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State reaches settlement with BP Exploration (Alaska) Inc.

(Juneau, Alaska) The Alaska Department of Environmental Conservation (DEC) and the Department of Law today announced a settlement with BP Exploration (Alaska) Inc. for oil spill containment violations on the North Slope. The settlement covers facilities at the Greater Prudhoe Bay, Endicott and Badami fields.

BP and DEC have signed two compliance orders by consent to correct the problems. BP has agreed to pay \$1,709,498 in civil assessments (compensatory fines). "Protecting the environment from the risk of spills is very important to the state. Secondary containment is a key line of defense. In the event of a spill, the enclosed space can stop oil from reaching the tundra," said DEC Commissioner Larry Hartig.

By state law major oil facilities must be situated within a containment area specially designed to capture oil in the event of a spill. The size of the area is set out by law.

"The State takes these types of pollution prevention violations very seriously. This settlement demonstrates our resolve to recover substantial civil assessments when those requirements are not met," said Attorney General Daniel S. Sullivan.

DEC inspections in October 2007 revealed that at least three BP secondary containment areas in the Greater Prudhoe Bay field failed to meet size requirements set out by regulation. Some were significantly smaller than represented to the agency in BP's approved Oil Discharge Prevention and Contingency plan.

As part of the settlement negotiation, BP surveyed all of its regulated North Slope secondary containment areas and identified sixteen additional problematic sites. These areas also failed to meet size requirements set out by law. Some were built too small; others had lost useable space due to poor maintenance.

BP has repaired most of the inadequate facilities. The remainder of the work will be completed in 2010.