Economic Damages under the Oil Pollution Act (“OPA”)

- Pursuant to La. Act No. 646 of 2014 (as amended by HB 386 of 2015), recoveries to be deposited into the Deepwater Horizon Economic Damages Collected Fund

Natural Resource Damages (“NRD”) under OPA

- Includes assessment of natural resource damages, restoration &/or replacement of injured resources, and loss of human use
- Project-based recovery associated with the impacted resources

Civil Penalties under the Federal Clean Water Act

- Claim made by the Federal Government
- Louisiana will receive a portion of the recovery pursuant to the RESTORE Act
- Under RESTORE Act, 80% of CWA civil penalties are deposited into the Gulf Coast Restoration Trust Fund, which will then be allocated among the Gulf Coast States to be used for restoration projects and Gulf research initiatives

Civil Penalties under the Louisiana Environmental Quality Act

- Civil penalties assessed against each Defendant
- The district court has dismissed all claims arising under state laws, but the State has preserved its right to appeal

Coastal Protection and Restoration Fund*

- *Pursuant to Louisiana Act No. 805, 2012 (H.B. 838), all monies received by the State pursuant to the CWA and LEQA related to the DWH Oil Spill shall be deposited into the Coastal Protection Restoration Fund to be used for coastal protection efforts

Outside Account/Fund to be Determined*

- *OPA §2706(f) requires that NRD recoveries be retained in a revolving trust account to be jointly managed by Federal and Louisiana Trustees according to the restrictions imposed by the Act.

- *Proceeds to be deposited by the Treasurer consistent with the Act, as set forth in Slide 2
Economic Damages Recoveries to be Distributed Pursuant to Louisiana Act 646 of 2014

Economic Damages recovered by the State of Louisiana

- Within 30 days of receipt, deposit into the Deepwater Horizon Economic Damages Collection Fund
  - 45% to the Budget Stabilization Fund
  - 45% to the Medicaid Trust for the Elderly
  - 10% goes to the Health Trust Fund

- Until that fund reaches its statutory amount mandated by R.S. 39:94 (4% of the previous fiscal year's state revenue receipts)
- Until an amount not to exceed $700 million has been deposited into that fund
- Until an amount not to exceed $30 million dollars has been deposited.

HB 386 of 2015, revising the statutory directives related to the DWH Economic Damages Collection Fund, provides as follows:

- Interest earned on the investment of monies in the Fund shall be credited to the Fund and requires that appropriations from the Fund shall be limited to annual interest earnings. Appropriations shall be made to the Board of Regents to be distributed to state public postsecondary education institutions in accordance with the formula for the equitable distribution of funds required by the Constitution.
- Allows appropriations from interest to be distributed to independent institutions of higher learning in accordance with present law (R.S. 17:2053) which requires the Board of Regents to reimburse independent institutions of higher learning in the state for educating La. residents.
- Appropriations to the Board of Regents shall not displace, replace, or supplant funding for higher education.
US/Gulf States Settlement with MOEX for Civil Penalties

$90 million: Civil Penalties

$45 million to Federal Gov’t

$45 million to Gulf States

- Alabama
  - $5 million-CWA Civil Penalties
  - $5 million-SEPs

- Florida
  - $5 million-CWA Civil Penalties
  - $5 million-SEPs

- Mississippi
  - $5 million-CWA Civil Penalties
  - $5 million-SEPs

- Texas
  - $3.25 million-CWA Civil Penalties
  - $3.25 million-SEPs

- Louisiana
  - $6.75 million-CWA Civil Penalties*
  - $6.75 million-SEPs**

*Payment was deposited in Louisiana’s Coastal Protection and Restoration Fund per Louisiana Act 805, 2012 (H.B. 838).

**“SEPs” means Supplemental Environmental Projects, which are environmentally beneficial projects that a violator voluntarily agrees to undertake during settlement of an enforcement action. Louisiana has used its SEP funds to purchase wetlands to add to Maurepas Swamp Wildlife Management Area

Federal Consent Decree lodged on Feb. 17, 2012

7/23/2015 4:39 PM
US DOJ Settlement with BP: Clean Water Act Criminal Penalties

$1.256 billion in Criminal Fines

- 11 counts felony manslaughter: $5.5 m
- 1 count obstruction of Congress: $1 b to U.S. Oil Spill Liability Trust Fund
- 1 misdemeanor violation of CWA: $100 m to N. Am. Wetlands Conservatory
- 1 misdemeanor violation of Migratory Bird Treaty Act: $500,000

$4 billion: Criminal Penalties

- $2.4 billion to the National Fish and Wildlife Foundation*
- $1.2 billion to Louisiana**
- $1.2 billion to the other Gulf States***
- $350 million to the National Academy of Science for oil spill prevention and response

* NFWF is a 501(c)(3) non-profit foundation established by Congress. NFWF must use the funds only for the purposes allowed under the agreement with Federal authorities.
** Pursuant to the agreement, funds to Louisiana shall be used to create or restore barrier islands or implement river diversion projects.
*** Funds to other states will be used to reduce the risk of future harm to the Gulf Coast natural resources.

Federal Criminal Plea Agreement entered on Nov. 11, 2012
US DOJ Settlement with Transocean: Clean Water Act Civil Penalties

$1 billion: Civil Penalties [distributed according to the RESTORE Act *]

20% to Federal Gov’t

80% deposited in the Gulf Coast Restoration Trust Fund

35% allocated in equal shares to the Gulf Coast States

30% to the Gulf Coast Ecosystem Restoration Council

30% to the Gulf Coast States pursuant to a weighted formula

2.5% to establish Gulf Coast Ecosystem Restoration Science, Observation, Monitoring and Technology Program

2.5% for grants and research centers allocated equally among Gulf Coast States

Louisiana’s share of this portion will be distributed as follows:
• 70% directly to the State
• 30% to coastal parishes according to a weighted formula

No state will receive less than 5% of this portion.


US DOJ Settlement with Transocean: Clean Water Act Criminal Penalties

$400 million: Criminal Penalties

- $150 million to the National Academy of Science for oil spill prevention and response in the Gulf
- $150 million to the National Fish and Wildlife Foundation*
- $150 million in criminal fines
- $75 million to Louisiana**
- $75 million to other Gulf Coast States***

*NFWF is a 501(c)(3) non-profit foundation established by Congress. NFWF must use the funds only for the purposes allowed under the agreement with the Federal authorities.

**Pursuant to the agreement, funds to Louisiana will be used to create or restore barrier islands or implement river diversion projects.

***Funds to other states will be used to reduce the risk of future harm to the Gulf Coast natural resources.

Halliburton Plea Agreement re: Destruction of Evidence*

$200,000 in criminal fines

$55million voluntary payment to National Fish and Wildlife Foundation**

*Halliburton pled guilty to a misdemeanor violation of 18 U.S.C. §1030(a)(5)(A) arising from the deletion of records after the explosion of the Deepwater Horizon.

**NFWF is a 501(c)(3) non-profit foundation established by Congress. Halliburton’s payment to NFWF is not conditioned upon the Court’s acceptance of the plea agreement. The Plea Agreement acknowledges this voluntary contribution, but does not provide any limitations to the use of the funds.
$1 Billion Early Restoration Settlement between Federal and State Trustees and BP

$1 billion
To be split among State and Federal Trustees for implementation of restoration projects prior to the completion of the NRDA process*

Phase One Louisiana Projects:
- Lake Hermitage Marsh Creation Project— $13.9 million
- Oyster Cultch Project—$15 million
  Overseen by CPRA

Phase Two Louisiana Projects:
No Louisiana Projects

Phase Three Louisiana Projects** & ***:
- Louisiana Outer Coast Restoration—$318.363 million
- Louisiana Marine Fisheries Enhancement, Research and Science Center—$22 million
  Overseen by CPRA

*Projects proposed by State and Federal Trustees are evaluated based on criteria laid out in the Framework Agreement and state and federal regulations. See 15 CFR §990.54(c). Proposed projects are also submitted for public comment. The projects above are those selected to be implemented in Louisiana to date. Proposals from the Trustees are still being accepted for Early Restoration Projects.

**In December 2013, the DWH Trustees issued a Draft Programmatic, Phase III Early Restoration Plan and Draft Early Restoration Programmatic Environmental Impact Statement (Draft Phase III ERP/PEIS), intended to guide development and evaluation of Early Restoration projects for the potential use of the remaining funds available for Early Restoration. In the Draft Phase III ERP/PEIS, the Trustees propose 44 specific Early Restoration projects (including 2 Louisiana projects noted above) expected to cost $627 million. Of that total, ecological projects account for $396.9 million (63%), and recreational projects account for $230 million (37%). Comments on these proposals will be accepted during the public comment period ending February 4, 2014.

***Add’tl Detail on Louisiana Projects Cont’d Next Page.
Louisiana Early Restoration Projects

[Cont’d from prior page]

• **Louisiana’s Phase I Projects:**
  
  **Lake Hermitage Marsh Creation Project $13.9 million:** marsh projects located in Plaquemines Parish, Louisiana
  
  **Oyster Cultch Project $15 million:** placement of cultch material onto approximately 850 acres of public oyster seed grounds throughout coastal Louisiana, including 3-Mile Bay, Drum Bay, Lake Fortuna, South Black Bay, Hackberry Bay and Sister Lake

• **Louisiana Phase III Projects:**
  
  **Louisiana Outer Coast Restoration $320 million:**
  The Louisiana Outer Coast Restoration project involves the restoration of beach, dune, and back-barrier marsh habitats at four barrier island locations in Louisiana. The four locations are Caillou Lake Headlands (also known as Whiskey Island), Chenier Ronquille, Shell Island (West Lobe and portion of East Lobe), and North Breton Island (a part of the Breton National Wildlife Refuge).

  **Louisiana Marine Fisheries Enhancement, Research and Science Center $22 million**
  This project will establish state of the art facilities to responsibly develop aquaculture-based techniques for marine fishery management. The proposed project would include two sites (Calcasieu Parish and Plaquemines Parish)
BP provided grant to the State of Louisiana in the amount of $25 million pursuant to an agreement between BP E & P (Doug Suttles, COO) and the State of Louisiana (Angelle Davis, Commr, DOA).

- The Division of Administration distributed these funds among Louisiana State Agencies.
BP provided grant to the State of Louisiana through LA Lt Gov. and CRT in the amount of $15 million pursuant to an agreement between BP E & P (Doug Suttles, COO) and the State of Louisiana through its Lt. Gov. (Scott Angelle) and the Secretary of CRT (Pam Breaux).

The funds were used to “promote tourism in a manner designed to alleviate or mitigates concerns resulting from the [DWH explosion and spill]”.
BP/ Louisiana Independent Fisheries Monitoring Agreement

- Agreement between BP E & P and the State of Louisiana through the Secretary of LDWF (Robert Barham)
- The agreement provided for guaranteed funding of monitoring programs for nearshore, inshore and offshore fisheries of approximately $13.2 million over a three-year time frame.
- The agreement allowed the parties to discuss the potential extension of the agreement following the three-year termination date. The agreement totals approx. $13.2 million pursuant to an agreed upon yearly budget broken out as follows:

  (Approx. 1st Year: $4.7 million; 2nd Year: $4.2 million; 3rd Year: $4.3 million)
Louisiana Seafood Safety Agreement

$78 million from BP to Louisiana

- $18 million: Seafood Safety Testing Program
  - LDWF prepared proposed program and budget; approved by BP

- $30 million: Seafood Marketing Program
  - Louisiana Wildlife and Fisheries Foundation and the Louisiana Seafood Promotion and Marketing Board developed and implemented the program, as well as developed a budget approved by BP

- $30 million: Tourism Program
  - Louisiana Office of the Lt. Governor developed and implemented program, as well as developed a budget approved by BP. The Community Foundation of Acadiana held the funds and distributed them at the direction of the Office of the Lt. Governor

Louisiana Seafood Safety Agreement executed on Nov. 18, 2010
Sand Berm Funding from BP

$360 million

To Louisiana for construction of barrier island berms and enhancement of the area around the barrier island berms*

*Portion of funds for enhancement projects may qualify for partial NRD credit or offset against NRD claims (not to exceed $50,000,000)

Sand Berm Funding MOU executed on Dec. 17, 2010
BP E& P provided a grant (which BP titles a “Contribution” in the agreement) to LA through DHH pursuant to an agreement signed by BP President (James Dupree) and acting Secretary of DHH (Anthony Keck).
Targeted Louisiana Shoreline Monitoring & Mitigation Program

With the State’s commitment to sign off on BP’s proposal to close the Active Response phase and move into the Legacy Response phase, BP agreed to provide a monitoring plan and a more responsive monitoring and mitigation process along certain Louisiana shorelines impacted by the DWH Oil Spill.

- “Active Response” phase involved actively searching for oil and the recovery and removal of such oil upon discovery. The “Legacy Response” phase involves responding to reports of oiling and the recovery and removal of such oil.
- Under the Agreement, throughout the Legacy Response phase, in addition to responding to reports of oilings, BPXP agreed to conduct additional surveys of Louisiana shorelines for a certain period of time and to remove all actionable oil.
- This Agreement does not include the settlement of any claims and has no monetary consequences.

*Louisiana/BPXP entered into agreement on April 11, 2014*
BP Global Settlement

with the United States, Louisiana, Alabama, Mississippi, Florida and Texas, as well as the majority of local governments

$18.752 Billion*

CWA Civil Penalties: $5.5 Billion

Natural Resource Damages: $8.1 Billion**

State Economic Loss Claims: $4.9 Billion

Local Governments: up to $1 Billion

BP also agreed to pay, over 9-years:
• $350 million for outstanding NRDA costs
• $250 million for outstanding response costs, False Claims Act claims and royalties owned for Macondo well

Allocated among Gulf States pursuant to RESTORE as follows:
• Louisiana: $787 m
• Alabama: $599 m
• Florida: $572 m
• Mississippi: $582 m
• Texas: $430 m

Allocated as follows:
• Louisiana: $5 B
• Alabama: $296 m
• Florida: $680 m
• Mississippi: $296 m
• Texas: $238 m
• Regionwide Projects: $350 m
• Open Ocean Projects: $1.24 B

Louisiana total recovery: $6.787 Billion

*BP is to pay CWA civil penalties and NRD over a 15-year period and the economic loss payments over a 19-year period (see Slide 17: “BP Payment Schedule”). Interest will accrue at a fixed rate on the unpaid balance of the civil penalty and NRD payments.

**BP will set aside an additional amount of $232 million at the end of the payment period to cover any further NRD that are unknown at this time.

***La.’s economic damages to be allocated pursuant to La. Act 646 of 2014, as amended by La. HB 386 of 2015 (see Slide 2).

Settlement agreement in principle announced July 2, 2015; consent decree forthcoming
## BP Payment Schedule for Global Settlement

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