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STATE OF ALASKA



Press Release

JOINT DEPARTMENTAL RELEASE

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State Enters Into Agreements with ConocoPhillips Alaska Resolving Kuparuk River Unit Flow Line Oil Spills

(JUNEAU, AK) – The Alaska Department of Environmental Conservation has reached an agreement with ConocoPhillips Alaska, Inc. settling state environmental claims stemming from oil releases that occurred in the Kuparuk River oil field in March 2006 and December 2007. Both releases involved the corrosion of flow lines. These lines carry a mixture of crude oil, water, gas and solids that come out of production wells and to processing centers. In addition to reimbursing the State's investigation and spill oversight costs of \$112,273, ConocoPhillips has agreed to pay the state \$78,283 in civil assessments for the spill in March 2006 and \$77,009 for the spill in December 2007. The agreement also requires ConocoPhillips to finish the restoration of the areas, approximately .32 acres, impacted by the spills.

"We are glad to bring this legal matter to a successful conclusion and to focus on the lessons learned from these two events. It is important that appropriate measures be instituted to prevent these types of events from occurring in the future," said Attorney General Michael Geraghty.

The March 9, 2006 leak involved a release of approximately 500 gallons of contaminated waters including small amounts of crude oil. ConocoPhillips conducted an investigation, with DEC's participation, into the cause of the spill. The investigation determined that the leak resulted from internal corrosion which involved a number of factors. The settlement agreement includes remedial measures ConocoPhillips shall take to address the risk of similar leaks in the future. These include improvements to its program to monitor for evidence of corrosion in its flow lines.

The December 2007 leak released 2,870 gallons of contaminated water and 1,386 gallons of crude oil. Investigation determined the leak resulted from external corrosion caused by an anomaly in the manufacture of pipe insulation that allowed water to be drawn to the sidewall of the pipe. As a result of its investigation and DEC recommendations, ConocoPhillips took a number of remedial measures in response to the corrosion.

"The cause of these releases are reminders of the complexities of pipeline corrosion and the need to continually reassess and rapidly adapt to changing operating conditions in order to prevent spills," said Larry Dietrick, DEC's Director of Spill Prevention and Response. "DEC has instituted new requirements for leak detection, monitoring, engineering reviews, reporting and inspections for flow lines since 2007 because of risks of corrosion as evidenced by these and other leaks that have been experienced on the North Slope."

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