

SCOMM

77:69

SENATE RESOLUTION NO. 6**IN THE LEGISLATURE OF THE STATE OF ALASKA****SEVENTEENTH LEGISLATURE - FIRST SESSION****BY THE SENATE RULES COMMITTEE**

Introduced: 3/18/91
Made a Special Order of Business

A RESOLUTION

1 Establishing a Senate Special Committee on the Exxon Valdez Oil Spill Claims Settlement.

2 BE IT RESOLVED BY THE SENATE:

3 WHEREAS justice requires that Alaska be adequately compensated for the damage done to it
4 as a result of the oil spilled from the T/V Exxon Valdez in March of 1989; and

5 WHEREAS the Agreement and Consent Decree in United States v. Exxon, et al., and State of
6 Alaska v. Exxon, et al., signed by the parties on March 12, 1991, allows the United States or the State
7 of Alaska to withdraw its consent to the Agreement if the Alaska State Legislature fails to approve the
8 Agreement within 45 days from the date that notice of the Agreement is published in the Federal
9 Register;

10 BE IT RESOLVED by the Senate that a Senate Special Committee on the Exxon Valdez Oil
11 Spill Claims Settlement is established to study the proposed Agreement and related documents; and be
12 it

13 FURTHER RESOLVED that the President of the Senate shall determine the number of senators
14 to be members of the committee, shall appoint the members, and shall designate a member to chair the
15 committee; and be it

16 FURTHER RESOLVED that the Senate Special Committee on the Exxon Valdez Oil Spill
17 Claims Settlement shall hold, in addition to its own meetings, joint meetings with a like House

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO: HR 4

Revision Date: _____
Title: Establishing a House Special Comm.
on the Exxon Valdez Oil Spill claims settlement.
Sponsor: House Rules
Requestor: House Rules

Department Affected: Legislative Affairs Agency
BRU: Legislative Council
Legislative Operating Budget
Component: Session Expenses
Legislative Operating Budget

COMPONENT SERIAL NO: 782 & 796

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary)

Zero fiscal impact. Expenditures for this special committee will be absorbed within the existing Session Expenses and House Operating Budget.

Prepared By: Pamela A. Stoops, Director
Division: Administrative Services

Phone: 465-3850
Date: 3/15/91

Approved By: Warren W. Endicott, Executive Director
Agency: Legislative Affairs Agency

Date: 3/15/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

HOUSE RESOLUTION NO. 4**IN THE LEGISLATURE OF THE STATE OF ALASKA****SEVENTEENTH LEGISLATURE - FIRST SESSION****BY THE HOUSE RULES COMMITTEE**

Introduced: 3/18/91

Referred: Today's Calendar

A RESOLUTION**1 Establishing a House Special Committee on the Exxon Valdez Oil Spill Claims Settlement.****2 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES:**

3 WHEREAS justice requires that Alaska be adequately compensated for the damage done to it
4 as a result of the oil spilled from the T/V Exxon Valdez in March of 1989; and

5 WHEREAS the Agreement and Consent Decree in United States v. Exxon, et al., and State of
6 Alaska v. Exxon, et al., signed by the parties on March 12, 1991, allows the United States or the State
7 of Alaska to withdraw its consent to the Agreement if the Alaska State Legislature fails to approve the
8 Agreement within 45 days from the date that notice of the Agreement is published in the Federal
9 Register;

10 BE IT RESOLVED by the House of Representatives that a House Special Committee on the
11 Exxon Valdez Oil Spill Claims Settlement is established to study the proposed Agreement and related
12 documents; and be it

13 FURTHER RESOLVED that the Speaker of the House of Representatives shall determine the
14 number of representatives to be members of the committee, shall appoint the members, and shall
15 designate a member to chair the committee; and be it

16 FURTHER RESOLVED that the House Special Committee on the Exxon Valdez Oil Spill
17 Claims Settlement shall hold, in addition to its own meetings, joint meetings with a like Senate

1 committee for the purpose of receiving public testimony on the proposed Agreement; and be it

2 **FURTHER RESOLVED** that the House Special Committee on the Exxon Valdez Oil Spill
3 Claims Settlement shall report to the House of Representatives by the 35th day after the Agreement is
4 published in the Federal Register the committee's recommendation that the House approve or disapprove
5 the proposed Agreement, and that the committee is terminated on the 46th day after the Agreement is
6 published in the Federal Register.

1 committee for the purpose of receiving public testimony on the proposed Agreement; and be it

2 **FURTHER RESOLVED** that the Senate Special Committee on the Exxon Valdez Oil Spill
3 Claims Settlement shall report to the Senate by the 35th day after the Agreement is published in the
4 Federal Register the committee's recommendation that the Senate approve or disapprove the proposed
5 Agreement, and that the committee is terminated on the 46th day after the Agreement is published in
6 the Federal Register.

WORK ORDER REQUEST FORM

W.O. [17] LS-1023

KEYWORDS: COMMITTEES, LEGISLATIVE

ASSIGNED: Cook

LITIGATION

OIL/GAS

REQUEST FOR: Resolution

TAKEN BY: Cook

SUBJECT: Special Committee on Exxon Settlement

REQUESTED FOR: SEN ELIASON

BY: Sheila

PHONE: 465-4916

DELIVER TO: Sen. Eliason. Cap 111

INSTRUCTIONS: Duplicate of 7LS-1022, creating a special committee on the Exxon Valdez Oil Spill Claims Settlement. See attached.

OBTAIN

SPECIAL DRAFTING INSTRUCTIONS ATTACHED []

AUTHORIZED TO CONFER WITH Doug Rickey

RETURN

TO REQUESTOR

APPROVED: X DIRECTOR, LEGAL SERVICES

REVIEWED

IN 03/15/91 DUE

TYPED: Draft Date

Final Date

PROOFED DELIVERED

SPECIAL INSTRUCTIONS to TYPING/PROOFING

Sponsor Blank

Request for DRAFT

ALASKA STATE LEGISLATURE SENATE

SENATOR RICHARD I. ELIASON

PRESIDENT OF THE SENATE
LABOR & COMMERCE COMMITTEE
RESOURCES COMMITTEE
RULES COMMITTEE
CHAIRMAN, SPECIAL COMMITTEE ON
DOMESTIC & INTERNATIONAL
COMMERCIAL FISHERIES



P.O. BOX 143
SITKA, ALASKA 99835

P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4916

FAX (907) 465-4928

FAX TRANSMITTAL SHEETNUMBER OF PAGES (Including transmittal sheet): 3DATE: 3/15/91TO: Senator Dick Eliason, Owyhee
Plaza Hotel, Boise IdahoTO FAX: (208) 336-3860FROM: Sheila Peterson, Senator Eliason's
OfficeFROM FAX: ⁽⁹⁰⁷⁾465-4928COMMENTS: Senator Eliason will be arriving
this afternoon. Would you please give
him this fax when he arrives? Thank
you —

If you have any problems receiving this message, please call

Sheila ⁽⁹⁰⁷⁾ in Senator Dick Eliason's office, 465-4916.

HOUSE RESOLUTION NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY .

Introduced:

Referred:

A RESOLUTION

1 Establishing a House Special Committee on the Exxon Valdez Oil Spill Claims Settlement.

2 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES:

3 WHEREAS justice requires that Alaska be adequately compensated for the damage done to it
4 as a result of the oil spilled from the T/V Exxon Valdez in March of 1989; and

5 WHEREAS the Agreement and Consent Decree in United States v. Exxon, et al., and State of
6 Alaska v. Exxon, et al., signed by the parties on March 12, 1991, allows the United States or the State
7 of Alaska to withdraw its consent to the Agreement if the Alaska State Legislature fails to approve the
8 Agreement within 45 days from the date that notice of the Agreement is published in the Federal
9 Register;

10 BE IT RESOLVED by the House of Representatives that a House Special Committee on the
11 Exxon Valdez Oil Spill Claims Settlement is established to study the proposed Agreement and related
12 documents; and be it

13 FURTHER RESOLVED that the Speaker of the House of Representatives shall determine the
14 number of representatives to be members of the committee, shall appoint the members, and shall
15 designate a member to chair the committee; and be it

16 FURTHER RESOLVED that the House Special Committee on the Exxon Valdez Oil Spill
17 Claims Settlement shall hold, in addition to its own meetings, joint meetings with a like Senate

- 1 committee for the purpose of receiving public testimony on the proposed Agreement; and be it
2 **FURTHER RESOLVED** that the House Special Committee on the Exxon Valdez Oil Spill
3 Claims Settlement shall report by April 22, 1991, to the House of Representatives the committee's
4 recommendation that the House approve or disapprove the proposed Agreement, and that the committee
5 is terminated on May 4, 1991.

As it can't be determined exactly when the settlement will be published, the 1st date will read "the 35th day after the settlement is published" + the second date will be "the 46th day after the settlement is published."

DRAFT

HOUSE RESOLUTION NO. ____

BY THE HOUSE RULES COMMITTEE

Establishing a House Special Committee on the Exxon Valdez Oil
Spill Claims Settlement

WHEREAS justice requires that Alaska be adequately compensated for the damage done to it as a result of the oil spilled from the T/V EXXON VALDEZ in March 1989; and

WHEREAS the Agreement and Consent Decree in United States v. Exxon. et al., and State of Alaska v. Exxon. et al., signed by the parties on March 12, 1991, allows the United States or the State of Alaska to withdraw its consent to the Agreement if the Alaska State Legislature fails to approve the agreement within forty-five days from the date that notice of the Agreement is published in the Federal Register;

BE IT RESOLVED by the House of Representatives that a House Special Committee on the Exxon Valdez Oil Spill Claims Settlement is established to study the proposed Agreement and related documents, and to report the House of Representatives the Committee's recommendation that the House approve or disapprove the proposed Agreement; and be it

FURTHER RESOLVED that the speaker of the House of Representatives shall determine the number of representatives to be members of the committee, and shall appoint the members and designate a member to chair the committee; and be it

FURTHER RESOLVED that the House Special Committee on the Exxon Valdez Oil Spill Claims Settlement shall hold, in addition to its own meetings, joint meetings with a like Senate committee for the purpose of receiving public testimony; and be it

FURTHER RESOLVED that the House Special Committee on the Exxon Valdez Oil Spill Claims Settlement shall report to the House the committee's recommendation of approval or disapproval of the Agreement no later than _____, 1991; and be it

FURTHER RESOLVED that the House Special Committee on the Exxon Valdez Oil Spill Claims Settlement is terminated on _____, 1991.

Los Angeles Times

DATE: 3-14-91

PAGE: 1

Exxon Agrees to Pay \$1-Billion for Alaska Spill

By RONALD J. OSTROW
TIMES STAFF WRITER

WASHINGTON—Exxon Corp. agreed Wednesday to pay \$900 million in damages and a \$100-million criminal fine for the Exxon Valdez oil spill in Alaska two years ago in a settlement hailed by Atty. Gen. Dick Thornburgh as "by far the largest single amount ever paid as a result of environmental violation."

The settlement with the state of Alaska and the federal government includes a reopener clause under which Exxon may incur up to \$100 million in additional damages for natural resource effects not now foreseen.

The agreement, spelled out in a Consent decree filed in federal court Wednesday, remains subject to the approval of a federal court in Alaska.

By agreeing to plead guilty to misdemeanor crimes, Exxon and its subsidiary, Exxon Shipping Co., will avoid going to trial next month on felony as well as misdemeanor charges. The trial would have further tarred the oil giant's reputation for the unprecedented damage the oil spill caused to Prince William Sound.

The Exxon Valdez tanker ran aground on a reef in the sound on March 24, 1989, spilling some 11 million gallons of crude oil and fouling more than 700 miles of Alaska's shoreline, national wildlife refuges and national parks. More than 36,000 migratory birds, including 100 or more bald eagles, and many other species of wildlife died as a result of the spill.

The settlement, announced here by Thornburgh and Alaska Gov. Walter J. Hickel, was praised by government and corporate officials for averting what promised to be a protracted court fight and channeling hundreds of millions of dollars into clean-up and restoration operations.

"We have a winner—environmentally, psychologically and financially," Hickel said.

Interior Department solicitor Thomas L. Sansonetti said that officials faced a choice of either settling now so that funds could be applied to clean-up and restoration or "spend the next decade feathering the nest of corporate and government lawyers."

Environmental groups, while praising some parts of the settlement, expressed concern about other aspects of the deal, such as its failure to require release of scientific and economic data that would help measure the true cost of the spill.

Under terms of the proposed agreement, Exxon's \$100-million criminal fine will be divided evenly by the federal government and Alaska, with the state's \$50 million to be applied to the cost of restoring damaged natural resources.

The \$900 million in civil damages is to be paid over the next 10 years to federal and state trustees. Of the total, \$135 million will cover past expenses, including clean-up and scientific research.

Exxon Chairman Lawrence G. Rawl noted that the company will be able to deduct the \$900 million in civil damages in calculating its corporate income taxes, although the \$100-million criminal fine is not deductible.

Since the spill, Exxon estimates that it has spent \$2.2 billion on cleaning up Prince William Sound and the Gulf of Alaska. The \$1-billion settlement would be over and above that amount.

Les Rogers, an Exxon spokesman, declined to disclose the after-tax cost of the settlement or its present value, which would take into account the fact that the money will be paid in increments through 2001.

Rogers described that information as "proprietary," adding: "We have elected not to make it available." The agreement provides that six government agencies—three federal and three state—will de-

cide how to allocate settlement funds to restore Prince William Sound and the Gulf of Alaska. Those decisions will affect \$765 million in damage funds remaining after past expenses are deducted.

Thornburgh noted that the federal government and Alaska are asking the federal court to allow a 30-day public comment period on the settlement—an opportunity for public reaction not required by law.

Jay D. Hair, president of the National Wildlife Federation, said that the \$1-billion settlement and criminal plea "will send a strong

message to polluters," but added: "No one can claim victory over a disaster which will impact people and the environment for decades to come."

John Adams, executive director of the Natural Resources Defense Council, criticized the failure to require release of scientific information. "Because much of the scientific and economic data will not be released, we cannot know whether the amount of the settlement fully vindicates the right of the public and the environment," he said.

William K. Reilly, administrator of the Environmental Protection Agency, said that the federal trustees who will help decide how to spend the settlement funds plan to release their data "forthwith."

Rep. George Miller (D-Martinez), acting chairman of the House Interior and Insular Affairs Committee, said that Congress and the public will raise many questions about the settlement.

Miller said that he plans a hearing April 8 to examine such questions as whether the rights of Alaska natives and other injured parties are protected, whether Exxon should be required to release all scientific data and whether settlement funds will be used to acquire timber rights and other natural resources as part of the restoration effort.

A Justice Department attempt to settle the case in February, 1990, before Exxon and its shipping subsidiary were indicted on the felony and misdemeanor charges fell through when top Alaska officials refused to endorse the settlement.

Thornburgh noted that the earlier settlement proposal fell \$400 million short of the amount contained in the final deal.

Exxon and Exxon Shipping were indicted Feb. 27, 1990, and charged with felony violations of the Ports and Waterways Act and the Dangerous Cargo Act, along with misdemeanor violations of the Clean Water Act, the Refuse Act and the Migratory Bird Treaty Act.

Under the plea agreement, Exxon will plead guilty to the Migratory Bird Treaty Act misdemeanor, while Exxon Shipping will plead guilty to all three misdemeanors.

The Hartford Courant

DATE: 3/14/91

PAGE: 1

Exxon agrees to pay record fine in spill

By JAMES ROWLEY
Associated Press

WASHINGTON — Exxon Corp. settled government claims arising from the nation's worst oil spill by agreeing Wednesday to pay a record \$100 million fine for four environmental crimes and to spend \$900 million to clean up Alaska's coast.

The largest settlement of an environmental damage case in U.S. history was reached after Exxon already spent \$2.5 billion on the cleanup. The fine is 20 times the previous record of \$5 million paid by Allied Chemical in 1976 for dumping Kepone into the James River in Virginia, officials said.

The civil settlement and guilty pleas to the four misdemeanors will avert lengthy court fights over the grounding March 24, 1989, of the tanker Exxon Valdez, which spilled more than 10 million gallons of oil into Prince William Sound.

Attorney General Richard L. Thornburgh said the deal with the federal government and the state of Alaska "represents a clear and unmistakable signal to those engaged in environmental crime that their activities are not going to go unnoticed and unprosecuted."

The record criminal fine, involving one misdemeanor charged against Exxon and three charged against its Exxon Shipping Co. subsidiary, shows that "answering for environmental spoilage cannot be done simply by paying damages," the attorney general said.

Proceeds from the fine will be split 50-50 with the state of Alaska to help finance the cleanup. By law, the federal share goes into the general treasury.

"I think it's a good settlement for the state of Alaska, it's a good settlement for the federal government... it's a good settlement for the environment," said Alaska Gov. Walter Hickel, who was governor 23 years ago Wednesday when the discovery of Alaska oil was announced.

Exxon's sales totaled more than \$107 billion last year and it reported earnings of more than \$5.1 billion.

Under the proposed consent decree, which needs court approval after a 30-day public comment period, Exxon would pay \$900 million over the next 10 years to a trust fund administered by federal and state officials.

The fund would be used to pay for costs of the continued cleanup by Exxon.

After 10 years the trustees could seek \$100 million more for any remaining environmental damage from the oil spill, which killed countless birds, fish and mammals.

By settling instead of going to court, the Bush administration and Alaska get cleanup money now and avoid "spending the next decade feathering the nests of corporate and government lawyers," said Thomas L. Sansonetti, the Interior Department solicitor.

The settlement means that more cleanup money "will be available years earlier than any recovery that

could have been secured through full litigation," said William K. Reilly, head of the Environmental Protection Agency.

The settlement "allows us to turn our full attention, finally, to the tasks of restoration," he said.

The deal settles all civil claims against Exxon by the state of Alaska and any that the federal government might have filed. It does not end the private lawsuits filed by property owners, fisherman and businesses.

The settlement was reached late Tuesday after a federal judge in Washington lifted an order halting discussions until he was assured that claims of five native Alaskan villages would not be compromised.

Environmental groups had mixed reactions.

"They did well on the criminal side. That's a very hefty criminal figure. Our concern is with the civil



RICHARD L. THORNBURGH
A signal to pollsters

fine," said Sarah Chasis, a senior lawyer for the Natural Resources Defense Council.

Chasis expressed disappointment that \$135 million of what Exxon will pay covers past cleanup expenses.

"You're really diminishing the pot for long-term research and restoration," she said. "We want to make sure the environment is made whole. We have serious questions as to whether this agreement would accomplish that goal."

Others said it was hard to evaluate the settlement because scientific data on the extent of the damage has not been made public.

"On the one hand it's the largest settlement of its kind ever," said Douglas Wolf, a lawyer for the National Wildlife Federation. "The downside is that we don't know if that was an appropriate amount for this spill because it was the largest one ever."

Rep. George Miller, D-Calif., said the House Interior water and power subcommittee has scheduled a hearing April 8 because "the Congress and the public will have many questions about the Exxon settlement."

Exxon and its shipping subsidiary had faced a criminal trial April 10 in federal court in Anchorage on two felony and three misdemeanor counts arising from the oil spill.

Exxon Chairman L. G. Rawl, who signed the deal at the Justice Department, said in a statement that the company had been ready to contest the civil and criminal charges.

"However, we have agreed to the settlements because they are in the best interests of Exxon shareholders and all other involved parties," he said. "A long and costly legal confrontation would benefit no one."

Rawl said Exxon could deduct the

Cont'd

\$900 million cleanup payments from its income taxes, but not the fine.

The two felony counts that will be dismissed accused Exxon of "willfully and knowingly" failing to make sure that the Exxon Valdez was manned by mentally and physically competent pilots.

Joseph Hazelwood, the ship's captain, was accused of drinking before the tanker left the port of Valdez, but he was acquitted of state charges that he operated the ship while intoxicated.

Exxon agreed to plead guilty to a misdemeanor violation for the death of migratory birds killed.

Exxon Shipping also agreed to plead guilty to the Migratory Bird Treaty Act violation. The Exxon subsidiary also will plead guilty to violating the Clean Water Act and the Refuse Act by negligently dumping oil into Prince William Sound.

Newsday

DATE: 3/14/91

PAGE: 5

Exxon's Bill for Spill *\$1B in damages and fines in Valdez oil accident*

By Stephanie Saul
WASHINGTON BUREAU

Washington — Exxon Corporation yesterday agreed to pay \$1 billion in civil damages and criminal fines for the March, 1989, Valdez accident, in which the tanker struck a reef and spilled more than 11 million gallons of crude oil into Alaska's Prince William Sound, spoiling 700 miles of shoreline and killing thousands of birds, fish and mammals.

Attorney General Dick Thornburgh said yesterday that the agreement was the largest environmental settlement in history.

The \$1 billion settlement includes \$100 million in criminal fines. By pleading guilty to a total of four misdemeanors, Exxon and its subsidiary, Exxon Shipping Co., avoided a possible conviction on two felony charges included in the February, 1990, federal indictment against them.

The companies had been scheduled to go to trial April 10 in Anchorage.

"The extraordinary size of the fine and the fact that this resulted in guilty pleas is significant," Thornburgh said, because it sends a message that "answering for environmental spoilage cannot be done by simply paying damages."

The \$900 million in civil damages will be paid during 10 years under the agreement. Exxon also could be responsible for up to \$100 million in additional damages if unforeseen environmental problems occur, under a "reopener" clause in the agreement.

Thornburgh said the money will be spent for additional cleanup and both short- and long-term restoration projects in Prince William Sound and the Gulf of Alaska, the areas damaged by the spill. Of the total, \$135 million is committed for past expenses, such as cleanup and scientific research.

Last year, the Justice Department had been willing to agree to a \$700 million settlement, but the State of Alaska said it was inadequate and blocked the deal.

Exxon Chairman Lawrence G. Rawl said the company had agreed to the settlement because it was in the best interest of Exxon shareholders and other involved parties. "A long and costly legal confrontation would benefit no one," Rawl said yesterday.

Rawl said other than \$100 million in criminal fines, all other costs will be tax deductible. And he said the agreement will have no noticeable effect on the company's

financial results because reserves have already been established to pay the penalties.

Exxon says it already has spent \$2.5 billion for cleaning up and reimbursing state, federal and local governments for their cleanup efforts.

The company has said the amounts previously paid out already exceed its insurance coverage.

Oil industry consultant Scott Jones of Philadelphia's AUS Consultants said the settlement avoids legal fees in the tens of millions of dollars.

"I think, certainly within Exxon and certainly within the oil community of Alaska, in general, to get this thing settled and behind the industry is a strong positive step," Jones said.

Environmentalists generally reacted positively to the settlement but expressed several reservations.

"The large settlement and criminal plea will send a strong message to polluters," said National Wildlife Federation President Jay D. Hair. But Hair said his group could not fully embrace the deal, partly because it did not require the public release of scientific data on the spill, collected both by Exxon and the government. EPA Administrator William K. Reilly said, however, that his agency's data would be available.

Exxon still faces a number of private civil suits in connection with the oil spill, as does

the Valdez' captain, Joseph J. Hazelwood of Huntington.

Witnesses said Hazelwood was drinking on shore the day the Valdez left port. But he was acquitted by an Alaska jury last year of criminal mischief, reckless endangerment and operating a vessel while intoxicated. The jury convicted him of a less serious charge of negligent discharge of oil. He was sentenced to 1,000 hours of community work in Alaska and a \$50,000 fine. Hazelwood has appealed.

Of the original criminal charges against Exxon and Exxon Shipping, the parent company agreed to plead guilty to one misdemeanor, admitting that it killed migratory birds in violation of federal law.

Exxon Shipping agreed to plead guilty to three misdemeanors, admitting that it negligently discharged pollutants without a permit; that it negligently discharged refuse matter and that it killed migratory birds.

Of the \$100 million in fines, \$50 million will go into the federal treasury and \$50 million will go to Alaska coffers.

The civil settlement must be approved by a federal judge after a 30-day public comment period. Within 10 days after the approval, Exxon will pay the government its first installment of \$90 million on the civil fine.

On Sept. 1, 1992, Exxon will pay another \$150 million. It will pay \$100 million on Sept. 1, 1993, and \$70 million a year until the final payment on Sept. 1, 2001.

The Dallas Morning News

DATE: 3-14-91

PAGE: 1

Exxon settles spill case \$1 billion deal to cover fine, Alaska cleanup

By Maria Halkias

Staff Writer of The Dallas Morning News

Exxon Corp. settled criminal and civil claims arising from the nation's largest oil spill by agreeing to pay record-setting restitution for environmental violations, officials said Wednesday.

A \$1 billion settlement with the federal government and the state of Alaska was signed about midnight Tuesday in Washington by Lawrence G. Rawl, Exxon chairman and chief executive officer.

The fine — to be paid over 10 years — is in addition to more than \$2 billion that Exxon has spent to clean up Alaska waters and coastlines after the Exxon Valdez supertanker spilled more than 10 million gallons of oil into Prince William Sound on March 24, 1989.

The nation's largest oil company agreed to plead guilty to four misdemeanors and to pay a criminal fine of \$100 million plus \$900 million to restore environmental damage.

Exxon was prepared to defend itself, Mr. Rawl told reporters at the company's Irving headquarters Wednesday. "However, we have agreed to the settlements because they are in the best interests of Exxon shareholders and employees."

The plea bargain prohibits the Justice Department from bringing additional criminal charges against Exxon or any of its officers.

The government also gave up the right to prosecute Alyeska Pipeline Service Co. for allegedly failing to meet government requirements that it

have an emergency oil spill cleanup plan.

Alyeska, owned by a consortium of oil companies operating on Alaska's North Slope, had piped the crude oil to the Exxon Valdez at the port of Valdez shortly before the accident.

Although not required by law, the civil settlement will undergo a 30-day public comment period in Alaska. A federal court must also approve the settlement.

In Washington, Attorney General Dick Thornburgh said the deal "represents a clear and unmistakable signal to those engaged in environmental crime that their activities are not going to go unnoticed and unprosecuted."

At the same news conference, Environmental Protection Agency Director William Reilly said he was pleased with the settlement.

"America has never seen an oil spill so large and destructive and in such a beautiful pristine environment," Mr. Reilly said.

The funds provided by Exxon "assure that necessary activities will be carried out and monitored to restore Prince William Sound," he said.

Similarly, said Jay D. Hair, president of the National Wildlife Federation: "The large settlement and criminal plea will send a strong message

to polluters. However, no one can claim victory over a disaster which will impact people and the environment for decades to come."

Of the \$100 million criminal fine that Exxon and its Exxon Shipping unit agreed to pay, the U.S. Treasury will receive \$50 million and Alaska the other \$50 million as restitution for environmental damage.

The \$100 million penalty "is by far the largest single environmental criminal recovery ever exacted," Mr. Thornburgh said. And the aggregate \$1 billion payment "is by far the largest single amount ever paid as a result of environmental violations."

The settlement has a reopener clause under which Exxon may have to pay an additional \$100 million for natural resource damages not currently foreseen.

The \$900 million civil settlement will be paid over a 10-year period. It will go toward an environmental restoration program administered by a joint federal-state trustee council, as well as for reimbursement for past and continuing federal and state cleanup and research efforts.

Any future cleanup costs that Exxon incurs will be credited against its annual restitution, which begins with a \$90 million payment into the trust fund.

All costs associated with the Exxon Valdez spill, except the \$100

million criminal fees, are viewed as tax-deductible operating expenses, Mr. Rawl said — leaving taxpayers to indirectly shoulder some costs.

The settlement "will not have a noticeable effect" on the company's financial results because reserves for the payments had been set aside for the last two years, Mr. Rawl said.

"I've been disappointed and angry since March 24, 1989. I was angry that this happened to us," he said. "It has distracted us from doing more productive work. ... We took the responsibility and we did the job."

Twice in the last two years, the federal government attempted to negotiate a settlement with Exxon after the U.S. Justice Department's indictment on Feb. 27, 1990, of Exxon and its shipping subsidiary.

Negotiations reopened in January after Alaska Gov. Walter J. Hickel called Mr. Rawl and invited him to the first of several meetings.

Mr. Hickel called the agreement "a good settlement" for his state, the federal government, Exxon and the environment.

"I'm glad this is behind us," Mr. Hickel said in Washington.

U.S. District Judge Stanley Sporkin of Washington on Tuesday afternoon set aside an earlier order temporarily blocking completion of a settlement.

The judge had halted negotiations between Exxon, the federal government and Alaska to review claims by five native Alaskan villages that they were improperly locked out of the negotiations.

The villagers had filed suit this month, asserting that a settlement could prevent them from recovering financial damages caused by the Exxon Valdez spill.

The accord will not end Exxon's legal troubles in Alaska; about 200 separate suits are pending against the company. But the agreement settles major suits brought by the federal government and Alaska.

The company said those suits aren't expected to be as material as those just concluded.

Exxon agreed to plead guilty to a misdemeanor violation for the death of migratory birds killed by the oil spill.

AP Associated Press

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^All Sides Seen Victorious in Exxon Settlement<

^An AP Analysis<

^By LAURIE ASSEO=

^Associated Press Writer=

WASHINGTON (AP) - Exxon Corp. isn't getting off lightly in paying a \$1 billion settlement over the 1989 Exxon Valdez oil spill. But it is getting a chance to begin closing the books on a costly public relations nightmare.

For its part, the Justice Department won a significant victory by persuading Exxon to plead guilty to criminal charges while avoiding years of litigation and the inherent risk of losing.

"I don't think there are any losers here," said Warren M. Shimmerlik, a New York investor relations adviser for several oil companies, not including Exxon. "I think this is an issue that really needed to be put to rest."

Some environmentalists complained that the \$900 million Exxon agreed to pay Wednesday may not provide enough money to fully clean and restore plant and animal life in Alaska's Prince William Sound.

But, said Eric Jorgensen, an attorney for the Sierra Club Legal Defense Fund in Juneau, "There is a great benefit to settling. The money is in hand and it can be used now for the environment."

Exxon agreed to plead guilty to four misdemeanor charges and pay a record \$100 million criminal fine plus \$900 million to complete the cleanup - the largest amount ever paid for environmental damage.

The settlement amount is higher than the \$700 million figure that was being discussed last year when talks broke down.

In exchange for the misdemeanor pleas, the Justice Department agreed to dismiss two felony counts that charged Exxon with "willfully and knowingly" failing to make sure the Exxon Valdez was manned by mentally and physically competent pilots.

Exxon Chairman L.G. Rawl told reporters his company had been ready to contest the case, but decided "a long and costly legal confrontation would benefit no one." The company already has spent \$2.5 billion to remove oil from the sound and its shores.

Rawl said Exxon could deduct the \$900 million cleanup payments from its income taxes, but not the fine.

The settlement could begin resolving much of Exxon's image problem related to the oil spill, said Simon Trimble, an international oil analyst for the Lehman Brothers brokerage firm in New York.

"In the short term it would seem that the Justice Department has won a very large settlement," Trimble said. "In the longer term Exxon may have won by removing the large part of the litigation that would have drawn public comment over a number of years."

"Exxon has been made to pay a full price for the damage that was done. That is a very positive point for the American public," which might have wound up paying more for the cleanup if a smaller company had created the spill, Trimble said.

By settling now, Exxon also saves "the drain on creative efforts in a corporation, which are the things that create profits," said Sheila Hollis, a Washington attorney and chairwoman of the American Bar Association's coordinating group on energy law.

And prosecuting the felony counts may have presented difficulties, said Assistant Attorney General Richard B. Stewart, head of the environment division.

Contd

The government would have had to prove that Exxon Corp., as the parent of Exxon Shipping, was criminally liable for intentionally allowing the Valdez to sail with an incompetent crew. The issue of parent corporate liability has not been tested much in criminal cases, Stewart said.

Exxon still faces private civil suits from environmentalists and others who want Prince William Sound restored to its original state.

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The Washington Post

DATE:

3/15/91

PAGE:

A22

The Exxon Valdez Settlement

FISH ARE back in great numbers in Alaska's Prince William Sound, and last summer's catch was large. The sea otters appear to be flourishing again. It's been two years since the Exxon Valdez ran aground on a reef in the sound and lost a quarter of a million barrels of crude oil into the water. The damage has not been entirely repaired. There are, for example, carpets of tar buried under some of the beaches, and no one knows precisely what effect they will have on the ecology. But two years' experience with cleaning up the mess has given federal and Alaska state authorities a fairly clear idea of the size of the job that remains. That has enabled them to negotiate this week's settlement of damages with some assurance that the money will cover the decade of work ahead.

Exxon has spent more than \$2 billion on the cleanup so far. In this settlement it has committed itself to a further \$900 million in damages, to be spent by a committee of federal and state officials. At the end of that time, Exxon will be liable for another \$100 million if restoration requires work not now anticipated. In addition, the company has pleaded guilty to a series of criminal charges and will pay a fine of \$100 million, of which half will go to Alaska as restitution.

The alternative to this settlement was litigation.

The trial was scheduled to have begun next month. The state and federal governments were clearly right to have chosen negotiation instead. It means that both sides will save enormous legal costs—money that might better go into ecological protection. It means that there will be a dependable flow of funds for restoration, beginning immediately. If the question were left to a long quarrel in the courts, no one would know how much might eventually be paid, or when. The Amoco Cadiz spilled a much larger amount of oil into the Atlantic off the French coast in 1978, and damages from that wreck are only now beginning to be paid.

Many questions about the impact of the Valdez spill are still unanswered. State and federal authorities hope to establish a scientific institute in Prince William Sound that, in the course of answering them, will make itself a major contributor to marine research. The cleanup money will do more than scrub tar off rocks.

This settlement sets sound and healthy precedents for responsibility in a kind of disaster in which, until recently, there would have been little recognition of any damage to the public and little chance of compensation. Perhaps, in the political sense, it will also set a useful precedent for the current case—larger and legally much more complex—of the oil spill in the Persian Gulf.

The New York Times

 DATE: 3/15/91
 PAGE: 81

Exxon to Pay Up to \$15 Million for Spill

By ALLAN R. GOLD

The Exxon Corporation has agreed to spend \$10 million to \$15 million on environmental improvements to New York Harbor in an effort to avoid litigation stemming from a 567,000-gallon oil leak into the Arthur Kill 14 months ago, environmental groups and a government official said yesterday.

But the agreement, which is expected to be announced as early as next week, was immediately attacked by two environmental groups as inadequate, with a spokeswoman for one of the groups saying the deal "probably is not going to compensate for the damage that occurred."

Under the settlement, Exxon would spend \$5 million to buy environmentally sensitive land in the Staten Island area. It would also

pay for restoration of wetlands along the Arthur Kill, where the oil leaked, and reimburse government agencies for legal and administrative costs, said a government official familiar with the settlement who spoke on condition of anonymity.

The official said Exxon would also have to spend "quite a hunk of change" to improve its safety procedures for oil handling.

By reaching the agreement, the company would avoid costly litigation and possible criminal charges arising from investigations of the pipeline leak, which fouled the New Jersey and New York coastlines.

Yesterday, representatives of Exxon, the New Jersey Attorney General, the New York State Department of Environmental Conservation, and New York City's Department of Environmental Protection declined

to comment on details of the settlement.

Carol Ash, regional director of the New York State Department of Environmental Conservation, said there would be an announcement soon regarding the Exxon spill.

But Nina Sankovitch, a senior project attorney for the Natural Resources Defense Council, a nonprofit environmental group, assailed the settlement. She said it would not cover damage suffered by the harbor's recreational users or subsistence fishermen, nor reimburse business losses sustained when the Arthur Kill was closed to shipping traffic.

On Tuesday night, Exxon reached a \$1.1 billion settlement with the state of Alaska and the Federal Government for the Exxon

Valdez oil tanker spill of March 1989.

For months, Exxon has been in talks with Federal, state and local governments to settle litigation stemming from the New York Harbor spill. Exxon has been trying to avoid criminal indictments and settle civil suits by New York City and Elizabeth, N.J.

On Jan. 1, 1990, an underwater pipeline connecting Exxon plants in Linden, N.J., and Bayonne, N.J., leaked heating oil into the Arthur Kill, a narrow waterway separating New Jersey from Staten Island. Oil coated the marshy shorelines, killing nearly 700 birds. An oil sheen reached south toward Raritan Bay, north to Newark Bay and east along the Kill van Kull.

The spill drastically reduced breeding of the wading birds that have been making a dramatic comeback in the area, a study released yesterday by a non-profit environmental research center has found.

In the first study to be published on the spill's impact, the Manomet Bird Observatory of Massachusetts observed delayed nesting last spring among snowy egrets and glossy ibises and much higher mortality rates for young birds. The higher-than-expected death rates could result in smaller future populations of snowy egrets or local extinction if breeding adults abandon the harbor, the study found.

Killifish Suffering

"It will take a long time to recover, to get back to where we were," Dr. Katharine C. Parsons, a biologist who conducted the Manomet study, said yesterday. Dr. Parsons has been compiling information about aquatic birds living in the Arthur Kill and Kill van Kull since 1985. The Exxon spill was about a third of the oil that leaked into the harbor from leaks, barge groundings and other sources in 1990, she said.

At a news conference yesterday in Manhattan, she said the study also found big reductions in the harbor's minnow-like killifish, an important food for wading birds and bigger fish. The result, she said, was that only 46 percent of the expected number of snowy egret chicks, for example, hatched.

New Jersey's Department of Environmental Protection directed Exxon to pay \$651,250 toward Manomet's study of bird population damage.

Study Encourages Exxon

Donald D. Esch, manager of government relations for Exxon at the Bayway Refinery in Linden, said the Manomet study contained "an awful lot more good news than bad news." He said the results were "not atypical" of company-sponsored findings, and noted that it found that wading birds increased 23 percent overall from 1989 to 1990, to a total of 1,156.

But Dr. Parsons said it was not clear

how many will return this year, although the wading birds have proved resilient. They return from the south between March 15 and April 1, the New York City Audubon Society said.

Scientists have been astounded by the return of herons, egrets and ibises to the heavily industrialized Arthur Kill and Kill van Kull since the 1970's.

Before improvements in sewage treatment were made in the early 1970's, aquatic animals requiring oxygen, like fish and crabs, could not survive there. Within a few years, wading birds began to colonize the area because their food had come back.

Today, herons and egrets in New York Harbor are 40 percent of all coastal wading birds in New Jersey. New York and Connecticut, the Manomet study said.

Spill deal OK'd

Claims settled
for \$1 billion

By DAVID POSTMAN 3.13.91
Daily News reporter

JUNEAU — Government criminal and civil claims against Exxon were settled early today in a deal that calls for the giant oil company to pay \$1 billion in installments stretching into the next century.

"Yes, we signed it and, yes, this is a very, very good thing for the people of the state of Alaska," Gov. Wally Hickel said from Washington, D.C., after he, federal officials and Exxon executives signed the agreement at a midnight meeting at the U.S. Justice Department.

Hickel would not discuss the settlement except to say, "It's the very best we could do after 60 days of intense negotiations. I'm happy with it."

The money would be used to pay for spill cleanup, restoration of the Sound, scientific studies and reimbursement of government spill costs. A hundred million dollars would be for a criminal penalty to be split between the state of Alaska and the federal government, according to a National Oceanic and Atmospheric Administration "fact sheet" on the settlement obtained by the Daily News. The rest of the money will be administered by a group of state and federal officials.

Even though it's signed, the deal is far from final. The agreement calls for a 30-day public comment period and, according to the NOAA document, "Each government has the right to withdraw its consent to the settlement agreement within 15 days after the close of the public comment period if the comments disclose facts indicating the agreement is not in the public interest."

During the past three months, the settlement has gone from nothing more than an idea of Hickel's, through weeks of intense negotiations, and into what

Please see Back Page, SPILL

SPILL SETTLEMENT: State, federal government, Exxon agree

Continued from Page A-1

government officials are calling the largest environmental damage settlement in history.

It was Hickel's personal diplomacy and public prodding that got the talks started. It was, according to state Attorney General Charlie Cole, Hickel's "personal knowledge of Prince William Sound" and "subjective sense about an acceptable settlement" that came up with an original settlement proposal of \$1.2 billion — not reliance on any of the myriad of scientific and economic studies being done on spill damage.

The \$100 million criminal fine against Exxon is much less than the federal government had said it expected to win in court.

When Exxon was indicted one year ago, U.S. Attorney General Richard Thornburgh said at a press conference that the government was throwing "the environmental book at Exxon" and that fines could reach more than \$600 million under a federal law that allows the government to collect twice the amount of money it spent on costs associated with the cleanup and claims paid by the defendants.

Environmentalists and attorneys representing clients with cases against Exxon criticized the settlement as too low.

"It seems like we're not going to have a big enough pot of money to do any realistic restoration so it will be interesting to see where the money winds up going to and whose projects get funded," said Riki Ott, a commercial fisherman and founder of the Oil Reform Alliance, which pushes for stronger oil spill laws.

"It sounds horrendously low to me," said Dave Oesting, a coordinating counsel for private plaintiffs suing Exxon.

But Oesting said that, without access to the scientific studies and economic damage models used to arrive at the \$1 billion figure, "which the state has assiduously refused to provide, one can only speculate."

"My perception is it was a just a dart

HOW THE EXXON-VALDEZ OIL SPILL SETTLEMENT WILL BE DISTRIBUTED

To be paid immediately: \$190 million

-  \$100 million criminal fine; \$50 million will be given to the state as restitution.
-  \$25 million to continue science programs.
-  \$15 million for restoration projects.
-  \$50 million to be paid to truckers and Coast Guard for past cleanup expenses.

FY 1992

-  \$150 million to be used to return Prince William Sound to its pre-spill condition.

FY 1993 and beyond

-  \$660 million to be paid over a period of years beginning in FY 1993

Total: \$1 billion

throw by Governor Hickel," Oesting said.

Eric Jorgenson, managing attorney for the Sierra Club Legal Defense Fund, agreed it's hard to judge the settlement without seeing the confidential studies, but said, "Obviously, Exxon did some very hard bargaining."

Rep. Cliff Davidson, D-Kodiak, said he thought settling with Exxon was "better than a pile of attorneys' bills" and that he was glad the public will have a chance to comment.

"But I'd like to know if all America will pay for this, because if it's all tax-deductible, where is the penalty?"

The settlement with its long payout also seemed low to John Loomis, an associate professor of environmental studies and agricultural economics at the University of California at Davis and an expert in assessing environmental damage.

"It's like an interest-free loan to Exxon," Loomis said.

The Exxon Valdez ran aground on Bligh Reef in Prince William Sound on March 24, 1989, shortly after its captain, Joseph Hazelwood, left the bridge to do paperwork in his cabin. The National Transportation Board has said Hazelwood was drunk at the time, but in court he was convicted only of negligent discharge of oil.

Wildlife by the tens of thousands were killed by the thick oil that gushed from the tanker into the Sound. Much of that oil seeped deeply into the rocky beaches of the once-pristine waterway where the state claims it remains today.

Under the settlement plan, Exxon would immediately deposit \$190 million into an interest-bearing account, according to a draft press release prepared by NOAA, one of the federal agencies involved in the settlement talks.

Of that first installment, \$100 million would be a criminal fine paid in exchange for the federal government's dropping its criminal charges against Exxon Corp. and its subsidiary, Exxon Shipping Co. The companies were indicted last year on five criminal counts from the spill.

Half the fine would go to the state as restitution for the nearly 11 million-gallon spill that coated hundreds of miles of shoreline in oil. The agreement also calls for \$25 million of the first year's payment to be spent on continuing scientific studies into the spill and \$15 million for restoration projects.

The remaining \$50 million of the first installment, according to the NOAA docu-

ment, would be used to reimburse the state and federal governments for past spill-related costs. That falls far short of the \$160 million that Cole has said the state and federal governments are owed. The two governments have also spent more than \$100 million on studies and legal fees.

Exxon would pay another settlement installment of \$150 million by October of this year to be used "in restitution efforts aimed at returning Prince William Sound to its pre-spill condition."

In fiscal year 1993, Exxon would begin paying off the remaining \$660 million. The NOAA fact sheet does not specify the exact payment schedule, but says it will take nine years.

The agreement includes a clause that would allow the governments to reopen the case after a 10-year restoration period if new damage is discovered. The additional claims could not exceed \$100 million.

The way was cleared for the settlement Tuesday afternoon when U.S. District Judge Stanley Sporkin lifted a temporary restraining order sought by Alaska Natives who contended that the federal government was settling their rights to recover damage to lands and wildlife which upon which they depend for subsistence.

Sporkin's ruling was hailed by the Natives as a victory because the judge's order precluded the settlement from jeopardizing any of their rights to compensation even if it meant that Exxon would have to pay twice for some damages — once in the settlement and again to the Natives.

In a stern warning to government attorneys, Sporkin said that if a settlement did wind up harming the villages' right to sue Exxon, "Hell hath no fury like a judge scorned. ... It's not fair, it's not right and it's not American."

☐ Daily News reporters George Frost and David Whitney contributed to this story.

2

It's a deal: \$1.1 billion

State, Exxon sign spill settlement

By JAY CROFT
and DAVID FUTCH 3:13 p.m.

TIMES WRITERS

The state and federal government signed a \$1.1 billion oil spill settlement with Exxon officials at a secret midnight Tuesday meeting in Washington, D.C.

"The deal was signed tonight," Alaska Gov. Walter J. Hickel said early this morning from Washington.

Officials for all three parties gathered at the U.S. Justice Department at 11:30 p.m. EST. The deal was signed at "11:45-ish," Hickel said.

About 15 minutes later, Justice Department and Exxon attorneys signed a deal regarding the five criminal counts against Exxon, a source close to negotia-

tions said. That involved a \$100 million fine, sources said.

Details of the criminal case deal were to be announced at a news conference this morning at the Justice Department, officials said.

"This is a very good deal for the state of Alaska, the federal government and the environment of Prince William Sound," Hickel said today about 12:30 a.m. EST.

"I'm pleased with the results of the talks. Exxon should be commended. The federal government should be commended. And I know Charlie Cole should be commended."

Cole, Alaska's attorney general, has been in Washington negotiating a settlement off and on

See Exxon, page A9

Exxon

Continued from page A1

for weeks. He had said the settlement would be for about \$1.2 billion.

"The governor and I are both pleased with the results of the meeting tonight," Cole said this morning.

The final deal reportedly is for \$1 billion in settlement, with a clause to reopen suits for up to \$100 million on damage the spill caused that is not yet known, for a total of \$1.1 billion.

The state and federal government will evenly split the \$100 million fine, and the state will also get \$90 million up front, for a total of \$140 million immediately, officials said.

According to sources close to the settlement, the next payment will be \$150 million due at the beginning of the next fiscal year, Oct. 1. Then, the next payment will be \$100 million at the same time next year, with the remaining \$500 million to be paid out

over seven years.

Those details were confirmed by several high-level sources who did not want to be identified.

The money will be administered "under some kind of joint restoration fund" for Prince William Sound, said Hickey deputy press secretary Eric Rehmann.

Hickey wants to spend the money on restoration and a marine theme park in the Sound, heavily damaged when the Exxon Valdez dumped 11 million gallons of crude oil at Elkhorn Reef almost two years ago.

Trustees of the account will include representatives from the federal National Oceanic and Atmospheric Administration, the Environmental Protection Agency, and the Departments of Interior and Agriculture, as well as the state Department of Fish and Game, the Department of Environmental Conservation and attorney general's office, sources said.

EPA will be the lead trustee, they said.

About 30 people, mostly lawyers, reportedly attended the closed meeting. They included

Hickel, Cole, Hickey aides James Rockwell and Rehmann, and officials from Exxon, NOAA, EPA, Justice and Transportation Secretary Samuel Skinner.

Exxon Corp. chairman Lawrence Rawl was also there.

Hickey said he and Rawl were congenial and cooperative. Hickey said Rawl told him, "I didn't think it could be done."

The meeting was held so late to accommodate a deal Hickey and Rawl made at the beginning of talks in January.

"The governor and chairman Rawl had made a deal that neither of them would do anything without the other," Rehmann said. Rawl was called Tuesday and flew in for the late-night meeting.

Earlier Tuesday, a U.S. District Court judge allowed a settlement to be signed by lifting a restraining order he placed last week. In its place, Judge Stanley Sporkin issued an order stating an agreement must provide that

Alaska Natives can "prosecute fully the suits they have initiated against Exxon and Alyeska (Pipeline Co.) just as if no settle-

ment existed."

Three Native village corporations and five Native villages sued last week to prevent a deal from being signed. They said their rights to sue Exxon might be bargained away in the deal.

Sporkin told Justice Department attorneys that Exxon cannot escape meeting its obligations to the Natives. State and Exxon representatives were not at Sporkin's hearing.

"It is not a situation where anybody can get out cheap," Sporkin said. "If anybody believes that, they are making a terrible mistake."

Sporkin told the Justice Department to live up to its pledge not to infringe on Native rights.

"Hell hath no fury like a judge scorned," he warned.

Natives were happy. "The judge is very serious in his concerns and I'm pleased with his order," said Don Emmal of English Bay Corp.

However, Natives failed to win assurances they would be entitled to see government studies on how the spill affected lands they have chosen under a federal

lands act.

Details of the clause protecting Natives were not available Tuesday night.

"Obviously it was resolved to the acceptance of every party," Rehmann said.

Exxon earlier Tuesday reportedly balked at signing, unhappy with Sporkin's order.

Exxon defense attorneys and federal prosecutors talked via telephone with Anchorage federal judge Russel Holland, who was in Arizona, Natives attorney Sam Fortier said.

Holland was set to oversee the criminal case against Exxon next month in Anchorage. Exxon had been charged with five criminal counts.

Cole had said repeatedly throughout negotiations the criminal case was not related to the civil settlement talks.

Sporkin said in court Monday the federal government, though, was "resolving certain criminal claims" in conjunction with the civil settlement.

Hickey and Cole were set to leave Washington today and arrive Thursday in Juneau, when

they were to address a joint session of the Legislature, Rehmann said.

Remors of an imminent settlement circulated throughout Juneau early Tuesday afternoon. Before knowing the deal was final, lawmakers reacted to word of a possible deal.

Rep. Max Gruenberg, D-Anchorage and chairman of a special committee to monitor spill talks, said legislation is in place that would give lawmakers power to approve or deny a settlement.

House Speaker Ben Grusendorf, D-Sitka, commended Hickey for his hard work in pursuing a deal but stopped short of calling for legislative approval.

"If we feel that Alaskans out there who have potential litigation are accommodated and we're not dragged into court, it may be the settlement isn't so bad," Grusendorf said.

Times writers E. Michael Myers in Washington and Dirk Miller in Juneau contributed to this report.