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Minnesota Department of Commerce and Petrofund Board pursue \$25 million lawsuit against British Petroleum

February 10, 2014

For Immediate Release:

SAINT PAUL, MN – Commerce Commissioner Mike Rothman in conjunction with [Minnesota's Petrofund](#) Board filed a \$25 million lawsuit against British Petroleum (BP) to recover money for claims paid to the company to clean up contamination from leaking petroleum storage tanks at service stations across the state.

The lawsuit comes at the end of a lengthy investigation conducted by the Commerce Department looking into the company's dealings with the Petrofund. From 1988 to 2012, BP sought and obtained over \$25 million in reimbursements from the Petrofund for cleaning up polluted properties in Minnesota. The Petrofund requires applicants to disclose on the application whether insurance policies exist, and to what extent those policies cover environmental damages from leaking petroleum storage tanks, prior to seeking state funds.

The state alleges that BP received settlement payments from their insurance carriers amounting to hundreds of millions of dollars that covered costs for the cleanup of contamination which, in effect, were also for the same locations the company had filed applications with the Petrofund. Additionally, BP also allegedly made misrepresentations on their reimbursement claims regarding the existence of insurance coverage resulting in the company and its predecessors receiving insurance payments for the costs to clean up the same sites for which the Petrofund Board had provided reimbursement.

“Based on our investigation, the evidence shows British Petroleum doubled dipped by obtaining over \$25 million from Minnesota's Petrofund when evidence shows it also received insurance money for the same cleanup costs,” said Commerce Commissioner Mike Rothman. “Recovering this money from BP to Minnesota's Petrofund will help ensure that these public funds are used for Minnesota's petroleum clean-up projects now and in the future.”

The Commerce Department's investigation revealed 1,407 applications filed by BP with the Petrofund for reimbursement to clean up polluted service stations over a twenty-four year period. The Petrofund requires applicants to disclose whether insurance policies exist, and to what extent the policy can cover environmental damages involving underground storage tank sites before seeking state funds. In this case, the Department alleges that on all 1,407 applications, BP wrongly asserted that the information on the applications was "true, accurate, and correct" where insurance coverage was not disclosed.

Minnesota's Petrofund provides reimbursement to eligible applicants to help cover a portion of their costs to investigate and clean up contamination from leaking petroleum storage tanks. In this lawsuit, the State alleges that BP failed to disclose the fact it had insurance policies to cover the clean-up; that it had filed claims with its insurance companies; that it had received insurance settlement proceeds; and that it did not repay any portion of the settlement proceeds to the State of Minnesota.

"The Petrofund is so important to all tank owners in Minnesota and its integrity must be maintained," said Petrofund Board Chair Vern Kelley. "I want to thank the Commerce Department's investigative team in finding and working to correct this improper use of Petrofund clean-up funds."

The Petrofund has two important functions: to protect the environment and public health by encouraging rapid and thorough cleanup of petroleum leaks; and to reduce the cost of compliance to federal regulations that require tank owners to promptly clean-up contamination. The Petrofund is funded through an intermittent fee of \$.02 per gallon on petroleum products assessed to distributors. This fee, although assessed directly to distributors, is also absorbed by consumers.

Leaks from petroleum storage tanks are one of the leading causes of groundwater pollution and an issue that affects the safety of all Minnesotans. Since 1987, Minnesota's Petrofund has helped petroleum retailers, business owners, school districts, local governments and homeowners pay for investigating and cleaning up over 13,000 petroleum-contaminated leaksites and removing over 300 abandoned underground petroleum storage tanks from across the state to keep Minnesota's soil and groundwater clean.

What we do: Petrofund

The Petrofund is overseen by the five-member Petroleum Tank Release Compensation Board, which is made up of a public member, a member with experience in claims adjustment, a petroleum industry member, the Commissioner of the Pollution Control Agency, and the Commissioner of Commerce. The Fund was created by the Minnesota State Legislature in 1987 in response to federal legislation requiring all owners and operators of regulated underground petroleum storage tanks to show that they have up to \$1 million immediately available to respond to a petroleum tank leak or liability to a third party. To help tank owners and operators fulfill these requirements, and to address historical petroleum contamination throughout the state, the Legislature made financial assistance available through the Petrofund.