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BP Exploration [Alaska] Sentenced for Environmental Crime
Court Orders \$500,000 Fine and Establishment of Nationwide
Environmental Management System

WASHINGTON, D.C. - BP Exploration (Alaska) Inc. today was sentenced for failing to report the illegal disposal of hazardous waste on Alaska's North Slope, the Justice Department announced. The U.S. District Court in Anchorage imposed the maximum criminal fine of \$500,000 and ordered the company to establish a nationwide environmental management system designed to prevent future violations.

The resolution of the criminal case and a related civil case arising from the illegal waste disposal is expected to cost BP Exploration (Alaska), or BPXA, \$22 million.

BPXA admitted in a plea agreement in September 1999 that it failed to immediately notify authorities of a release of hazardous substances to the environment. The company - BP Amoco.'s Alaska subsidiary - also admitted that it failed to provide adequate oversight and funding to ensure proper environmental management on Endicott Island, Alaska.

As a condition of a five-year probation, BPXA was ordered to create an environmental management system for all of BP Amoco's facilities in the United States and Gulf of Mexico that are engaged in the exploration, drilling or production of oil. This court-monitored system will be the first of its kind in the oil industry to result from a federal prosecution.

At the time BPXA pleaded guilty to this environmental crime, the company also agreed to a civil settlement involving related claims. Under the settlement, BPXA has paid \$6.5 million in civil penalties to resolve allegations that the company illegally disposed of hazardous waste and also violated federal drinking water law.

Both the criminal plea and the civil claims stem from the injection of hazardous wastes on Endicott Island over a three-year period beginning in 1993. BPXA contracts with Doyon Drilling Inc. to drill oil wells on the manmade island, which was built to extract and process oil reserves under the Beaufort Sea.

From 1993 to 1995, Doyon Drilling employees illegally discharged waste oil and hazardous substances by injecting them down the outer rim, or annuli, of the oil wells. BPXA failed to report the illegal injections as soon as it learned of the conduct, in violation of the Comprehensive Environmental Response, Compensation and Liability Act. In April 1998, Doyon Drilling pleaded guilty to 15 counts of violating the Oil Pollution Act. Doyon agreed to pay a \$1 million fine, and three Doyon employees were convicted for their actions.

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