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ExxonMobil Hoping 1818 Law



Prevents \$2.5B Payout

Written by Dave Loos

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Alaskans who were born the year that the Exxon Valdez slammed into a reef in Prince William Sound have now graduated from high school, but that doesn't mean lawyers have finished fighting about it all. It has, however, finally reached the highest court in the land.

One month before the 19th anniversary of the infamous oil spill, the Supreme Court [heard oral arguments this morning](#) over whether the \$2.5 billion award of punitive damages to victims of the Exxon Valdez disaster is too high.

We were a bit stunned to hear that ExxonMobil, the world's largest company by revenue (\$404.5 billion for FY 2007), is still fighting this. We're even more stunned to learn that the company has argued it should pay no more than \$25 million in punitive damages, or about \$2.25 for each of the 11 million gallons of crude oil that spilled into the sound.

Granted, the [company already has paid](#) about \$3.4 billion in fines, penalties, cleanup costs and other expenses resulting from the worst oil spill in U.S. history. Then again, they also hired a drinking alcoholic to take the helm of a supertanker.

The attorney for ExxonMobil told justices today that under the principles of maritime law, [ship owners cannot be hit](#) with punitive damages for the actions of their ship captains. You might not have heard of the Amiable Nancy case cited as precedent, because it was argued in 1818.

But a lawyer for the 33,000 commercial fishermen and business owners harmed by the spill said the company [repeatedly overlooked reports](#) that Captain Joseph Hazelwood had a drinking problem.

Court observers said [it was unclear](#) who the justices appeared to side with during the 90-minute hearing. But because Justice Samuel Alito owns ExxonMobil stock and has recused himself from the case, we could be looking at a tie. And a split decision would favor the plaintiffs.

If ExxonMobil is forced to pay the full award, plus more than \$2 billion in accrued interest, [it would be the largest-ever](#) punitive damage payment.

Hopefully this doesn't take another 19 years to work itself out.

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I heard on Nightly News tonight that \$2.5 billion is roughly 3 weeks of profit for Exxon-Mobil. Which basically says to me they should stop whining and pay up, but that may be my strained wallet talking.

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