

## RECENT OIL COMPANY FINES AND PENALTIES In the North Slope Oilfields

### *Health and Safety*

**\$1.3 million civil fine. BP.** January 2005. Alaska Oil & Gas Conservation Commission had originally proposed \$2.53 million fine for safety violations at a Prudhoe Bay well accident caused by excessive pressure in 2002. Explosion and fire seriously injured a worker. The Commission said BP put production ahead of shutting down and repairing wells. BP agreed to pilot feasibility study on remote monitoring of well pressure levels for \$549,000 fine waiver.<sup>1</sup>

**\$102,500 civil fine. BP.** January 2005. Alaska Oil & Gas Conservation Commission fined BP for violating rules drawn up after the well explosion on preventing dangerous pressure from building up in Prudhoe Bay wells.<sup>2</sup>

**\$6,300 civil fine. BP.** January 2003. Alaska OSHA proposed fine for violations of state's worker safety law in failing to protect workers in an explosion that killed a worker.<sup>3</sup>

**\$67,500 civil fine.** Houston/Nana (owned by Arctic Slope Regional Corporation and NANA Regional Corporation). March 2002. Alaska OSHA proposed fine to this Trans-Alaska Pipeline Contractor for failing to report 142 instances of worker injuries or illnesses from 1999 to 2001.<sup>4</sup>

### *Environmental*

**\$283,000 in penalties and damages. BP.** Badami is the oil field closest to the Arctic National Wildlife Refuge. Since BP's startup in 1999, ADEC issued five compliance actions for Clean Air Act violations totaling \$283,000 in penalties and damages. BP chronically violated permits with excess levels of carbon monoxide for nearly a 5-year period and high levels of oxides of nitrogen for more than a year at a time.<sup>5</sup>

**\$150,000 in fines. BP.** Northstar, the first true offshore oil development in the Alaskan Beaufort Sea, began oil production October 2001.<sup>6</sup> By the end of its first year of production in 2001, BP was fined by ADEC \$75,000 in penalties and damages (\$35,000 suspended) for operating in violation of its air quality permit pertaining to release of carbon monoxide emissions, exceeding daily flaring limits, and operating equipment that had not been permitted. ADEC allowed it to operate in violation of its permit conditions under a Compliance Order by Consent until February 15, 2003, whereupon ADEC issued another compliance order and another \$75,000 fine (with \$35,000 suspended).<sup>7</sup> According to the EPA, BP was a significant violator of the Clean Air Act at its Northstar oil field in 2005, as well as other Prudhoe Bay facilities<sup>8</sup>

**\$485,000 civil penalty.** ConocoPhillips. August 2004. EPA imposed penalties for Clean Water Act violations at drilling platforms in Cook Inlet, Alaska. There had been 470 violations of the rig's National Pollution Discharge Elimination System Permit over a five-year period, and six unauthorized discharges of pollutants.<sup>9</sup>

**\$80,000 civil penalty.** ConocoPhillips. March 2004. The Alaska Department of Environmental Conservation imposed an \$80,000 civil penalty for Clean Air Act violations at the Alpine oil field.<sup>10</sup> High carbon monoxide emissions from turbines at the Central Processing Facility used to re-inject natural gas exceeded the air quality permit over a year-long period.

**Criminal Probation. BP.** December 2002. U.S. District Court found BP had not installed a leak detection system that could promptly detect Prudhoe Bay pipeline spills, and failed to comply with Alaska Department of Environmental Conservation requirements for best-available technology for crude oil pipelines.<sup>11</sup> The Court ordered probation conditions allowing the state agency unrestricted access to the corporation's records and oil fields to verify compliance with environmental, health, and safety regulations. This action resulted from a July, 2001 a petition to the court submitted on behalf of 77 BP employees.<sup>12</sup>

**\$130,000 penalty.** Arctic Utilities Inc. and TDX North Slope Generating Inc. December 2002. ADEC penalty for Clean Air Act violations at Prudhoe Bay power plant. The company failed to obtain air quality permits for installing new emissions sources and constructing upgraded facilities for this major source of nitrogen oxides pollution.<sup>13</sup>

**\$675,000 civil assessments and costs. BP.** November 2002. Fine for spill cleanup problems with 60,000 gallon Prudhoe Bay pipeline spill (\$300,000 waived by ADEC if spent on environmental project to increase using low-sulfur fuel use in school buses).<sup>14</sup> Crude oil spilled to wetlands and leaked through ice cracks to a drinking water lake.<sup>15</sup>

**\$300,000 fine. BP.** June 2002. BP paid fine for delays in installing leak detection systems for Prudhoe Bay crude oil transmission lines.<sup>16</sup>

**\$412,500 fine. BP.** April 2001. EPA reduced the total penalty down to only \$53,460 because BP voluntarily disclosed violations of the Clean Water Act. From 1996 to 2000, BP failed to properly analyze discharges from the Prudhoe Bay Central Sewage Treatment facility and the Endicott and Prudhoe Bay Waterflooding operations.<sup>17</sup>

**\$22 million fines. BP.** February 2000. The federal court ordered BP to pay \$6.5 million in civil penalties, \$15.5 million in criminal fines, and to implement a new environmental management program, and ordered five years of probation for late reporting of hazardous dumping down Endicott wells.<sup>18</sup>

**\$3 million fine.** Doyon Drilling. 1998. This **BP** contractor pled guilty of 15 counts of violating the Oil Pollution Act of 1990 for dumping hazardous wastes down Endicott wells.<sup>19</sup>

**\$51,000 penalty. BP.** June 1993. Alaska Department of Environmental Conservation found violations of the state emission standards and the conditions of BP's Clean Air Quality permit for flaring that resulted in black smoke emissions at the Prudhoe Bay Gathering Center 1 processing plan; assessed penalty reduced to \$10,000.<sup>20</sup>

August 9, 2006 Pamela A. Miller

<sup>1</sup> *Anchorage Daily News*. January 8, 2005. BP to dole out \$1.4 million for safety violation cases.

<sup>2</sup> *Anchorage Daily News*. January 8, 2005. BP to dole out \$1.4 million for safety violation cases.

<sup>3</sup> *Anchorage Daily News*. January 31, 2003. Safety officials propose fine against BP.

<sup>4</sup> *Anchorage Daily News*. March 9, 2002. Contractor faces OSHA accusations.

<sup>5</sup> Arctic Connections. October 15, 2005. *North Slope, Alaska: Recent oil company fines and penalties*.

---

Starting in 1999, BP has had chronic violations of Clean Air Act permit conditions with excess levels of carbon monoxide for nearly a five year period for key equipment and high levels of oxides of nitrogen for more than a year at a time. As recently as December, 2004, BP was found violating permit conditions for diesel generators for opacity, or smoky conditions. ADEC issued 4 compliance actions totaling \$203,000 in penalties and damages (more than half, or \$108,000 was suspended) from 1999 to 2003. ADEC. Compliance Order by Consent. 2001-637-50-2154. December 21, 2001.

Further compliance actions were taken subsequently, but with no additional fines. EPA. Enforcement & Compliance history online. Searched for “significant violations/ violators” only for North Slope Borough, Alaska. BP facilities at Northstar and Badami are listed. [www.epa.gov/cgi-bin/ideatools.cgi](http://www.epa.gov/cgi-bin/ideatools.cgi). Accessed May 14, 2005.

<sup>6</sup> Alaska Department of Natural Resources. December 2004. *Alaska Oil and Gas Report*. [www.dog.dnr.stat.ak.us](http://www.dog.dnr.stat.ak.us). Accessed May 26, 2005. p. 3-35.

<sup>7</sup> ADEC found that BP had violated the 2001 compliance order, violated its permit by operating equipment which was not covered by it, exceeded the NOx emission limits in its permit, and was in violation of state law due to the permit violations. In June 2004, ADEC found that BP was operating out of compliance with its permit conditions, the compliance order, and state air quality regulations. ADEC Compliance Letter #04-402-37-3514. June 22, 2004.

As of April 2005, BP was still operating under ADEC’s 2003 compliance order and reported emissions and flaring levels that exceed the permitted levels. BP letter to ADEC. April 26, 2005. Submittal of quarterly status report for January to March 2005, as required by COBC No. 2001-637-50-2654.

<sup>8</sup> EPA. Enforcement & Compliance history online ([http://www.epa.gov/echo/compliance\\_report.html](http://www.epa.gov/echo/compliance_report.html)). Searched for “significant violations/ violators” only for North Slope Borough, Alaska. BP facilities at Northstar are listed. See also the individual Northstar records, which also indicate Significant violations, and non-compliance for 12 of the past 12 quarters. <http://www.epa.gov/cgi-bin/get1cReport.cgi?tool=echo&IDNumber=110013666167> (Accessed May 30, 2005). <http://www.epa.gov/cgi-bin/get1cReport.cgi?tool=echo&IDNumber=110007236570> (Accessed May 30, 2005).

<sup>9</sup> EPA. August 12, 2004. “ConocoPhillips to Pay \$485,000 for Cook Inlet Wastewater violations.” Region 10 News Release. <http://yosemite.epa.gov/r10/homepage.nsf>.

<sup>10</sup> ConocoPhillips Alaska, Inc. and Alaska Department of Environmental Conservation. March 1, 2004. *Settlement Agreement on Alpine Central Processing Facility, Permit No. 0073-ACO60* issued January 31, 2001. 3 pp. Alaska Department of Law.

EPA. December 11, 2004 Enforcement & compliance history outline, Detailed facility report, ConocoPhillips Alaska- Alpine CPF. (CAA, AFS, Source IDs 0218500071; 0218500095; 021850095C). <http://www.epa.gov/cgi-bin/get1cReport.cgi?tool=echo&IDNumber=110010418645>. (accessed January 31, 2005).

<sup>11</sup> U.S. District Court for the District of Alaska. December 23, 2002. James K. Singleton . Joint application for modification of conditions of probations with consent of the offender. Defendant BP Exploration (Alaska) Inc. Case No. A99-0141-01CR (JKS).

<sup>12</sup> Hamel, C. July 16, 2001. Letter to Officer Mary Francis Barnes, U.S. Probation Officer, re U.S. vs BP Amoco Inc. Plea Agreement A99-01414CR(JKS) Sept. 23, 1999 on Probation requirements to comply with governmental regulations and safety. The petition said BP had violated the terms of its probation due to lagging inspections of fire and gas suppression systems, safety valve inspections, and inadequate leak detection systems. [www.anwrnews.com](http://www.anwrnews.com).

---

<sup>13</sup> EPA. December 11, 2005 Enforcement & compliance history outline, Detailed facility report, TDX North Slope Generating, Inc.-Deadhorse, CAA, AFS, Source ID 0218500069. <http://www.epa.gov/cgi-bin/get1cReport.cgi?tool=echo&IDNumber=110010418645>. Downloaded January 31, 2005.

Alaska Department of Environmental Conservation v. Arctic Utilities, Inc. and TDX North Slope Generating, Inc. December 23, 2004. Compliance Order by Consent #

<sup>14</sup> State of Alaska. November 14, 2002. *BPXA Flowline 86-D Settlement Agreement*.

<sup>15</sup> *Anchorage Daily News*. February 24, 2001. Prudhoe oil spill exceeds estimates.

<sup>16</sup> *Fairbanks Daily News-Miner*. June 5, 2002. State fines BP.

<sup>17</sup> U.S. EPA Region 10. April 17, 2001. Consent agreement and final order in the matter of BP Exploration (Alaska) Inc. {three different ones} Docket No. CWA-10-2000-0205 (Prudhoe Bay Central Sewage Treatment Facility); Docket No. CWA-10-2001-0073 (Endicott Waterflood Operations); Docket No. CWA-10-2001-0072 (Prudhoe Bay Waterflood).

<sup>18</sup> *Anchorage Daily News*. February 2, 2000. "BP settles for \$15.5 million."

<sup>19</sup> Alaska Forum for Environmental Responsibility. 1997. *Poisoning the Well*.

<sup>20</sup> Alaska Department of Environmental Conservation vs. BP Exploration (Alaska) Inc. June 9, 1993. *Compliance order by consent (Gathering Center 1 facility and flare pad and flare pit)*.