

Risk assessment of Alaska oil infrastructure called flawed

EXPERTS: Study is too dependent on industry cooperation, panel says.

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A panel of national scientific experts is raising serious concerns about the state-led, \$5 million project to evaluate risks posed by Alaska's aging oil and gas infrastructure.

The study, initiated by former Gov. Sarah Palin, was triggered by recent spills, leaks and corrosion on the North Slope, including the 2006 spill that shut down half of Prudhoe Bay for weeks and resulted in multimillion-dollar penalties for BP, the Prudhoe operator.

But the National Academy of Sciences said in a 45-page report circulated Tuesday that the state's study -- as currently designed -- is unlikely to meet its own ambitious goals.

The study, funded by the Legislature in 2007, involves reviewing and ranking oil and gas-related risks along the 800-mile trans-Alaska oil pipeline, at the Valdez tanker port and at North Slope and Cook Inlet fields.

The Alaska Department of Environmental Conservation launched the study last fall and spent a year gathering public input. It hired contractors to design the study, based on that input.

After the contractors published the study's proposed design, the DEC asked the National Academy of Sciences to evaluate it. In its report, a seven-member National Academy panel said the design is "problematic" and state regulators should make major revisions to ensure that the study will produce useful results.

MAJOR REVISIONS

The state faces a big challenge because the problems it is trying to pin down are complex, said Paul Fischbeck, the Carnegie Mellon University professor who chaired the panel.

As designed, the study would involve sifting through a massive amount of data. Also, it assumes oil and gas "industry cooperation that is neither promised or likely to be forthcoming," the panel's report says.

Even if companies provide the large amount of data requested, it may not result in useful findings, according to the report.

For example, the panel wrote that it is unlikely the study's methods would detect the sort of problems that led to several major problems involving Alaska's oil infrastructure in recent years.

The study probably wouldn't have detected the kind of errors in oil-field management that caused the 2006 spills on the North Slope, or detected the communication failures and other problems that almost caused a catastrophic fire at a trans-Alaska pipeline pump station last winter, the report says.

The report notes that state regulators have not yet secured cooperation from oil and gas producers to provide their data. The state needed that cooperation early on in the project, the report says.

WHAT'S NEXT?

The National Academy panel suggests that the state break its study into three phases, rather than tackling reliability, environmental and safety risks from aging infrastructure all at once.

The panel also suggests that the state's research efforts be pegged to data that is relevant, rather than the current approach of gathering a vast amount of information from the industry, and then deciding which data is relevant.

For the study to be successful, the state needs "complete cooperation and buy-in" from the industry, the panel wrote.

A BP Alaska spokesman said the National Academy review seems to affirm some of the industry's concerns about the project.

The spokesman, Steve Rinehart, said BP has raised concerns about the scope of the study and the confidentiality of internal data it submits for the study.

Within a few weeks, a DEC oversight team will decide how to proceed with the study in light of the National Academy report and feedback from the public, companies and others who have weighed in since the study's proposed methods were released in March, said DEC project manager Ira Rosen.

"While there is a general consensus around the enormity and complexity of the undertaking, we are hearing somewhat disparate views about the best methods to achieve results," Rosen said.

He said only \$700,000 of the \$5 million for the project has been spent. However, the summer 2010 completion date for the study may slip a few months because the National Academy report was late. It was due in June, he said.

For now, the state does not have a contractor assigned to the study.

The DEC recently ended its relationship with the firm it hired to design the study. The state's contract with Doyon Emerald Consulting, an Alaska Native-owned firm in Anchorage, expired in late June without being renewed, said Royal Weld, a DEC spokeswoman.

She said the state will not look for a new contractor until after the study's oversight team completes its review.

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Report's key findings

National Academy findings on the state's planned oil-gas risk assessment:

It doesn't appear to be feasible.

It is too detail-oriented to capture important risks.

Its results won't include recommendations on how to reduce the risks.

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