

Compliance Reporting Agreement for Releases of Selected Hazardous Substances to Low-Sensitivity Environments

I. This Compliance Reporting Agreement is between the Alaska Department of Environmental Conservation (ADEC) and BP Exploration (Alaska) Inc. (BPXA) and is effective as of March 20, 2003. The intent of this Agreement is to establish applicable alternative reporting requirements for discharge or release (release) of low risk substances to low sensitivity receiving environments. This Agreement is entered into pursuant to AS 46.03.755(b), AS 46.09.010(b), and 18 AAC 75.300(c). Only those substances defined herein in paragraph VIII that are routinely used for oil and gas exploration and production purposes are covered by this Agreement.

II. Alaska Statute 46.09.900 (4) defines a hazardous substance as (A) an element or compound that, when it enters into or on the surface or subsurface land or waters of the state, presents an imminent and substantial danger to the public health or welfare, or to the fish, animals, vegetation, or any part of the natural habitat in which fish, animals, or wildlife may be found; or (B) a substance defined as a hazardous substance under 42 U.S. C. 9601 – 9657 (Comprehensive Environmental Response, Compensation, and Liability Act of 1980); “hazardous substance” does not include uncontaminated crude oil or uncontaminated refined oil.

Releases of substances that have been defined in this Agreement either: do not represent an imminent and substantial danger as described by AS 46.09.900 (4) (A) (B) or, are to be reported periodically as defined in paragraph VIII. However, small spills of substances, which are not cleaned up, can accumulate and heighten their risk. It is therefore understood that this Agreement only changes the reporting requirements for certain releases and does not change the requirement that all spills shall be immediately cleaned up, worksites routinely inspected for releases, and all equipment kept in working order.

III. ADEC will determine the aforementioned elements of this agreement and general compliance with other reporting, response, and cleanup requirements, in the continuation of this agreement.

This Agreement may be modified by written concurrences of both parties. The Agreement does not have a termination date. However, ADEC may terminate it and BPXA may withdraw from it upon fourteen days notification to the other party.

IV. If a release that is defined by this Agreement occurs during drilling operations and the released material is under the drill rig, the cleanup may be delayed until drilling operations on that well have been completed.

V. The following substances are not reportable and not covered by this Agreement: bentonite, freshwater, seawater to a seawater environment, or substances that are being used according to their intended use.

VI. Any fluid used during the well stimulation phase of the drilling operation is not covered by this Agreement.

VII. The low concentrations and volumes of scale inhibitors, corrosion inhibitors, or biocides that are contained in and being used for their intended purpose in brines, seawater, produced water, drilling fluids or crude oil do not trigger a spill reporting requirement. Rather the requirement to notify ADEC of the release shall consider the parent material without the inclusion of these substances. As with all spill reports, all materials released must be included in the report whether or not they would, on an individual basis trigger a reporting requirement to the state.

VIII.

List of substances to be included in agreement:

1. Glycols used for, or intended to be used for, antifreeze protection or in heating systems, these include: propylene glycol, ethylene glycol, and triethylene glycol.
2. Brines used for, or intended to be used for, well control, drilling mud formulations, well work-over operations or as completion fluids.
3. Drilling fluids that are complete in formulation.
4. Seawater (to freshwater environment only).
5. Produced water (oil component must be reported under 18 AAC 75.300)
6. Methanol diluted with 40% or more water. Spill report is triggered by total volume released not the volume of methanol only.

IX.

Volume and Reporting Requirements

- Discharge to water or tundra: (snow, ice roads and ice pads are to be treated as gravel pads)
 - Any quantity
 - As soon as a person has knowledge of the discharge.
- Discharge to gravel pads.
 - In excess of 55 gallons
 - As soon as a person has knowledge of the discharge.
 - In excess of 10 gallons, but 55 gallons or less
 - A person in charge of a facility or operation shall maintain, and provide to the department on a monthly basis, a written record of the discharge including a cumulative discharge.
 - Less than 10 gallons
 - No discharge reporting required.
- Discharge to Impermeable Secondary Containment Areas:
 - In excess of 55 gallons
 - As soon as a person has knowledge of the discharge.
 - 55 gallons or less
 - No discharge reporting required.

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