

BP Sued by Vantage for \$265 Million Jump in Costs

*By Laurel Brubaker Calkins and
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Vantage Drilling Co. (VTG) sued a BP Plc unit over what it claims was a \$265.5 million increase in financing costs stemming from the 2010 Gulf of Mexico oil spill.

Vantage, a Houston-based offshore drilling contractor, said it was forced to find last-minute replacement funding for its Platinum Explorer deep-water drilling rig, then nearing completion at a South Korean shipyard, after the blowout of BP's Macondo well and the subsequent massive oil spill shut down much of the Gulf in April 2010.

"Vantage's pre-spill financing window slammed shut, bond yields for ultra-deepwater drillship contracting companies such as Vantage spiked, and the post-spill financing terms available to Vantage substantially worsened," Richard Mithoff, Vantage's lawyer, said in an April 3 filing in New Orleans federal court.

Vantage's claim is one of hundreds not covered by London-based BP's (BP/) \$8.5 billion settlement of most private-

party claims for economic and medical damages resulting from the worst offshore oil spill in U.S. history.

Shortly after the spill began, President Barack Obama issued a deep-water drilling moratorium that shut down exploration activity in much of the Gulf for months. In numerous court filings, BP has denied responsibility for business losses tied to that ban.

Scott Dean, a BP spokesman, declined to comment on Vantage's lawsuit.

Installment Payments

Vantage owed the Korean shipyard \$64.2 million in installment payments by July 30, 2010, and about \$608 million more on delivery of its deep-water rig in November of that year, or it risked losing the Platinum Explorer, according to the filing. The company had to find replacement financing in the bond market, which it said demanded more expensive terms.

Vantage presented its claim to BP's oil-spill settlement administrator in September and the claim was denied, according to the suit.

The Deepwater Horizon Claims Center, which administers BP's settlement pro-

gram, has denied 193 spill-related damage claims by companies in the oil and gas industry, according to a March 11 report submitted to the judge overseeing all litigation for economic and medical injuries resulting from the spill. The center has not tracked an estimated value for these denied energy-industry claims. U.S. District Judge Carl Barbier is in the seventh week of a non-jury trial to apportion liability for the spill between BP and its contractors on the Macondo well. Vernier, Switzerland-based Transocean Ltd., which owned the Deepwater Horizon rig, and Halliburton Co., which provided cementing services to the well, are also involved in that trial, which is expected to last several more weeks.

The case is Vantage Drilling Co. v BP Exploration & Production Inc., 2:13-cv-00610, U.S. District Court, Eastern District of Louisiana (New Orleans).

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