

BP PLC

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BP adverts put spotlight on upcoming litigation says Deutsche

Litigation over the oil spill in the Gulf of Mexico will be an increasing influence on BP (LON:BP.) shares in the next few months, in the opinion of broker Deutsche Bank.

BP this week moved onto the front foot over rising compensation claims for the Macondo disaster, taking out adverts in US papers warning it may claim back any money wrongly paid out.

The adverts come at a time when various legal actions over the fatal accident on the Discovery Horizon oil rig in 2010 come to a head.

BP's appeal over the compensation claims will be heard on 8 July. It claims the original interpretation of accountancy terms was flawed and that egregious payments have been made as a consequence.

A ruling should follow soon after, suggests the broker, while 12 July is the deadline for submission by the plaintiffs and defendants for the first phase of the negligence litigation over the accident that killed 11 oil rig workers and led to the largest oil spill in US history.

Speculation on a potential ruling by the judge or a settlement is likely to increase around that time says the broker.

But as the second phase of the trial, which considers the volume of oil released into the environment and potential Clean Water Act penalties, is not scheduled to commence until September, the judge, Carl Barbier, does not have to make a ruling on Phase 1 at this time.

Deutsche suggests, however, there must be a realistic chance the judge will seek to encourage the different parties to reach agreement, not least through indicating his current leaning.

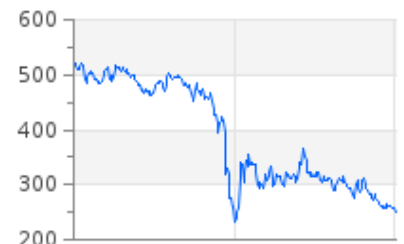
The broker's view remains that BP will not be found guilty of gross negligence and that, with so much resting on the outcome, the company and US Department of Justice will reach a settlement on claims rather than wait on the judge's ruling and largely within the bounds of BP's current US\$42bn of provisions.

Deutsche has a buy stance and 520p target price.

Price: 245.75

Market Cap: £49.8 billion

1 Year Share Price Graph



September 2019 March 2020 September 2020

Share Information

Code: BP.

Listing: LSE

52 week High Low
537 222.9

Sector: Oil & Gas

Website: www.bp.com

Company Synopsis:

BP is one of the world's largest oil and gas companies with operations in more than 100 countries across six continents.

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