, then we as a community will have recovered." The damage from the spill extends beyond the ecosystem. Generations of fishermen filed bankruptcy. Workers were sickened by chemicals used to clean the oil, property was damaged, and psychological problems, divorce, and alcohol abuse increased. Bob Van Brocklin, then-mayor of the hard hit town of Cordova and a generational fisherman himself, took his own life after watching his community suffer years of ecological and financial wreckage.

EXXON claims: Less than two-tenths of one percent of the shoreline contains some remnant and sequestered oil. If it was leaching into the environment it would be gone after 17 years.

REALITY CHECK: NOAA estimates that the lingering oil on beaches may still be around for another 20 years. Federal studies find that oil is still working its way into the ecosystem. State biologists have documented over time that exposure to lingering oil, previously thought to only have short-term effects, can cause long-term harm to sensitive life stages of species. In June 2006, the state of

Alaska and the U.S. Department of Justice issued a claim for an additional \$92 million from ExxonMobil to cover the cost of cleaning up the lingering oil.

EXXON claims: It took immediate responsibility for the tragic accident and cleaned it up.

REALITY CHECK: Witnesses repeatedly note that much of the damage may have been averted had Exxon not waited through three days of calm weather to react to the spill. When a storm hit, the oil rapidly spread into all the crevices of 3,200 miles of coastline. On day four, Exxon spokesperson Don Cornett told the community, “You have had some good luck and you don’t realize it. You have Exxon, and we do business straight. We will consider whatever it takes to keep you whole.” A promise the company has yet to fulfill.

EXXON claims: It voluntarily paid \$300 million to 11,000 Alaskans affected.

REALITY CHECK: Exxon set up advanced claims offices and paid \$300 million in early payments. The company then fought to have those payments deducted from the compensatory damages in court. ExxonMobil has not compensated the other 30,000 plus victims who formed a class action lawsuit. Some 6,000 plaintiffs have died since the 1994 court-ordered damages were first awarded.

EXXON claims: It spent \$2.2 billion on clean-up.

REALITY CHECK: The damage to the area was profound and deterrence has yet to be established. Most of Exxon's \$2.2 billion was covered by taxpayers and insurance companies. Exxon sued its insurer, Lloyds of London, and recouped \$250 million for cleanup expenses and \$161.1 million in interest. The federal jury was not told about the lawsuit but it was told that Exxon’s voluntary cleanup payment should weigh heavy against a high punitive damage award. An investigative reporter with the *Dallas Morning News* found in Exxon’s tax returns that the company wrote-off more than \$2.8 billion for spill-related expenses before 1994 (Curriden, *Dallas Morning News*, 3/14/99).

EXXON claims: “The Ninth Circuit Court of Appeal has twice thrown out punitive damages award decisions, thus validating Exxon’s argument.”

REALITY CHECK: Exxon’s battalion of expensive lawyers succeeded in getting the case sent back for review (not “thrown out”). Punitive damages are awarded when plaintiffs suffer excessively due to the defendant’s recklessness and to deter similar behavior. Exxon argues that it should only have to pay \$25 million, reflecting more of a business expense than a deterrent. Reports that Exxon still has not preventively double-hulled its tankers in the area indicate the company has yet to change its behavior. In 2006, the Court of Appeals cited mitigating factors and lowered the award from \$4.5 billion to \$2.5 billion in a 2-to-1 ruling. The one dissenting judge voted to maintain the \$4.5 billion.

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The Exxpose Exxon campaign is a collaborative effort of eighteen groups, including several of the nation’s largest environmental and public interest advocacy organizations demanding that ExxonMobil:

- Pay all of the punitive damages awarded to the victims of the 1989 Exxon Valdez oil spill.
- Stop opposing mandatory reductions of global warming pollution.
- Stop funding front groups and think tanks that deny the urgency and science of global warming.
- Invest in renewable energy to save consumers money at the pump and help secure our energy future.
- Pull out of Arctic Power, the single-issue lobby group dedicated to drilling in the Arctic Refuge.

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