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NEWS

BP to plead guilty to environmental crimes in Alaska

By JEANNETTE J. LEE Associated Press Writer

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ANCHORAGE, Alaska (AP) — The Alaska subsidiary of oil company BP PLC is scheduled to plead guilty to an environmental crime on Thursday, and federal prosecutors have released new photos showing the company's failure to clean out the pipelines at the nation's largest oil field.

BP Exploration Alaska Inc. is set to plead guilty to one violation of the Clean Water Act for a 200,000-gallon crude oil spill at the Prudhoe Bay field in March 2006, according to a filing by federal prosecutors.

The company agreed last month to pay \$20 million in fines related to the spill, the largest ever in the vast, oil-rich region of Arctic Alaska known as the North Slope.

The settlement was one of several struck between the oil and gas giant and federal investigators in the resolution of probes across the U.S.

BP agreed to pay another \$353 million in fines and restitution over the manipulation of energy markets in the Midwest and in connection with a refinery explosion that killed 15 people in Texas.

A judge on Wednesday allowed surviving victims of the deadly 2005 plant explosion to pursue complaints about a plea agreement resulting from a federal investigation of the accident. Attorneys for the victims have argued that a \$50 million fine brokered between the London-based company and the Justice Department is insufficient.

The company's plea in U.S. District Court in Anchorage will be the first time the Alaska case has come before a judge, said assistant U.S. Attorney Andrea Steward. Federal prosecutors have worked in secret for 18 months to build a case against the company.

Opening the case to the public allowed prosecutors to release photos that further belie prior claims by the company.

In one, a 7-inch layer of dull black sludge cakes the bottom of a pipeline. Others show workers cleaning spills off the high-grassed tundra.

For years, the company denied allegations that a culture of cost-cutting was hurting the quality of maintenance on the network of steel pipes at the 30-year old field.

But after the spill in March, federal prosecutors said millions of company documents and interviews with scores of North Slope employees told a different story.

They discovered a "failure to allocate sufficient resources to ensure safe and environmentally protective operation of the pipelines that leaked," according to court documents.

Prosecutors estimate the company saved \$9 million by choosing not to regularly clean and inspect two of its pipelines over the course of several years, Steward said. The estimated savings represented less than half of one percent of BP's adjusted net profit of \$22 billion in 2006.

Both lines eventually leaked in 2006. The second one, in August, forced the company to halve production at Prudhoe Bay to less than 200,000 gallons a day over the course of several weeks.

Calls to BP's Anchorage office were not immediately returned. The company has said it is investing heavily in upgrading its North Slope operations.

BP manages Prudhoe Bay on behalf its production partners Exxon Mobil Corp. and ConocoPhillips.

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