



Charter for Development of the Alaskan North Slope

The Alaska Department of
Environmental Conservation's
2004 Report





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This publication is also available on the Web at:
<http://www.dec.state.ak.us/spar/ipp/nscharter.htm>

The Charter for Development of Alaska's North Slope, signed December 2, 1999 is an agreement between the State of Alaska, British Petroleum and ConocoPhillips which led to State of Alaska support of a merger between British Petroleum (Alaska) and ARCO (Alaska). The Charter, as it has come to be known, took effect in April of 2000 after the merger between BP and ARCO was complete. It is the first anti-trust agreement in U.S. history to include environmental provisions. The Charter contains eleven different environmental commitments, including cleanup of abandoned contaminated sites, accelerated cleanup of reserve pits, corrosion monitoring of "non-common carrier" pipelines, research and development of Arctic spill response technologies and a renewed commitment to the Oil Pollution Act of 1990. The following report is a summary of the Charters' environmental commitments and the status of these commitments for 2004.



Environmental Commitments

PROVISIONS

2004 STATUS

Cleanup of Abandoned Sites (II.A.1)

By year end 2005, BP will spend \$10,000,000 or more to assess and cleanup North Slope "orphan" sites.

BP spent approximately \$2.1 million to cleanup three orphan sites.

The following orphan sites, remotely located in the foothills of the Brooks Range were cleaned up:

- East Kuparuk Unit #1
- Drum Cache 06
- Aufeis

Cumulative expenditures through year end 2004 are approximately \$8.5 million.



Cleanup of Abandoned Empty Barrels (II.A.2)

BP and CPA to identify and remove abandoned barrels as part of their respective seismic or exploration activities.

CPA removed 218 abandoned barrels from two areas near Kuparuk.

BP removed 31 abandoned barrels from the Greater Prudhoe Bay area.

Environmental Commitments

PROVISIONS

2004 STATUS

Accelerated Cleanup of Existing Contaminated Sites (II.A.3)

BP and CPA to assess and cleanup contaminated sites listed on Exhibit D2 to standards approved by ADEC

High priority sites will be substantially completed by year end 2005.

Remaining sites to be completed by year end 2007.

Sites which due to operational restrictions cannot be fully cleaned until facility or equipment abandonment will be identified by BP/CPA/ADEC for completion according to a mutually agreed schedule.

For BP, nine sites were recommended for closure, additional environmental assessment was conducted at three sites and monitoring was performed at seven sites.

For CPA, cleanup was completed at one site, four sites were recommended for closure and additional monitoring and/or assessment was conducted at four sites.

Remaining sites will require either remedial corrective action during the next several years or may be requested for deferral due to operational restrictions by existing facilities.



Environmental Commitments

PROVISIONS

2004 STATUS

Accelerated Cleanup of Inactive Reserve Pits (II.A.4)

BP and CPA to comply with ADEC regulatory requirements in closing inactive reserve pits.

BP and CPA to close inactive reserve pits listed in Exhibit D3A and subject to the Natural Resources Defense Council Inc. v. ARCO settlement agreement by December 31, 2004 and to close the other inactive reserve pits listed on Exhibit D3A by the end of 2007.

BP and CPA to close inactive reserve pits listed on Exhibit D3B according to a mutually agreed schedule that ends a reasonable period after work on D3A sites has been completed.

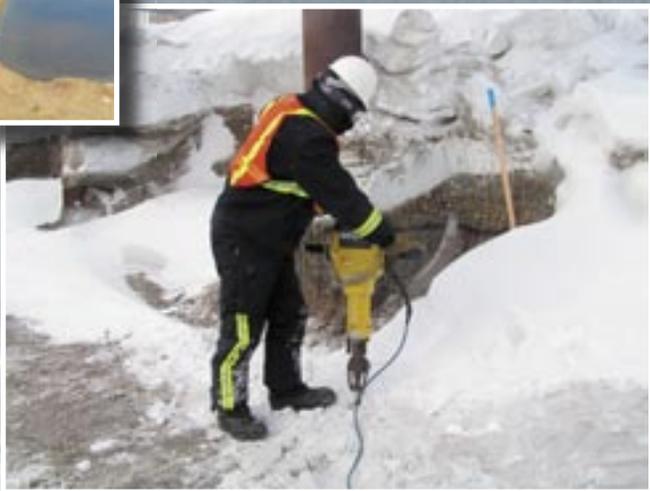
BP and CPA successfully completed waste excavation and final closure of all sites subject to the Natural Resources Defense Council Inc. v. ARCO settlement agreement.

56 of the 87 (64%) D3A production reserve pits have been approved for closure by ADEC.

48 of the 84 (57%) D3B exploration reserve pits have been approved for closure by ADEC.

The closure of some D3B exploration reserve pits perceived as higher risk to the environment were accelerated and moved ahead of several D3A production reserve pits. This reprioritization has resulted in an extended closure schedule for the remaining 31 D3A sites to between 2010 and 2012.

Excavation of the D3B exploration sites is proceeding concurrently with D3A production site pits. This allows for long term operational efficiency of the grind and injection plant which has a limited capacity. All 84 D3B exploration sites are now projected to be closed between 2010 and 2012.



Environmental Commitments

PROVISIONS

2004 STATUS

Arctic Spill Response Research and Development (II.A.5)



BP and CPA to support and fund an Arctic spill response research and development (R&D) program (jointly agreed to by the spill response organization, BP, CPA and ADEC) at an average annual level of not less than \$200,000 during the Charter's 10-year life.

BP and CPA to support an independent professional North Slope spill response organization such as Alaska Clean Seas (ACS).

BP and CPA to encourage the fullest possible participation in the spill response organization by all North Slope producers.



BP and CPA spent \$225,609 to fund the following R&D projects:

- Testing of small portable pumps for recovering viscous oils on tundra;
- Research to improve the pumping of viscous oils with emulsion breakers;
- Support for the Coastal Ocean Dynamic Radar (CODAR) project, a land based radar system for real-time surface current mapping in the Beaufort Sea by the University of Alaska Fairbanks;
- Support for two National Oceanic and Atmospheric Administration (NOAA) projects: the oil spill trajectory analysis planner TAP II and environmentally sensitive area maps;
- Continuation of well blowout droplet size/distribution studies;
- New technologies for the remote sensing and surveillance of oil in and under ice.

Through year end 2004 a total of \$1,221,523 has been spent.



Environmental Commitments

PROVISIONS

2004 STATUS

Commitment to Corrosion Monitoring and Related Practices (II.A.6)



In consultation with ADEC, BP and CPA to develop a performance management program for the regular review of corrosion monitoring and related practices for non-common carrier North Slope pipelines operated by BP or CPA. This program to include the following components:

- Twice yearly meet and confer working sessions between BP, CPA and ADEC;
- Reports by BP and CPA on their current and projected monitoring, maintenance and inspection practices to assess and to remedy potential or actual corrosion and other structural concerns related to these lines;
- Ongoing consultation with ADEC regarding environmental control technologies and management practices.



BP, CPA and ADEC met in April and August 2004, to confer on pipeline corrosion monitoring, mitigation, maintenance and inspection practices.

BP and CPA submitted their 2004 reports on corrosion monitoring and mitigation in March 2005. ADEC and technical consultant Coffman Engineers continue to review the reports and provide feedback.

The "in the field" meet and confer working session initiated in 2003 was expanded in 2004 to include both BP and CPA (only CPA was visited in 2003). These valuable field trips allow ADEC field inspectors and their technical consultant first hand observation of BP and CPA's corrosion programs. The "in the field" style meet and confer working sessions are planned to continue in future years.

Program highlights include:

- Internal pipeline inspection at 35,225 locations;
- External pipeline inspection at 40,146 locations;
- 30 below grade piping segments excavated and inspected;
- Four 3-phase pipelines, including below grade segments were inspected with "smart pig" technology;
- Research, development and implementation of long range ultrasonic technologies to remotely detect internal or external corrosion of below grade cased piping segments;
- Continued research and development of the new "Tarn" style weld pack design.

Environmental Commitments

PROVISIONS

2004 STATUS

Additional Expenditure Commitment (II.A.7)

BP and CPA to provide or spend up to \$500k per year during the Charter's 10-year life for any combination of the following as requested annually in writing by the ADEC Commissioner:

- Additional orphan site assessment or cleanup in excess of cap established under II.A.1 of the Charter;
- Additional Arctic spill response research and development in excess of amount established in II.A.5 of the Charter;
- Funding for experts chosen by ADEC to provide advice on pipeline corrosion and/or pipeline structural issues.

ADEC funded the following projects under this program:

- Updated ADEC's "Tundra Treatment Manual" to include a response tactic for acid spills;
- Continued funding of a professional services contract with Coffman Engineers to provide expert advice on pipeline corrosion and structural integrity issues for the corrosion monitoring program described under paragraph II.A.6 of the Charter.



Environmental Commitments

PROVISIONS

2004 STATUS

Payment of Unspent Funds (II.A.8)

In the event that expenditure by BP and CPA is less than the full amounts provided for under Charter sections II.A.1, II.A.5, and II.A.7, then BP and CPA will pay any outstanding balance as directed by the ADEC Commissioner.

BP and CPA are on track to spend the full amounts listed under paragraphs II.A.1 and II.A.5 of the Charter.

Funds have not been spent in the full amounts available to ADEC under paragraph II.A.7 of the Charter. Unspent funds are available for use as directed by the ADEC Commissioner.



Environmental Commitments

PROVISIONS

2004 STATUS

OPA 90 (II.B.1)



BP and CPA will not seek to be relieved from vessel retirement/replacement requirements of OPA 90, will not lobby for a reduction in OPA 90 requirements, and will not take any other action to extend the retirement dates of non-double hulled tankers.

If a trade association or group of which BP/CPA is a member takes a different position, BP/CPA upon notification and request by ADEC, will issue a statement reaffirming its support for OPA 90.

BP and CPA continued their commitment to replace current tanker vessels with new state of the art double hull tankers and to meet the requirements of the federal Oil Pollution Act of 1990 (OPA 90).



Replacement Vessels (II.B.2)



BP and CPA to purchase and deliver double-hulled tankers to meet their combined Alaskan North Slope (ANS) fleet requirements on average one year earlier than required by OPA 90, with expectation that the entire ANS fleet will be double-hulled by mid-year 2007.

Safety related attributes of new tankers to be substantially equivalent to or better than Millennium or Cape class tankers.

Continue to support a ship escort response vessel system for Prince William Sound at current or better levels.

Two additional Millennium/Endeavor class tankers, the Alaskan Frontier for BP and the Polar Adventure for CPA were placed into service in 2004.

Through year end 2004, BP and CPA have placed five out of the nine scheduled Millennium/Endeavor class tankers into service (BP has one out of their four scheduled Millennium class tankers in service and CPA has four out of their five scheduled Endeavor class tankers in service).

The current projected schedule for placing the remaining Millennium/Endeavor class tankers into service is as follows:

- Polar Enterprise, 2005
- Alaskan Explorer, 2005
- Alaskan Navigator, 2005
- Alaskan Legend, 2006



BP and CPA continue to support the ship response escort system (SERVS) for Prince William Sound which continues to meet federal and state requirements.

**Environmental
Commitments**

PROVISIONS

2004 STATUS

**Marine
Operations
(II.B.3)**

BP and CPA to encourage and support companies operating ANS tankers to use a performance management program for the regular review of its management and operations practices, including a safe environment, training and qualifications, and vessel operation, maintenance and management procedures.

Hold meet and confer working sessions between BP, CPA and ADEC, regarding the performance management programs.

BP and CPA to encourage the operating company to allow for ADEC to observe, and to be provided a copy of the written results of, management and vessel audits performed as part of a certification or re-certification process for the International Maritime Organization's International Safety Management Code or for the International Standards Organization.

ATC and Polar Tanker continue review of their management and operation practices on an annual basis. ADEC attends these meetings.

ADEC staff continue to have frequent interaction with ATC and Polar Tanker based port captains and tanker crews regarding tanker operations and escort procedures.



*Photo credit: Judy Patrick
Photography.*

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