

BP in Alaska: Beyond Propaganda, A Disturbing Decade of Poor Environmental Performance *

Over the last decade, BP's Alaska operations consistently failed to live up to the company's carefully nurtured environmentally friendly image. Together with ConocoPhillips and ExxonMobil, the British oil giant controls 95 percent of Alaska North Slope oil production and the 800-mile Trans-Alaska Pipeline System (TAPS). As these hugely profitable corporations set their sites on environmentally sensitive Teshekpuk Lake, to the west of Prudhoe Bay, the spreading stain of North Slope oil development combines with a sharp discrepancy between promise and practice and lax government oversight to place workers and another special area of Alaska's North Slope at undue risk.

1998 - 1999: BP and Contractors Pay \$25 Million in Penalties for Illegal Reinjection of Hazardous Wastes – The re-injection rules are clear: nothing is to be re-injected beneath the frozen substrate of the North Slope that did not originate there, and nothing toxic is to be re-injected. Nevertheless, for years barrels of hazardous foreign substances, such as glycol and paint thinners, were brought to the Endicott production facility, on a man-made island 18 miles northeast of Prudhoe Bay, for re-injection. When an intrepid worker questioned this practice in 1995, BP characterized the re-injection as two isolated incidents. But in reality, the illegal disposal was ongoing and took place only at night. After an extended investigation BP, its drilling contractor Doyon Drilling and three workers paid \$1.55 million in criminal fines and were placed on criminal probation for five years. BP paid an additional \$6.5 million in civil penalties, while BP and Doyon Drilling agreed to spend an additional \$17 million to improve their environmental compliance programs.¹

October 2001: Trans-Alaska Pipeline Bullet Hole Oil Spills – The legally required master plan for TAPS oil spill response boasts that the pipeline owners maintain a variety of spill response equipment that is readily available for rapid response to any emergency. One of the listed items is a bullet hole clamp. But when a miscreant shot a hole in the pipeline with a high-powered rifle in October 2001, it was revealed that the celebrated bullet hole clamp could not be used. As a result, a thick stream of crude oil poured into the nearby trees for 36 hours, destroying nearly 2-1/2 acres of trees.²

2001 - 2002: North Slope Worker Safety Problems – In August 2001, after North Slope workers complained that budget cuts forced them to work with worn-out and dangerous equipment, BP insisted that its North Slope operations were safer than ever. In August 2002, when an explosion and fire at a Prudhoe Bay well house put a veteran worker in the hospital with serious burns, BP claimed that well inspections prior to the blast had been properly conducted. Later admitting that this claim was false, BP again promised to improve its field monitoring and safety programs. Four months later, a welder repairing a high-pressure line at Prudhoe Bay was killed when a plug blew out of the line.³

March 2006: Oil Spill at Prudhoe Bay – Oil had been leaking for five days from a corroded pipeline between facilities at Prudhoe Bay when a worker driving a deserted stretch of road in the Prudhoe Bay oil field noticed a strong petroleum odor and stopped to investigate. Between 1996 and 2004, exploration and production operations in the sprawling Prudhoe Bay complex resulted in an average of more than 500 reported oil spills annually, but this one – estimated at approximately 200,000 gallons – was by far the biggest oil spill in nearly three decades of North Slope petroleum production. Failures of BP's field pipeline corrosion monitoring and leak detection systems resulted in a thick layer of black crude oil that spread over the cold mantle of ice and snow, covering an area slightly larger than a football field. In the wake of the spill, previously quiescent government monitors are now requiring better maintenance to prevent future spills. An EPA criminal investigation is ongoing and a state oil pollution fine may be levied.⁴

July 2006: Well Failures – 57 of approximately 2,200 oil wells in the Prudhoe Bay complex were shut down for inspection and possible repair. The final 12 were not shut down until worker complaints again drew national press attention. BP and government officials deny reports that drilling materials were leaking onto the tundra.⁵

* Footnotes on overleaf.

Sources:

¹ For background, see: Eric Nelson, *Poisoning the Well: Whistleblower Disclosures of Illegal Hazardous Waste Disposal on Alaska's North Slope*, The Alaska Forum for Environmental Responsibility, January 1997. (<http://www.alaskaforum.org/reports.html>). (The Alaska Forum has withheld the name of the Doyon Driller to spare this whistleblower's family unwanted public attention. That individual, a 22-year veteran of Alaska's oil fields in 1995, ended his career when he went to authorities after his employer denied his request to curtail the illegal practice.)

BP's "isolated incidents" claim was made by Richard C. Campbell (President, BP Exploration [Alaska], Inc.), "URGENT — Response to Alaska Forum Release" (e-mail communiqué to all BP employees), Jan. 29, 1997.

In April 1998, Doyon Drilling pleaded guilty and paid \$1 million to settle 15 criminal misdemeanor violations of the Oil Pollution Act of 1990. As part of its probation, Doyon Drilling agreed to spend \$2 million to set up a model environmental program. In related charges, two Doyon Drilling employees pleaded guilty and paid \$25,000 to felony charges and a third Doyon Drilling employee pleaded guilty and paid \$25,000 to settle two criminal misdemeanor charges (U.S. Dept. of Justice, "North Slope Driller Admits Illegal Disposal of Hazardous Waste; \$3 Million Plea Agreement Announced" [United States Attorney, District of Alaska at Anchorage; press release], April 30, 1998). One of the three individuals was sentenced to confinement at his home in Wyoming for four months and all three were placed on probation for five years (Sheila Toomey, "No jail time: Doyon worker could serve in halfway house," *Anchorage Daily News*, Nov. 14, 1998).

In September 1999, BP pleaded guilty to a felony charge and paid a maximum \$500,000 criminal fine. The oil company paid another \$6.5 million in civil penalties and agreed, as part of its probation, to spend \$15 million to improve its environmental compliance program in Alaska and the Lower-48 (see: Maureen Clark [Associated Press], "BP to pay \$22 million for dumping on slope," *Fairbanks Daily News-Miner*, Sept. 24, 1999; see also *Wall Street Journal* [Dow Jones Newswires], Sept. 23, 1999).

See also: "Joint Application for Modification of Conditions of Probation with Consent of the Offender" and "Declaration in Support of Petition," in United States District Court, District of Alaska (Case No. A99-0141-0111 CR [JKS]), Dec. 23, 2002. (The federal probation officer cited alleged problems with BP's fire and gas suppression, safety valve and leak detection systems for seeking court authority for access to BP's North Slope facilities, without prior notice, to verify BP's compliance with federal, state and local health and safety laws and regulations; the court granted access.)

² Alaska Dept. of Environmental Conservation, et al., *Joint After-Action Report for the TAPS Bullet Hole Response* (October 2001), Feb. 8, 2002 (<http://www.state.ak.us/dec/dspar/perp/home.htm>; accessed Feb. 26, 2002).

For TAPS oil spill contingency plan reference to the bullet hole clamp, see: Trans Alaska Pipeline System, Pipeline Oil Discharge Prevention and Contingency Plan – General Provisions, Dec. 31, 2003 (Ed. 4, Rev. 1), pp. 1-375-376. (The version of the TAPS C-plan approved three months after the Oct. 4, 2001 spill [Rev. 0, Dec. 31, 2001] contains identical language at pp. 179-180.)

³ See:

- Kim Clark, "Danger in the oil patch: Workers say BP is violating probation," *U.S. News & World Report*, Aug. 6, 2001, p. 21.
- The Alaska Oil and Gas Conservation Commission eventually fined BP \$1.3 million for safety violations in this incident, then added another \$100,000 penalty for failures to execute the new procedures. See: Sheila McNulty, "Well testing is cold comfort for Alaskan staff," *Financial Times*, Aug 27, 2002 and "BP admits test lapse at Alaskan well," *Financial Times*, Sept. 11, 2002; and Wesley Loy, "BP to pay \$ 1.4 mm for safety violation cases," *Anchorage Daily News*, Jan. 8, 2005.
- Ben Spiess, "Welder struck by plug, killed -- PRUDHOE BAY: Victim, 2 others were working on water pipeline," *Anchorage Daily News*, December 22, 2002.

⁴ This section is based on:

- Alaska Department of Environmental Conservation, North Slope Spill Data Base, 2004;
- press releases issued by the Joint Information Center (BP, the Environmental Protection Agency, the Alaska Department of Environmental Conservation and the North Slope Borough, accessed at: http://www.dec.state.ak.us/spar/perp/response/sum_fy06/060302301/060302301_index.htm); and
- Press accounts of the March 2006 spill; see, for example: Wesley Loy, "Workers Respond to Prudhoe Spill – NORTH SLOPE: Leak may be one of largest in 29 years of production," *Anchorage Daily News*, March 4, 2006; Rachel D'Oro (AP), "Location of Prudhoe Bay pipeline leak found," *Seattle Post-Intelligencer*, March 5, 2006; Wesley Loy, "Oil leak escaped monitor – Prudhoe Bay: Spill estimate due by Thursday; output down \$6 million a day," *Anchorage Daily News*, March 8, 2006; Rachel D'Oro, "Brutal cold challenges spill cleanup – PRUDHOE BAY: 58,590 gallons of crude, snow have been recovered," *Anchorage Daily News*, March 9, 2006; Jasmina Kelemen, "UPDATE: BP Faces investigation For Alaska Oil Spill," *Wall Street Journal* (via Dow Jones News Wires June 8, 2006); and Robert Campbell, "US clamps down on BP's Alaska oil pipelines," Reuters News, July 20, 2006 (http://today.reuters.co.uk/news/newsArticle.aspx?type=businessNews&storyID=2006-07-20T194048Z_01_N20233317_RTRUKOC_0_UK-ENERGY-BP-ALASKA.xml&archived=False).

⁵ Sheila McNulty, "BP closes 12 Alaskan oil wells," *Financial Times*, July 18, 2006 (); and "Alaska Regulators Investigating BP Oil Wells For Leaks," *Wall Street Journal*, July 21, 2006.