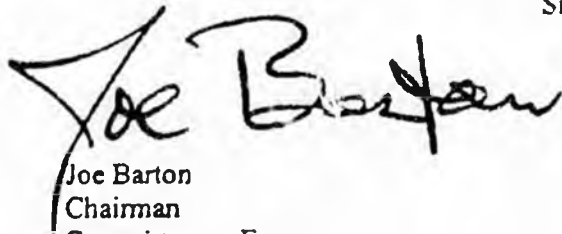


ALASKA LEGISLATURE COMMITTEE ON LEGISLATION
12246 HOUSE RES

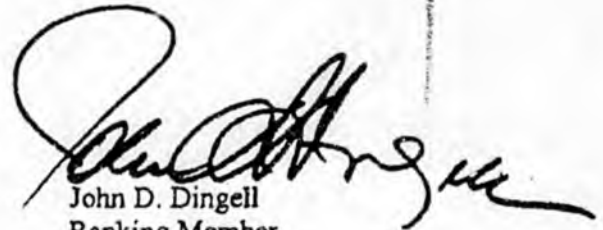
Mr. Kurt Fredriksson
Mr. Robert A. Malone
Page 3

written testimony, oral testimony, or in response to questions posed by
members of the Committee?

Sincerely,



Joe Barton
Chairman
Committee on Energy
and Commerce



John D. Dingell
Ranking Member
Committee on Energy
and Commerce



Ed Whitfield
Chairman
Subcommittee on Oversight
and Investigations



Bart Stupak
Ranking Member
Subcommittee on Oversight
and Investigations

cc: The Honorable Frank Murkowski, Governor
State of Alaska

The Honorable Ted Stevens, Senator
U.S. Senate

The Honorable Lisa Murkowski, Senator
U.S. Senate

The Honorable Don Young, Member
U.S. House of Representatives

The Honorable Alberto R. Gonzales, Attorney General
Department of Justice

Vice Admiral Thomas J. Barrett, USCG (Ret.), Administrator
Pipeline and Hazardous Materials Safety Administration

Attachment

BEFORE THE STATE OF ALASKA
DEPARTMENT OF ENVIRONMENTAL CONSERVATION

N. McCleary
G. Blankenship
J. Fritz / R. Gorman
G. Campbell
R. Jacobsen
C. Phillips
R. Klie
M. Merrill
N. Glava

In the Matter of:)
STATE OF ALASKA, DEPARTMENT OF)
ENVIRONMENTAL CONSERVATION)

Complainant,)

vs.)

BP Exploration (Alaska) Inc.)

Respondent.)

BPXA LAW DEPT			
WH	CC	RM	JUD
KJW			
JUN 3 2002			
<i>Fully executed</i>			
COM			

Consent Order No. 02-138-10

COMPLIANCE ORDER BY CONSENT

Whereas the Complainant, the State of Alaska, Department of Environmental Conservation ("ADEC"), and the Respondent, BP Exploration (Alaska) Inc. ("BPXA" or "Respondent"), desire to resolve and settle a disputed matter and to avoid the uncertainty and expense of formal enforcement proceedings, it is hereby agreed as follows:

I. JURISDICTION

1. This Compliance Order by Consent (hereinafter Order) is entered into under the authority of ADEC under AS 44.46.020, AS 46.03.020, AS 46.03.760(e), AS 46.03.765, AS 46.03.850, and 18 AAC 95.160, and the settlement authority of the Attorney General under AS 44.23.020.

II. BACKGROUND

2. BPXA is an owner and the operator of the Greater Prudhoe Bay Unit crude oil transmission pipeline system (hereinafter "FACILITY"). BPXA operates the FACILITY on the North Slope of Alaska, and receives mail at: P.O. Box 196612, Anchorage, Alaska 99519-6612. The FACILITY is a system of "pipelines" as that term is defined in AS 46.04.900(18).

3. In January 1999, ADEC approved and issued to ARCO Alaska Inc.

("AAI") a renewal of oil discharge prevention and contingency plan number 984-CP-4138 for the Prudhoe Bay eastern operating area ("EOA") crude oil transmission pipeline system ("EOA Plan"). Condition of approval number 8 of the EOA Plan required AAI to submit to ADEC a proposed leak detection system for the EOA crude oil transmission pipeline system that met the 1 percent daily throughput standard in 18 AAC 75.055(a) ("1% Standard") and a best available technology ("BAT") analysis for the leak detection system that met the BAT requirement in 18 AAC 75.425(e)(4)(A)(iv) ("BAT Requirement") by the end of August 1999.

4. In January 1999, ADEC approved and issued to BPXA a renewal of oil discharge prevention and contingency plan number 984-CP-4129 for the Prudhoe Bay western operating area ("WOA") crude oil transmission pipeline system ("WOA Plan"). Condition of approval number 8 of the WOA Plan required BPXA to submit to ADEC a proposed leak detection system for the WOA crude oil transmission pipeline system that met the 1% Standard and a BAT analysis for the leak detection system that met the BAT Requirement by the end of August 1999.

5. In August 1999, AAI submitted a proposed leak detection system for the EOA crude oil transmission pipeline system to ADEC. ADEC determined that the proposal was too general, did not include a BAT analysis and, accordingly, was insufficient for review. AAI requested an extension to submit a revised proposed leak detection system and the BAT analysis. ADEC granted an extension to October 15, 1999.

6. In August 1999, BPXA submitted a proposed leak detection system for the WOA crude oil transmission pipeline system to ADEC. ADEC determined that the proposal was too general, did not include a BAT analysis and, accordingly, was insufficient for review. BPXA requested an extension to submit a revised proposed leak detection system and the BAT analysis. ADEC granted the extension to mid-October 1999.

7. In October 1999, AAI resubmitted a proposed leak detection system for the EOA crude oil transmission pipeline system and a BAT analysis. ADEC determined these submissions satisfied the EOA Plan condition of approval number 8 requirement and initiated review of both documents under 18 AAC 75.455.

8. In mid-October 1999, BPXA resubmitted a proposed leak detection for the WOA crude oil transmission pipeline system and a BAT analysis. ADEC determined these submissions satisfied the WOA Plan condition of approval number 8 requirement and initiated

review of both documents under 18 AAC 75.455.

9. In June 2000 operational control of the EOA crude oil transmission pipeline system changed from AAI to Phillips Alaska, Inc.

10. On July 1, 2000, BPXA assumed the sole operator role for the EOA and WOA crude oil transmission pipeline systems (the FACILITY).

11. In August 2000, ADEC requested BPXA to submit an engineering package to verify that the proposed leak detection system for the EOA and WOA crude oil transmission pipeline systems would meet the 1% Standard for the FACILITY.

12. In October 2000, BPXA submitted the requested engineering package to ADEC.

13. In December 2000, ADEC determined that the proposed leak detection system for the FACILITY did not meet the 1% Standard and that the BAT analysis did not meet the BAT Requirement. ADEC interpreted the 1% standard as applying to each pipeline segment in the pipeline system, while BPXA's analysis used the combined flow into pump station 1 against which to measure the 1% detection accuracy. ADEC required BPXA to submit a revised leak detection system proposal for the FACILITY that met the 1% Standard and a BAT analysis that met the BAT Requirement by January 31, 2001.

14. In January 2001, BPXA submitted to ADEC a revised leak detection system proposal for the FACILITY that it maintains will meet the 1% Standard.

15. On March 1, 2001, BPXA submitted a BAT analysis to ADEC for the FACILITY leak detection system that it maintains will meet the BAT Requirement.

16. On April 30, 2001 BPXA met with ADEC to discuss BPXA's revised leak detection system proposal for the FACILITY. BPXA agreed to verify that the proposed leak detection system meets the 1% Standard for each pipeline segment by completing 12 action items within specified timelines in 2001. However, BPXA discovered settled solids in some pipeline segments that interfered with the proper functioning and operability of the meters. Those pipeline segments containing solids will need to be cleaned out, which will require the installation of pipeline pigging facilities prior to functional testing of the meters and leak detection system. Due to the unexpected discovery of these solids, BPXA completed only 5 of the action items within the agreed timelines. BPXA expects to complete the remaining action items on or before December 1, 2002.

III. ADEC ALLEGATIONS

COUNT I

17. Since at least December 7, 2000 BPXA has failed to comply with EOA Plan condition of approval number 8 and WOA Plan condition of approval number 8 which require BPXA to submit a leak detection system for the FACILITY that meets the requirements of 18 AAC 75.055(a) and 18 AAC 75.425(e)(4)(A)(iv).

18. Based on the facts set out in paragraphs 2-16 above, since at least December 7, 2000 BPXA has operated the FACILITY in violation of AS 46.04.030(b) which requires operation of a pipeline in compliance with an oil discharge prevention and contingency plan.

COUNT II

19. Under this Order, BPXA will not comply with EOA Plan condition of approval number 8 and WOA Plan condition of approval number 8 and, accordingly, will continue to violate AS 46.04.030(b) until BPXA verifies that the proposed leak detection system for the FACILITY meets the requirements in 18 AAC 75.055(a) and 18 AAC 75.425(e)(4)(A)(iv).

COUNT III

20. Since at least December 7, 2000, BPXA has not equipped the FACILITY with the enhanced leak detection system to satisfy the requirement in 18 AAC 75.055(a) consistent with 18 AAC 75.425(e)(4)(A)(iv).

21. Based on the facts set out in paragraphs 2-16 above, since at least December 7, 2000, BPXA has been operating the FACILITY in violation of 18 AAC 75.055(a).

COUNT IV

22. Under this Order, BPXA will continue to operate the FACILITY in violation of 18 AAC 75.055(a) until BPXA verifies that the proposed leak detection system for the FACILITY satisfies the requirement in 18 AAC 75.055(a) consistent with 18 AAC 75.425(e)(4)(A)(iv).

IV. REMEDIAL MEASURES

23. In order to address the violations outlined in Counts I-IV of Section III of the Order, the Respondent agrees to complete all outstanding action items to verify that the leak detection system for the FACILITY satisfies both the 1% leak detection requirement in 18 AAC 75.055(a), as applied to each pipeline segment, and the BAT requirement of 18 AAC 75.425(e)(4)(A)(iv). Specifically, BPXA agrees to perform the following tasks by the dates indicated herein:

- Determine sediment levels in EOA and WOA pipelines at Skid 50. [by 3/31/02]
- Modify EOA pig receiver at Skid 50. [by 3/31/02]
- Pig EOA pipeline from FS-1 launcher to Skid 50. [by 6/30/02]
- Pig WOA pipeline segments if necessary. [by 9/30/02]
- Test and select flow meters at EOA pipeline, Skid 50 if necessary. [by 9/30/02]
- Complete WOA crude oil flow smoothing modifications. [by 12/31/02]
- Install and test meters on all pipelines. [by 12/31/02]
- Evaluate and establish leak detection systems' compliance. [by 12/31/02]

24. BPXA and ADEC agree to meet and/or confer as necessary to reach a common understanding of the meaning and interpretation of 18 AAC 75.055(a) and 18 AAC 75.425(e)(4)(A)(iv), and to evaluate the Facility's compliance with those regulations.

V. TIME FOR COMPLIANCE

25. Time is of the essence in the Order. Failure to submit any document or make any payment by the deadlines set forth in this Order is a violation of the Order triggering any suspended damages and penalties unless a written extension of time is obtained from ADEC pursuant to paragraph 27.

26. Failure to submit any document or make any payment by the deadlines set forth in the Order, unless a written extension of time is obtained from ADEC pursuant to paragraph 27, may also terminate or serve as the basis for termination of the Order.

27. ADEC, in its discretion, may grant a written extension of time if the Respondent requests the extension prior to the deadline, and proves to the satisfaction of ADEC that any delay is beyond the control of the Respondent due to unforeseen circumstances such as adverse weather or natural disaster. Increases in costs incurred by the Respondent shall not be a basis for any extension of time. Any request for an extension of time must be provided in writing. A request for an extension of time does not toll any deadlines unless ADEC provides a written extension.

28. Unless otherwise specified, all references to days in this Order are to calendar days; however, if a deadline occurs on a weekend or legal holiday the deadline is extended to the next working day.

VI. ADMINISTRATION FEES

29. The Respondent agrees to reimburse ADEC for ADEC and Department of Law staff time spent developing and implementing this Order.

VII. OTHER PAYMENTS

30. Damages and Penalties. The Respondent agrees to pay damages and penalties pursuant to AS 46.03.760(e) as follows:

a. the Respondent agrees to pay the State of Alaska the sum of \$300,000 in damages and penalties, with \$150,000 suspended on the condition that the Respondent complies with all terms and conditions of the Order to the reasonable satisfaction of ADEC. For purposes of this Order, \$121,000 represents economic savings realized by the Respondent in not complying with the requirements for which the violations were alleged; and \$29,000 represents the "gravity component" designed to deter future noncompliance;

b. the Respondent agrees to pay the State of Alaska the unsuspended portion of the damages and penalties, \$150,000, within thirty days of the effective date of the Order;

c. the Respondent agrees to pay the State of Alaska the suspended portion of the damages and penalties within seven calendar days after failing to submit any document or make any payment by the deadlines set forth in the Order, or after receiving notice of termination if the Order is

terminated pursuant to the provisions of paragraph 43(a) or 43(b) of this Order;

d. all payments under this section shall be made payable to the State of Alaska, Department of Environmental Conservation, shall include the number of the Order, and shall be directed to the Attention of: Cost Recovery Unit, SPAR Director's Office, Alaska Department of Environmental Conservation, 410 Willoughby Ave., Suite 105, Juneau, Alaska 99801-1795.

31. If any payment required by paragraph 30 of the Order is not made, or if any negotiable instrument presented as payment is not honored, ADEC may file a civil action to collect the amount due under the Order, plus interest, attorney's fees, and costs. In any collection action, the validity, amount, and appropriateness of damages and penalties is not subject to review.

VIII. RESERVATION OF RIGHTS

32. The requirements, duties, and obligations set forth in the Order are in addition to any requirements, duties, or obligations contained in any permit or plan approval which ADEC has issued or may issue to the Respondent and are in addition to any requirements, duties, or obligations imposed by State, local, or federal law. Other than as expressly provided herein, the Order does not relieve the Respondent from the duty to comply with requirements contained in any such permit or plan approval or with any State, local, or federal law.

33. ADEC expressly reserves the right to initiate administrative or legal proceedings relating to any violation not expressly described in Counts I-IV of Section III of the Order. In addition, ADEC expressly reserves the right to initiate administrative or legal proceedings and to seek additional civil assessments or seek injunctive relief for violations described in the Order if the Respondent does not comply with the provisions set forth herein to the reasonable satisfaction of ADEC or if, in ADEC's reasonable opinion, subsequently discovered events or conditions constitute an immediate threat to public health, public safety, or the environment, regardless of whether ADEC may have been able to discover the event or condition prior to entering into the Order. In the event that ADEC seeks civil assessments for violations described in the Order, amounts required to be paid under paragraph 30 of the Order may offset any subsequent assessments for those violations, but in no event shall a refund of any

portion of the penalties and damages assessed in this Order be required.

34. In signing the Order, the Respondent and ADEC do not admit, and reserve the right to controvert in any subsequent proceedings, other than for enforcement of the Order, the validity of, or responsibility for, any of the factual or legal determinations made herein.

IX. COVENANT NOT TO SUE

35. Subject to the provisions of Section VIII (Reservation of Rights), and provided the Respondent complies with the terms of the Order to the reasonable satisfaction of ADEC, ADEC shall not institute any further action against the Respondent for the violations alleged in Counts I-IV of Section III of the Order. However, nothing herein shall be construed as limiting ADEC's right to seek damages, penalties, and fines for violation of the terms and conditions of the Order.

36. The Respondent acknowledges and agrees that the Order constitutes a lawful order of ADEC for the purposes of AS 46.03.760, AS 46.03.765, AS 46.03.790, AS 46.03.850, 18 AAC 95.160 and for all other purposes. The Respondent shall not institute any action challenging the validity of the Order or the authority of ADEC to enforce the Order. The Respondent shall not controvert or challenge, in any subsequent proceedings initiated by the State of Alaska, the validity of the Order or the authority of ADEC to issue and enforce the Order.

37. The Respondent acknowledges that, by executing the Order, with regard to violations alleged in Counts I-IV of Section III of the Order, it is waiving the rights and procedures that would otherwise protect it in any formal administrative adjudicatory proceeding or any civil action in a court of law including the right to the filing of a notice of intent, to present evidence and witnesses on its behalf, to cross-examine ADEC's witnesses, to a jury trial, and to administrative and judicial review. The Respondent acknowledges that it is knowingly and voluntarily waiving these rights.

X. DISPUTE RESOLUTION

38. The parties agree to make reasonable efforts to informally resolve at the staff level all disputes that may arise in connection with this Order. If any dispute is still unable to be resolved, the Respondent may make a written request for the ADEC Commissioner or the Commissioner's delegate to resolve the dispute. The pendency of any dispute pursuant to this

paragraph shall not affect Respondent's responsibility for timely performance of the requirements of the Order. The Commissioner or the Commissioner's delegate will issue a final determination in writing. The written decision will be final for purposes of judicial review pursuant to Alaska Rule of Appellate Procedure 602(a)(2). The determination of the Commissioner or the Commissioner's delegate will remain in effect pending resolution of any judicial appeal unless a stay is sought and granted by the court on appeal.

XI. REPORTING

39. BPXA will submit monthly reports to ADEC that summarize activities undertaken under this Order. Either BPXA or ADEC may request a meeting at any time to discuss issues associated with this Order, and the party receiving such a request shall make itself available as promptly as practicable.

XII. JURISDICTION AND VENUE

40. Any judicial action brought by either party to enforce or adjudicate any provision of the Order shall be brought in the Superior Court for the State of Alaska, Third Judicial District at Anchorage.

XIII. EFFECTIVE DATE

41. The effective date of the Order shall be the date of the last signature when the Order is signed by authorized representatives of the BPXA, ADEC and the Alaska Attorney General's Office.

XIV. SUCCESSORS

42. The Order shall be binding upon the Respondent, its agents, successors, and assigns (including any lessee or grantee of the FACILITY), and upon all persons contractors and consultants acting on behalf of the Respondent. The Respondent shall incorporate a copy of the Order into any conveyance of its interest in the FACILITY and into any lease or management agreement, and shall require in any conveyance that the grantee or lessee shall comply with all of the requirements of the Order.

XV. TERMINATION

43. The Order shall terminate on the first to occur of the following:
- a. the day after the Respondent misses a deadline imposed under paragraph 23, unless the delay is excused pursuant to paragraph 27;

- b. the day after ADEC notifies the Respondent that ADEC is terminating the Order due to the Respondent's failure to comply with any of the provisions set forth herein to the reasonable satisfaction of ADEC;
- c. the day after ADEC issues a voluntary written termination of the Order; ADEC will terminate the Order upon request if Respondent establishes to ADEC's satisfaction that it has established compliance for all of the issues outlined in Counts I-IV of Section III of the Order and has complied with the provisions of this Order.

DATED: 5/29/02

DEPARTMENT OF ENVIRONMENTAL
CONSERVATION

By: *Jeff Mach*
Jeff Mach
Oil and Gas Coordinator

DATED: 30 May 2002

BRUCE M. BOTELHO
ATTORNEY GENERAL

By: *Camren Leonard*
Camren Leonard
Assistant Attorney General

DATED: 05-14-02

BP EXPLORATION (ALASKA) INC.

By: *Jack M. Fritts*
Jack M. Fritts *Operations*
Greater Prudhoe Bay Unit Field Manager

I, *JACK M. Fritts*, hereby certify that I hold the position of Greater Prudhoe Bay Operations Manager and that I am a responsible official for the Respondent's FACILITY and that I have the authority to enter into agreements on behalf of the Respondent and the FACILITY and to otherwise legally bind the Respondent and the FACILITY. I hereby acknowledge that I have freely and voluntarily entered into this agreement with the State of Alaska on behalf of the Respondent.

SUBSCRIBED AND SWORN to before me this 14th day of May, 2002.



Monica P. Brewster
Notary Public, State of Alaska
My commission expires: _____

My Commission Expires
November 9, 2004

29

		REPORT				
		Baker Panel	CSB	Mogford	Booz Allen Hamilton	MAP
THEMES	PEOPLE					
	Trusting & Open Communications	X	X	X	X	X
	Importance of Leadership	X	X	X	X	X
	Management's Technical Knowledge	X	X	X		X
	Accountability and Clarity of Expectations	X		X	X	X
	Worker Fatigue and Excessive Overtime	X	X	X		X
	Knowledge, Expertise, and Training	X	X	X		X
	PLANT					
	Risk Identification and Assessment	X	X	X	X	X
	PROCESSES					
	Effective Process Safety/Integrity Management System	X	X	X	X	X
	Adherence to Formal Processes	X	X	X	X	X
	Incident Investigations and Reporting	X	X	X	X	X
	Sufficiency of Resources	X	X	X	X	X
	PERFORMANCE					
	Audit, Compliance, and Monitoring	X	X	X	X	X
	Process Safety as a Core Value	X	X	X	X	X

30



BP admits knowing of corrosion problems

Workers had predicted 'major catastrophic event' because of cost-cutting

By Lisa Myers

Senior investigative correspondent

Updated: 7:35 p.m. ET Aug 9, 2006

WASHINGTON - BP now admits that senior company officials were warned three years ago about serious corrosion problems in the pipeline being shut down this week.

The warnings were laid out in correspondence obtained by NBC News, between Chuck Hamel, an advocate for oil workers, and senior BP officials.

Hamel writes that BP workers had come to him predicting a "major catastrophic event" and warning that "cost cutting" had caused "serious corrosion damage to flow lines and systems."

"They were cheating in what's required of them in normal business practice in an oil field to save money, to cut corners," Hamel says.

BP officials responded at the time, but said: "We cannot investigate or act without specific information."

In the last few months, a number of BP workers have told the FBI that beginning in 1999, supervisors ordered them to cut back on a key chemical — known as corrosion inhibitor — put into the system to protect pipes. After a major spill last March, BP told federal regulators there was "a reduced level of corrosion inhibitor" in the system that failed. Federal officials ordered BP to inject more chemicals into the pipeline.

On Wednesday, BP America's CEO defended the company's anti-corrosion program.

"We're learning," says Ross Pillari. "We recognize that we thought we had a program that was sufficient, that we need to do more."

A learning process likely to soon cost consumers at the pump.

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URL: <http://www.msnbc.msn.com/id/14273574/>

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31

Interview Name:	Bill Hedges	Date:	12/14/2006
Interview Title:	CIC Strategy & Planning	Location:	Anchorage
Interviewer :	Tom Williams		
Notes:			

Prior to the arrival of Tony Brock and the creation of the Technical Directorate, there was no formal process for assessing risk. There were many informal processes, run by individuals. They had no process for trying to quantify risk.

Kip Sprague, almost single-handedly tried to develop and keep up a kind of risk register as he built the annual facility reviews. This was mostly in his spare time, outside of his normal job.

In the past, they sat down with senior leadership as part of the QPR. They identified some major risk areas they were concerned with, but one-off

- Production water system
- Seawater system
- CUI

CIC was resourced to be a reactive team. Did not have the resources to be truly forward looking.

After the first leak, management started to seek out CIC, which was in another building until recently. Bernard Looney (ACT) came by to ask what risks he might be facing.

The major vehicle for communicating to senior management was the QPR and the annual review.

CIC had very limited time (20-30 minutes) as part of the broader M&R presentation (usually around 2 hours). Usually talked about what was going on, what CIC was doing, no time for a discussion around risk assessment.

There has been a big change since the leak. Lots more management attention and inquiry about risk issues.

The PAIT (Pipeline Assessment and Intervention Team) look at all the equipment was the major CIC input into the Risk Register. Risk Register is developed under Technical Director (Tony Brock). Cory Herod manages its development.

For example, CUI has always been a big issue.

Use radiographic inspection of low points on pipeline. Plan was to cut backlog of known corrosion issues in half.

At the end of 2005, this follow up list was about 2,000 items (inspection revealed corrosion issues)

Rather than reduce the backlog, the list has grown to 3,000 items that require visual inspection and follow-up.

For the first time, they have actually taken some lines out of service (e.g., Point McIntyre)

PAIT was an effort following the first leak to get at the state of the infrastructure. Assess each piece of kit with a view to:

- Shut in now
- Replace now
- Replace in 3 years

For risk assessment, PAIT is all about probability, since severity of any leak is high (zero tolerance).

Soon after he arrived here from Trinidad in July 2005, he asked for 3 more people in CIC town, and was turned down.

He now has 19 open slots in CIC town, and another 14 in Field.

He gave me a demonstration of the query capabilities of MIMIR, producing a list of all level "F" inspections in 2005. It took about 1 minute.

Exhibit 32

PBU - Management of Change

Work Order #	29314644
Action Tracking #	
Reference #	

STAGE 1 - INITIATION

Initiated by:	John Todd/ Andy Spano	Phone:	4578	<input checked="" type="checkbox"/>	Permanent Change
Title:	NS Prod Chem	Date:	6/5/99	<input type="checkbox"/>	Emergency Change
Department/Facility:	CIC	<input type="checkbox"/>		<input type="checkbox"/>	Temporary Change
Work Location:	WOA GC2 and GC3	<input type="checkbox"/>		<input type="checkbox"/>	Duration End Date

Description of Change:

This MOC evaluates the elimination of the KC1081A corrosion inhibitor injection into the produced water at GC2 and GC3.

Reason for Change: See Attachment

The purpose of this MOC is to document the discontinuation of the produced water corrosion inhibitor and to examine the potential risks to the surface equipment as well as to the oil and water treating process. Funding for the continuation of this chemical program is not available, therefore it is being discontinued. The remaining inventory of the KC1081A will be utilized in the high risk S-69 produced water line until the stock is depleted.

Yes	No	MOC CHECKLIST ("YES" for any of these items indicates the need for an MOC)	
<input type="checkbox"/>	<input checked="" type="checkbox"/>		Does this change require documentation revisions?
<input checked="" type="checkbox"/>	<input type="checkbox"/>		Does this change use equipment or parts that are not replacement-in-kind?
<input type="checkbox"/>	<input checked="" type="checkbox"/>		Does this change add new or delete existing equipment?
<input type="checkbox"/>	<input checked="" type="checkbox"/>		Does this change require modifications to operating limits, parameters, or logic?
<input type="checkbox"/>	<input checked="" type="checkbox"/>		Does this change require revisions to existing BP or Contractor procedure?

STAGE 2 - DEVELOPMENT AUTHORIZATION

Yes	No	Responsibility	Activity
<input checked="" type="checkbox"/>	<input type="checkbox"/>	End User Department	Development authorized? If change has a precedent, complete Precedent Form and go to Stage 4.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	End User Department	Hazard Analysis method determined?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	End User Department	Process Hazards Analysis (PHA) required?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	End User Department	Documentation Checklist Initiated?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	End User Department	Detailed work package required?

John Todd
CIC Team Leader

6-5-99
Date

4776
Phone

STAGE 3 - TECHNICAL AND HSE REVIEW

Yes	No	Responsibility	Activity
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Review Department	Review Team Lead assigned (if required).
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Review Department	Technical Review Checklist completed.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Review Department	HSE Review Checklist completed.

Technical Reviewer: *John Todd* HSE Reviewer: *Arminic Paisley*

Date: 6/6/99 Phone: 657-4578 Date: 6/8/99 Phone: 564-4146

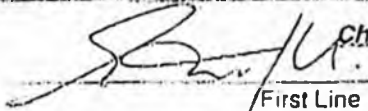
PBU - Management of Change

Work Order #	29314644
Action Tracking #	
Reference #	

STAGE 4 - AUTHORIZATION FOR CHANGE

Yes	No	Responsibility	Activity
X		End User Department	Change is authorized.
	X	End User Department	Does this change affect other Assets, create an HSE precedent or have external implications?

Change authorization is NOT approval for startup


6/10/99
x4905
 First Line Supervisor Date Phone

STAGE 5 - END USER ACCEPTANCE

Yes	No	N/A	Responsibility	Activity
X		X	End User Department	Duration of temporary change and tracking system established.
		X	End User Department	Pre-Startup Safety Review completed (Ref: DOP #P-6-PM).
X			End User Department	Documentation Checklist reviewed and all applicable documentation complete. Attach Checklist to MOC.
		X	End User Department	Outstanding punchlist items assigned and scheduled.
X			End User Department	Forward documentation to Design/Drafting Supervisor.

Stage 5 must be approved before the change can be activated or put in service

Endorse this as a temporary change on the understanding that injection will recommence
 End User Department Superintendent at the start of 6/20/99 Date Phone
Hand Muroykin - 6/12/99 4574

STAGE 6 - RECORDS

Yes	No	Responsibility	Activity
		Design/Drafting Supv.	Punchlist completion schedule received.
		Design/Drafting Supv.	All documentation complete.
		Design/Drafting Supv.	End User Department Superintendent advised on status of change.

Design/Drafting Supervisor Date Phone

COMMENTS (add attachments as required and note)

This is a unique chemical change MOC in that we are discussing the removal of a product and not the addition of one. In this case there are some risks to the equipment and the process associated with the discontinuation of this chemical program. While this change is defined as "permanent", the CIC Dept. will attempt to reinstate the program in the year 2000, if the budget is approved.

MOC DOCUMENT CHECKLIST

Work Order # 29314644

Action Tracking #

Reference #

ITEMS BELOW THAT ARE REQUIREMENTS OF THIS MOC NEED TO ACCOMPANY THE ORIGINAL MOC WHEN FORWARDING TO DESIGN DRAFTING FOR CLOSE OUT

DOCUMENTATION	REQUIRED		COMPLETED		ENCLOSED		COMMENTS
	Yes	No	Yes	No	Yes	No	
Design/Process Parameters		x					
Pre-startup Safety Review		x					not applicable in this case
Hazard Review	x		x		x		
Technical Review Checklist		x					no new chemicals are being introduced, one is being removed
HSE Review Checklist	x		x		x		
PROCEDURES							
- ESD Procedure		x					
- Inspection Procedure		x					
- Maintenance Procedure		x					
- Operating Procedure		x					
- PM Procedure		x					
- Testing Procedure		x					
- Other (note in Comments)							
TRAINING							
- E-Book Update		x					
- Informal (Toolbox, etc.)		x					not applicable in this case
- N/S Training Department		x					
Emergency Response Plans		x					
MSDS	x		x		x		included only to identify the product being discontinued
Computer System Updates (PLC, SCADA, etc.)		x					
FCO Documents		x					
Data Sheets / Process Safety Info		x					
Redlined Drawings		x					
MEL Information		x					
Other (note in Comments)		x					

Comments:

The applicable GC's and the field OTL's have been notified of the discontinuation of the EC1001A at the GC's.

Completed By [Signature] Date 5/11/07

End User Acceptance _____ Date _____

TIMM100

WORK TASK OUTLINE

06/05/99 07:43

W/O : 29314644 W/O Type = NR Status = PLAN 06/05/99
 Title : MOC FOR DISCONTINUING INJECTION OF THE PW CORROSION INHIB.
 Facility= WOA Work Status= OPEN Ref ID =
 Priority= R W/O Group = Outage =
 WO Due = 06/30/99 W/O Planner= TODDJ8 Proj = Prop: -
 In Srvc: PM Early : PM Late: Attr: -
 PCTR = Model W/O : Capital: N Sched: - Est : +
 Orig W/O: Mod W/O Rev: Reimbrs: N Cmpl: - R/T : -
 Xref W/O:

TN	SN	Status	Pri	Pro	Ins	Rsc	Mtl	Doc	Req	Tls	Ots	Qc	Com	Eq	Description
[]	01	[01] PLAN	R												MOC FOR DISCONT

More:

Select to step thru task planning. Execute to create new task.

TIMM102

TASK INSTRUCTIONS

06/05/99 07:39

W/O Task: 29314644 01

Status: PLAN

06/05/99

Desc : MOC FOR DISCONTINUING INJECTION OF THE PW CORROSION INHIB.

Description

The purpose of this MOC is to document the discontinuation of the
produced water corrosion inhibitor at GC2 and GC2. There are some
risks and potential process problems associated with this change. The
program is being discontinued due to budgetary constraints, even
though it has proven to be a very cost effective program.

More:

Fac Work Std

Description

OLE Prt

Fac Work Std	Description	OLE Prt

More:

Enter task instructions. Use More Detail to step through task planning.

Hazards Review Statement

To Be Completed by a Designated Authority and Attached to MOC

MOC Number: 29314644

MOC Description: Stop EC1081A PW CI Injection at GC-2 and GC-3

MOC Originator: John Todd/ Andy Spano

This Chemical Change does pose HSE / Financial risks.. The following is a brief description of the technical Review:

The corrosion mechanism in the PW system is microbially induced corrosion. Bacteria thrive in dirty systems and treatment requires injection of a chemical with strong surfactant and biocidal properties to clean the lines and reduce bacteria numbers. Various chemicals have been tried at GC-2 over the past year with the aim of finding a suitable, low cost chemical. The program has been successful and the data shows that the PW systems at GC-2 and GC-3 have been cleaned and bacterial numbers have been reduced. The corrosion monitoring and inspection data have also improved significantly.

The net effect of these improvements is to significantly increase the projected life of the PW system. Much of the system is in poor condition and, without injection of supplemental chemical, well line replacements are predicted from 2001 onwards, with flow lines from 2003 onwards. Supplemental injection is estimated to delay these near-term line replacements by approximately 7 years and many of the replacements would be delayed indefinitely. For example, the retirement of S-69 is predicted to be delayed from 2003 to 2016.

Suspending the supplemental injection in to the PW system is therefore unlikely to cause loss of containment or equipment retreatal in the short term (1 to 2 years). However, it will shorten the life of the system, resulting in either abandonment or expensive repair/replacement in the medium to long term (3 years+). The longer the corrosion continues at the uncontrolled rate, the harder it will be to arrest it and achieve satisfactory life of the equipment.

Dominic Paisley
Printed Name

off for Dominic Paisley
Signature

Corrosion Engineer
Area of Authority

6/9/99
Date

Note: A Plant Change which is not a Replacement-In-Kind may require a Plant Change Request (PCR) to comply with OSHA regulations. See PCR Procedure if it is uncertain that this form is applicable.

Hazards Review Statement (Part I)

To Be Completed by a Designated Authority and Attached to MOC

MOC Number: 29314644

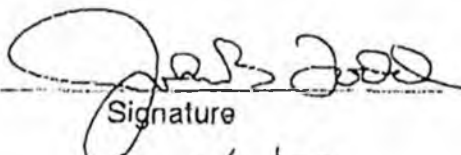
MOC Description: PW Corrosion Inhibitor Discontinuation

MOC Originator: John Todd/ Andy Spano

This Chemical Change does pose some HSE/ Financial risks. The following is a brief description of the risks to the Oil/ Water treatment process only:

In recent years, by far the largest negative impact to the oil and water quality at GC2 has been as a result of our produced water line pigging program, where the debris swept out of the line by the pig is returned via the LDF's to GC2. With the introduction in mid 1998 of a highly surface active water soluble corrosion inhibitor (EC1081A) injected directly into the produced water stream, we were able to substantially clean-up the surface water injection lines to the point where pigging returns at GC2 caused minimal disruption to the process. Water quality improved, which meant that less suspended solids went into the injection system, and the monthly BS&W averages declined to levels not seen for many years. In addition, the WOA induced upsets at Pump Station #1 declined dramatically.

The discontinuation of the EC1081A type chemistry into the produced water system represents a step backwards in our pursuit of producing oil and water that is consistently within the BPX guidelines. The end result of the program elimination is quite predictable - the quality of the oil and water produced by the WOA will decline, process upsets will be more frequent and much more severe, and stress on the mechanical equipment and infrastructure will increase.

<u>JOHN B. TODD</u>	
Printed Name	Signature
<u>Production Chemistry</u>	<u>6/6/99</u>
Area of Authority	Date

Note: A Plant Change which is not a Replacement-in-Kind may require a Plant Change Request (PCR) to comply with OSHA regulations. See PCR Procedure if it is uncertain that this form is applicable.

Produced Water - Corrosion Control

■ *Status of Supplemental Injection*

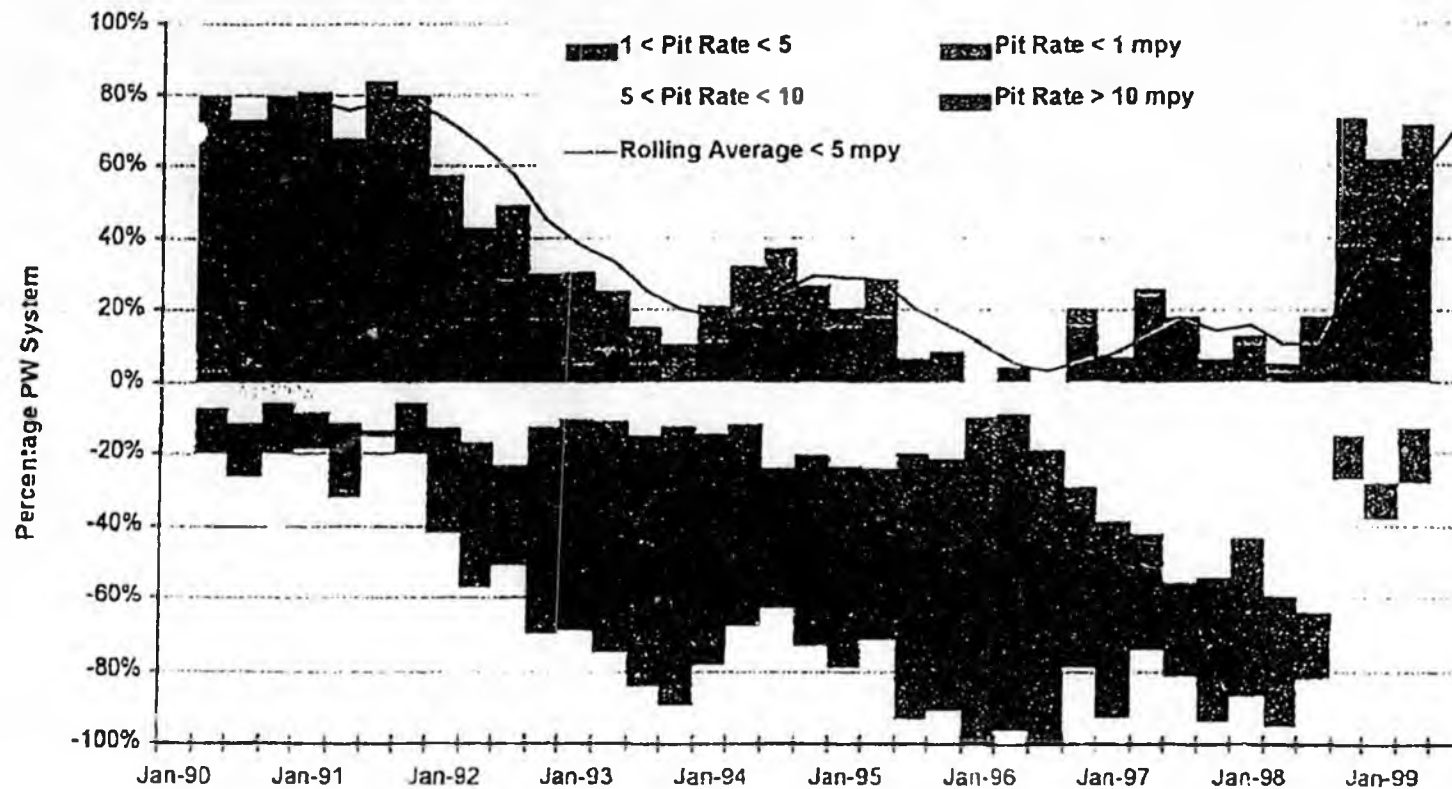
- GC-2: started July '98
- GC-3: started Feb '99
- Total cost \$1.5 M per annum (\$1.25 M in '99)

■ *System Simplification*

- T-pad well lines and F-T flowline to be abandoned in June
 - F-pad under consideration by reservoir team - decision by end 3Q
- WSW 2 line to be mothballed in July
- Benefits
 - Improves mechanical integrity through elimination
 - Stops corrosion & preserves infrastructure
 - Reduces costs associated with pigging & inspection

Produced Water - Corrosion Control

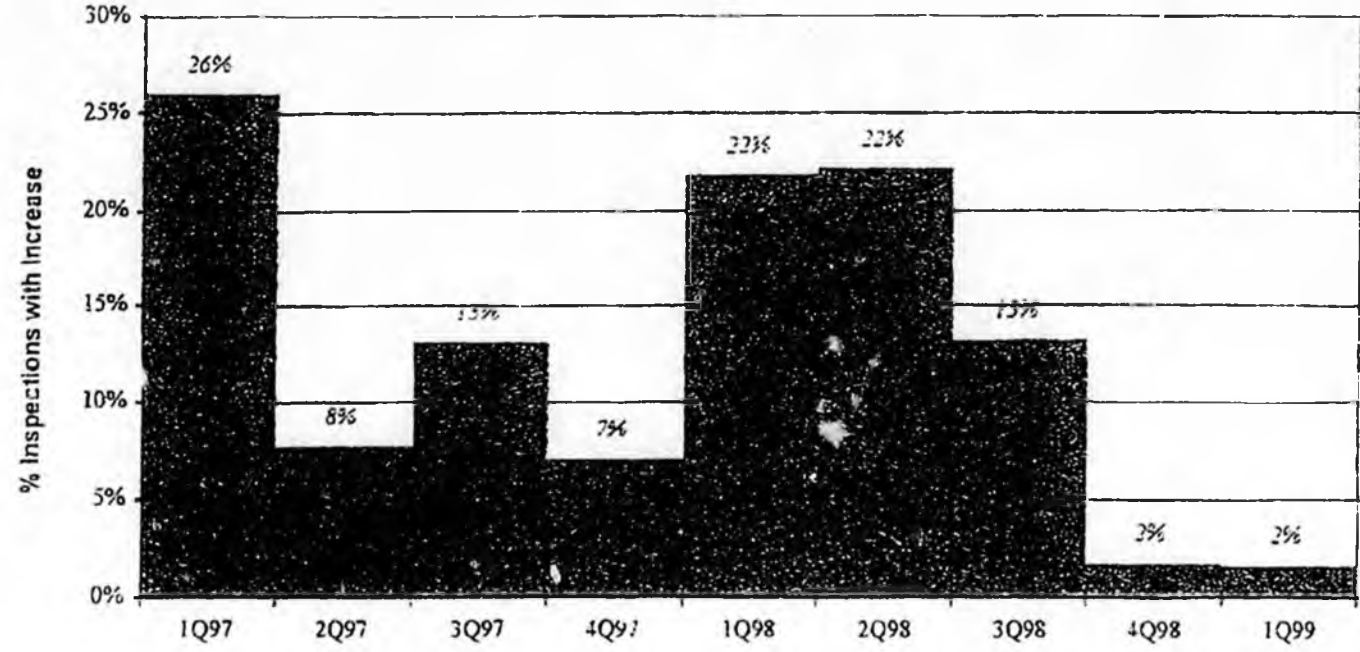
Percentage of Produced Water System with Corrosion Under Control



05/11/2007 FRI 14:32 FAX 9076595152 Corrosion 2nd floor

Produced Water - Corrosion Control

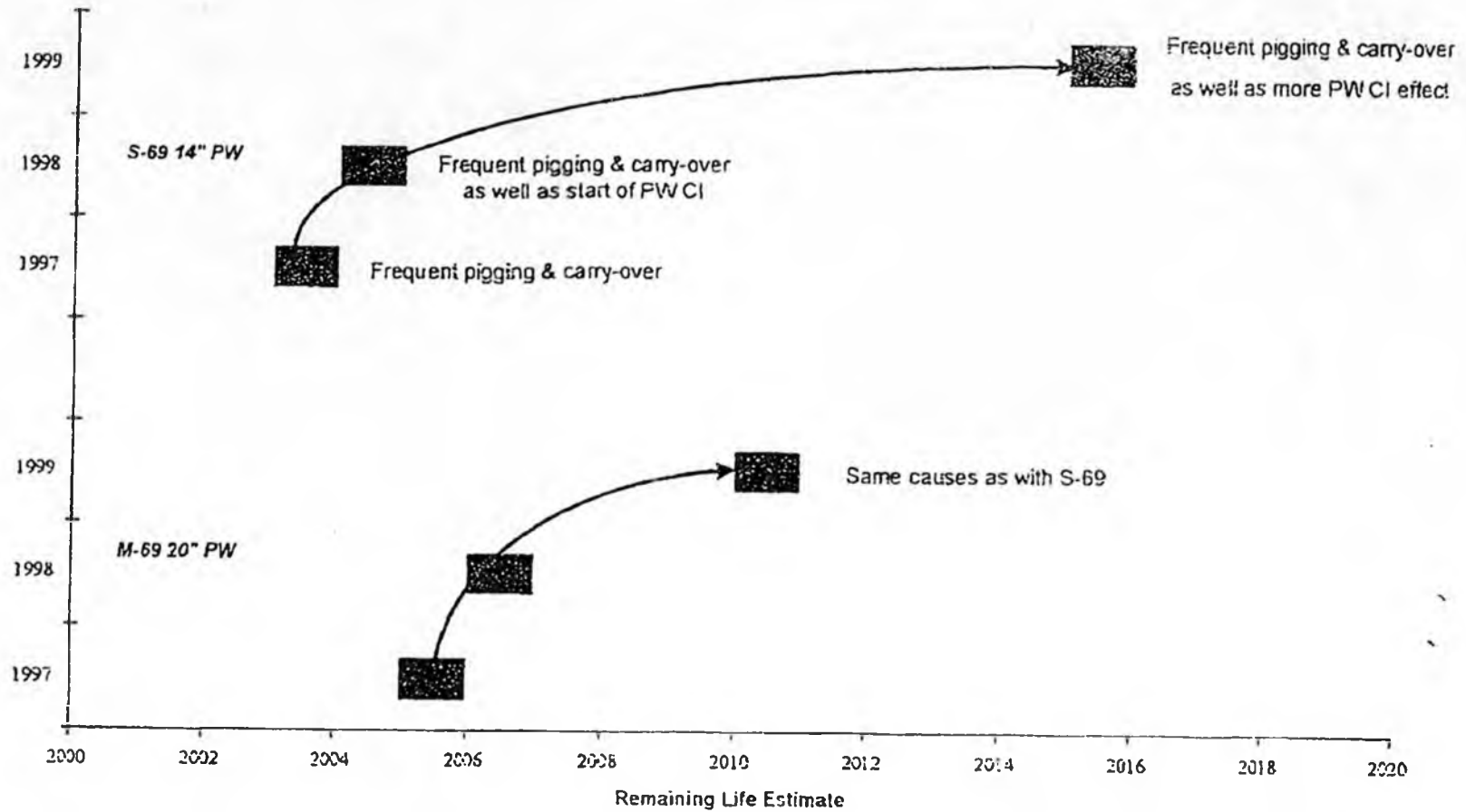
GC2 Flowline PW Supply



05/11/2007 FRI 14:33 FAX 9076595152 Corrosion 2nd floor

Value Of Supplemental PW Injection - M&S FL's

M & S PW Supply Life Model



05/11/2007 FRI 14:34 FAX 9076595152 Corrosion 2nd floor

Produced Water - Corrosion Control

- **Value of Supplemental Injection over 20 years**
 - Option 1 - no injection
 - Cost of replacements: NPV \$ 36 million
 - Option 2 - supplemental injection
 - Cost of replacements: NPV \$ 17.5 million
 - Δ over Option 1 NPV \$ 18.5 million
 - Cost of injection: NPV \$ 11 million
 - Cost benefit: NPV \$ 7.5 million
 - Approach does not consider
 - Environmental cost due to leaks
 - Value of deferred oil due to PW system failures
 - Conservative analysis
 - Cost reduction through optimisation of chemical
 - Minimum costs assumed for replacements
 - Life extended by 7 years
 - Additional benefits due to reductions in BS&W and plant upsets

Produced Water - Corrosion Control

■ **Near Term Actions**

- Implement injection at GC-1
- Mothball / abandon T-pad & WSW
- Achieve 100% compliance with Performance Measure
- Optimise chemical treatment for mechanical / reservoir life
- Re-visit options for not treating Cretaceous Injection water
 - Potential saving of \$250 K on annual basis

Exhibit 33

BEFORE THE STATE OF ALASKA
DEPARTMENT OF ENVIRONMENTAL CONSERVATION

N. McCleary
G. Blankenship
J. Fritz / R. Gerning
G. Campbell
R. Jacobsen
C. Phillips
R. Klie
M. Merrill
N. Gloran

In the Matter of:)
STATE OF ALASKA, DEPARTMENT OF)
ENVIRONMENTAL CONSERVATION)
)
Complainant,)
)
vs.)
)
BP Exploration (Alaska) Inc.)
)
Respondent.)
_____)

BPXA LAW DEPT					
WH	CC	ARM	J	IS	ARB
KJW					
JUN 3 2002					
<i>Fully executed</i>					
Coser					

Consent Order No. 02-138-10

COMPLIANCE ORDER BY CONSENT

Whereas the Complainant, the State of Alaska, Department of Environmental Conservation ("ADEC"), and the Respondent, BP Exploration (Alaska) Inc. ("BPXA" or "Respondent"), desire to resolve and settle a disputed matter and to avoid the uncertainty and expense of formal enforcement proceedings, it is hereby agreed as follows:

I. JURISDICTION

1. This Compliance Order by Consent (hereinafter Order) is entered into under the authority of ADEC under AS 44.46.020, AS 46.03.020, AS 46.03.760(e), AS 46.03.765, AS 46.03.850, and 18 AAC 95.160, and the settlement authority of the Attorney General under AS 44.23.020.

II. BACKGROUND

2. BPXA is an owner and the operator of the Greater Prudhoe Bay Unit crude oil transmission pipeline system (hereinafter "FACILITY"). BPXA operates the FACILITY on the North Slope of Alaska, and receives mail at: P.O. Box 196612, Anchorage, Alaska 99519-6612. The FACILITY is a system of "pipelines" as that term is defined in AS 46.04.900(18).

3. In January 1999, ADEC approved and issued to ARCO Alaska Inc.

("AAP") a renewal of oil discharge prevention and contingency plan number 984-CP-4138 for the Prudhoe Bay eastern operating area ("EOA") crude oil transmission pipeline system ("EOA Plan"). Condition of approval number 8 of the EOA Plan required AAI to submit to ADEC a proposed leak detection system for the EOA crude oil transmission pipeline system that met the 1 percent daily throughput standard in 18 AAC 75.055(1) ("1% Standard") and a best available technology ("BAT") analysis for the leak detection system that met the BAT requirement in 18 AAC 75.425(e)(4)(A)(iv) ("BAT Requirement") by the end of August 1999.

4. In January 1999, ADEC approved and issued to BPXA a renewal of oil discharge prevention and contingency plan number 984-CP-4129 for the Prudhoe Bay western operating area ("WOA") crude oil transmission pipeline system ("WOA Plan"). Condition of approval number 8 of the WOA Plan required BPXA to submit to ADEC a proposed leak detection system for the WOA crude oil transmission pipeline system that met the 1% Standard and a BAT analysis for the leak detection system that met the BAT Requirement by the end of August 1999.

5. In August 1999, AAI submitted a proposed leak detection system for the EOA crude oil transmission pipeline system to ADEC. ADEC determined that the proposal was too general, did not include a BAT analysis and, accordingly, was insufficient for review. AAI requested an extension to submit a revised proposed leak detection system and the BAT analysis. ADEC granted an extension to October 15, 1999.

6. In August 1999, BPXA submitted a proposed leak detection system for the WOA crude oil transmission pipeline system to ADEC. ADEC determined that the proposal was too general, did not include a BAT analysis and, accordingly, was insufficient for review. BPXA requested an extension to submit a revised proposed leak detection system and the BAT analysis. ADEC granted the extension to mid October 1999.

7. In October 1999, AAI resubmitted a proposed leak detection system for the EOA crude oil transmission pipeline system and a BAT analysis. ADEC determined these submissions satisfied the EOA Plan condition of approval number 8 requirement and initiated review of both documents under 18 AAC 75.455.

8. In mid-October 1999, BPXA resubmitted a proposed leak detection for the WOA crude oil transmission pipeline system and a BAT analysis. ADEC determined these submissions satisfied the WOA Plan condition of approval number 8 requirement and initiated

review of both documents under 18 AAC 75.455.

9. In June 2000 operational control of the EOA crude oil transmission pipeline system changed from AAI to Phillips Alaska, Inc.

10. On July 1, 2000, BPXA assumed the sole operator role for the EOA and WOA crude oil transmission pipeline systems (the FACILITY).

11. In August 2000, ADEC requested BPXA to submit an engineering package to verify that the proposed leak detection system for the EOA and WOA crude oil transmission pipeline systems would meet the 1% Standard for the FACILITY.

12. In October 2000, BPXA submitted the requested engineering package to ADEC.

13. In December 2000, ADEC determined that the proposed leak detection system for the FACILITY did not meet the 1% Standard and that the BAT analysis did not meet the BAT Requirement. ADEC interpreted the 1% standard as applying to each pipeline segment in the pipeline system, while BPXA's analysis used the combined flow into pump station 1 against which to measure the 1% detection accuracy. ADEC required BPXA to submit a revised leak detection system proposal for the FACILITY that met the 1% Standard and a BAT analysis that met the BAT Requirement by January 31, 2001.

14. In January 2001, BPXA submitted to ADEC a revised leak detection system proposal for the FACILITY that it maintains will meet the 1% Standard.

15. On March 1, 2001, BPXA submitted a BAT analysis to ADEC for the FACILITY leak detection system that it maintains will meet the BAT Requirement.

16. On April 30, 2001 BPXA met with ADEC to discuss BPXA's revised leak detection system proposal for the FACILITY. BPXA agreed to verify that the proposed leak detection system meets the 1% Standard for each pipeline segment by completing 12 action items within specified timelines in 2001. However, BPXA discovered settled solids in some pipeline segments that interfered with the proper functioning and operability of the meters. Those pipeline segments containing solids will need to be cleaned out, which will require the installation of pipeline-pigging facilities prior to functional testing of the meters and leak detection system. Due to the unexpected discovery of these solids, BPXA completed only 5 of the action items within the agreed timelines. BPXA expects to complete the remaining action items on or before December 1, 2002.

III. ADEC ALLEGATIONS

COUNT I

17. Since at least December 7, 2000 BPXA has failed to comply with EOA Plan condition of approval number 8 and WOA Plan condition of approval number 8 which require BPXA to submit a leak detection system for the FACILITY that meets the requirements of 18 AAC 75.055(a) and 18 AAC 75.425(e)(4)(A)(iv).

18. Based on the facts set out in paragraphs 2-16 above, since at least December 7, 2000 BPXA has operated the FACILITY in violation of AS 46.04.030(b) which requires operation of a pipeline in compliance with an oil discharge prevention and contingency plan.

COUNT II

19. Under this Order, BPXA will not comply with EOA Plan condition of approval number 8 and WOA Plan condition of approval number 8 and, accordingly, will continue to violate AS 46.04.030(b) until BPXA verifies that the proposed leak detection system for the FACILITY meets the requirements in 18 AAC 75.055(a) and 18 AAC 75.425(e)(4)(A)(iv).

COUNT III

20. Since at least December 7, 2000, BPXA has not equipped the FACILITY with the enhanced leak detection system to satisfy the requirement in 18 AAC 75.055(a) consistent with 18 AAC 75.425(e)(4)(A)(iv).

21. Based on the facts set out in paragraphs 2-16 above, since at least December 7, 2000, BPXA has been operating the FACILITY in violation of 18 AAC 75.055(a).

COUNT IV

22. Under this Order, BPXA will continue to operate the FACILITY in violation of 18 AAC 75.055(a) until BPXA verifies that the proposed leak detection system for the FACILITY satisfies the requirement in 18 AAC 75.055(a) consistent with 18 AAC 75.425(e)(4)(A)(iv).

IV. REMEDIAL MEASURES

23. In order to address the violations outlined in Counts I-IV of Section III of the Order, the Respondent agrees to complete all outstanding action items to verify that the leak detection system for the FACILITY satisfies both the 1% leak detection requirement in 18 AAC 75.055(a) as applied to each pipeline segment, and the BAT requirement of 18 AAC 75.425(e)(4)(A)(iv). Specifically, BPXA agrees to perform the following tasks by the dates indicated herein:

- Determine sediment levels in EOA and WOA pipelines at Skid 50. [by 3/31/02]
- Modify EOA pig receiver at Skid 50. [by 3/31/02]
- Pig EOA pipeline from FS-1 launcher to Skid 50. [by 6/30/02]
- Pig WOA pipeline segments if necessary. [by 9/30/02]
- Test and select flow meters at EOA pipeline, Skid 50 if necessary. [by 9/30/02]
- Complete WOA crude oil flow smoothing modifications. [by 12/31/02]
- Install and test meters on all pipelines. [by 12/31/02]
- Evaluate and establish leak detection systems' compliance. [by 12/31/02]

24. BPXA and ADEC agree to meet and/or confer as necessary to reach a common understanding of the meaning and interpretation of 18 AAC 75.055(a) and 18 AAC 75.425(e)(4)(A)(iv), and to evaluate the Facility's compliance with those regulations.

V. TIME FOR COMPLIANCE

25. Time is of the essence in the Order. Failure to submit any document or make any payment by the deadlines set forth in this Order is a violation of the Order triggering any suspended damages and penalties unless a written extension of time is obtained from ADEC pursuant to paragraph 27.

26. Failure to submit any document or make any payment by the deadlines set forth in the Order, unless a written extension of time is obtained from ADEC pursuant to paragraph 27, may also terminate or serve as the basis for termination of the Order.

27. ADEC, in its discretion, may grant a written extension of time if the Respondent requests the extension prior to the deadline, and proves to the satisfaction of ADEC that any delay is beyond the control of the Respondent due to unforeseen circumstances such as adverse weather or natural disaster. Increases in costs incurred by the Respondent shall not be a basis for any extension of time. Any request for an extension of time must be provided in writing. A request for an extension of time does not toll any deadlines unless ADEC provides a written extension.

28. Unless otherwise specified, all references to days in this Order are to calendar days; however, if a deadline occurs on a weekend or legal holiday the deadline is extended to the next working day.

VI. ADMINISTRATION FEES

29. The Respondent agrees to reimburse ADEC for ADEC and Department of Law staff time spent developing and implementing this Order.

VII. OTHER PAYMENTS

30. Damages and Penalties. The Respondent agrees to pay damages and penalties pursuant to AS 46.03.760(e) as follows:

a. the Respondent agrees to pay the State of Alaska the sum of \$300,000 in damages and penalties, with \$150,000 suspended on the condition that the Respondent complies with all terms and conditions of the Order to the reasonable satisfaction of ADEC. For purposes of this Order, \$121,000 represents economic savings realized by the Respondent in not complying with the requirements for which the violations were alleged; and \$29,000 represents the "gravity component" designed to deter future noncompliance;

b. the Respondent agrees to pay the State of Alaska the unsuspended portion of the damages and penalties, \$150,000, within thirty days of the effective date of the Order;

c. the Respondent agrees to pay the State of Alaska the suspended portion of the damages and penalties within seven calendar days after failing to submit any document or make any payment by the deadlines set forth in the Order, or after receiving notice of termination if the Order is

terminated pursuant to the provisions of paragraph 43(a) or 43(b) of this Order;

d. all payments under this section shall be made payable to the State of Alaska, Department of Environmental Conservation, shall include the number of the Order, and shall be directed to the Attention of: Cost Recovery Unit, SPAR Director's Office, Alaska Department of Environmental Conservation, 410 Willoughby Ave., Suite 105, Juneau, Alaska 99801-1795.

31. If any payment required by paragraph 30 of the Order is not made, or if any negotiable instrument presented as payment is not honored, ADEC may file a civil action to collect the amount due under the Order, plus interest, attorney's fees, and costs. In any collection action, the validity, amount, and appropriateness of damages and penalties is not subject to review.

VIII. RESERVATION OF RIGHTS

32. The requirements, duties, and obligations set forth in the Order are in addition to any requirements, duties, or obligations contained in any permit or plan approval which ADEC has issued or may issue to the Respondent and are in addition to any requirements, duties, or obligations imposed by State, local, or federal law. Other than as expressly provided herein, the Order does not relieve the Respondent from the duty to comply with requirements contained in any such permit or plan approval or with any State, local, or federal law.

33. ADEC expressly reserves the right to initiate administrative or legal proceedings relating to any violation not expressly described in Counts I-IV of Section III of the Order. In addition, ADEC expressly reserves the right to initiate administrative or legal proceedings and to seek additional civil assessments or seek injunctive relief for violations described in the Order if the Respondent does not comply with the provisions set forth herein to the reasonable satisfaction of ADEC or if, in ADEC's reasonable opinion, subsequently discovered events or conditions constitute an immediate threat to public health, public safety, or the environment, regardless of whether ADEC may have been able to discover the event or condition prior to entering into the Order. In the event that ADEC seeks civil assessments for violations described in the Order, amounts required to be paid under paragraph 30 of the Order may offset any subsequent assessments for those violations, but in no event shall a refund of any

portion of the penalties and damages assessed in this Order be required.

34. In signing the Order, the Respondent and ADEC do not admit, and reserve the right to controvert in any subsequent proceedings, other than for enforcement of the Order, the validity of, or responsibility for, any of the factual or legal determinations made herein.

IX. COVENANT NOT TO SUE

35. Subject to the provisions of Section VIII (Reservation of Rights), and provided the Respondent complies with the terms of the Order to the reasonable satisfaction of ADEC, ADEC shall not institute any further action against the Respondent for the violations alleged in Counts I-IV of Section III of the Order. However, nothing herein shall be construed as limiting ADEC's right to seek damages, penalties, and fines for violation of the terms and conditions of the Order.

36. The Respondent acknowledges and agrees that the Order constitutes a lawful order of ADEC for the purposes of AS 46.03.760, AS 46.03.765, AS 46.03.790, AS 46.03.850, 18 AAC 95.160 and for all other purposes. The Respondent shall not institute any action challenging the validity of the Order or the authority of ADEC to enforce the Order. The Respondent shall not controvert or challenge, in any subsequent proceedings initiated by the State of Alaska, the validity of the Order or the authority of ADEC to issue and enforce the Order.

37. The Respondent acknowledges that, by executing the Order, with regard to violations alleged in Counts I-IV of Section III of the Order, it is waiving the rights and procedures that would otherwise protect it in any formal administrative adjudicatory proceeding or any civil action in a court of law including the right to the filing of a notice of intent, to present evidence and witnesses on its behalf, to cross-examine ADEC's witnesses, to a jury trial, and to administrative and judicial review. The Respondent acknowledges that it is knowingly and voluntarily waiving these rights.

X. DISPUTE RESOLUTION

38. The parties agree to make reasonable efforts to informally resolve at the staff level all disputes that may arise in connection with this Order. If any dispute is still unable to be resolved, the Respondent may make a written request for the ADEC Commissioner or the Commissioner's delegate to resolve the dispute. The pendency of any dispute pursuant to this

paragraph shall not affect Respondent's responsibility for timely performance of the requirements of the Order. The Commissioner or the Commissioner's delegate will issue a final determination in writing. The written decision will be final for purposes of judicial review pursuant to Alaska Rule of Appellate Procedure 602(a)(2). The determination of the Commissioner or the Commissioner's delegate will remain in effect pending resolution of any judicial appeal unless a stay is sought and granted by the court on appeal.

XI. REPORTING

39. BPXA will submit monthly reports to ADEC that summarize activities undertaken under this Order. Either BPXA or ADEC may request a meeting at any time to discuss issues associated with this Order, and the party receiving such a request shall make itself available as promptly as practicable.

XII. JURISDICTION AND VENUE

40. Any judicial action brought by either party to enforce or adjudicate any provision of the Order shall be brought in the Superior Court for the State of Alaska, Third Judicial District at Anchorage.

XIII. EFFECTIVE DATE

41. The effective date of the Order shall be the date of the last signature when the Order is signed by authorized representatives of the BPXA, ADEC and the Alaska Attorney General's Office.

XIV. SUCCESSORS

42. The Order shall be binding upon the Respondent, its agents, successors, and assigns (including any lessee or grantee of the FACILITY), and upon all persons, contractors and consultants acting on behalf of the Respondent. The Respondent shall incorporate a copy of the Order into any conveyance of its interest in the FACILITY and into any lease or management agreement, and shall require in any conveyance that the grantee or lessee shall comply with all of the requirements of the Order.

XV. TERMINATION

43. The Order shall terminate on the first to occur of the following:
- a. the day after the Respondent misses a deadline imposed under paragraph 23, unless the delay is excused pursuant to paragraph 27;

- b. the day after ADEC notifies the Respondent that ADEC is terminating the Order due to the Respondent's failure to comply with any of the provisions set forth herein to the reasonable satisfaction of ADEC;
- c. the day after ADEC issues a voluntary written termination of the Order; ADEC will terminate the Order upon request if Respondent establishes to ADEC's satisfaction that it has established compliance for all of the issues outlined in Counts I-IV of Section III of the Order and has complied with the provisions of this Order.

DATED: 5/29/02

DEPARTMENT OF ENVIRONMENTAL
CONSERVATION

By: *Jeff Mach*
Jeff Mach
Oil and Gas Coordinator

DATED: 30 May 2002

BRUCE M. BOTELHO
ATTORNEY GENERAL

By: *Camron Leonard*
Camron Leonard
Assistant Attorney General

DATED: 05-14-02

BP EXPLORATION (ALASKA) INC.

By: *Jack M. Fritts*
Jack M. Fritts *Operations*
Greater Prudhoe Bay Unit ~~Field~~ Manager

I, *JACK M. Fritts*, hereby certify that I hold the position of Greater Prudhoe Bay Operations Manager and that I am a responsible official for the Respondent's FACILITY and that I have the authority to enter into agreements on behalf of the Respondent and the FACILITY and to otherwise legally bind the Respondent and the FACILITY. I hereby acknowledge that I have freely and voluntarily entered into this agreement with the State of Alaska on behalf of the Respondent.

SUBSCRIBED AND SWORN to before me this 14th day of May, 2002.



Monica P. Brewster
Notary Public, State of Alaska
My commission expires: _____

My Commission Expires
November 9, 2004

ALASKA STATE HOUSE OF REPRESENTATIVES



Interim Address:
345 W. Sterling Hwy
Suite 102B
Homer AK 99603
(907)-235-2921
Fax# (907)-235-4008

Session:
(907)-465-2689
FAX# (907) 465-3472
State Capital
Room 102

REPRESENTATIVE PAUL SEATON DISTRICT 35

Memorandum

From: Rep. Paul Seaton
To: House Resources Co-Chair Rep. Ralph Samuels
House Resources Co-Chair Rep. Jay Ramras
Senate Resources Chair Sen. Tom Wagoner
Date: September 14, 2006
Re: BP Transit lines pigging information request

Please submit the following requests for information to BP for so we can have a discussion of the matter at the next Resources meeting:

1. We would like to see a copy and analysis of the pressure log data for the pigging operations on BP transit lines in 1992 again in 2006. We would like to determine if any increased pressure needed to move a pig down a line with a lot of contamination built up could have caused or played a role in the subsequent pipeline leaks.

2. Please provide the committee with a two-year summary of the pigging done on transit pipelines in fields that BP operates worldwide. Please specify which examples of the pigging frequency in other BP operated fields are similar to the Prudhoe Bay NS transit lines.

We have been provided information that standard industry practice is to pig often to prevent problems. We have been informed that each field has different oil and gas characteristics that require different procedures but nowhere to our understanding is regular pigging not done. If you have examples of such, please specify and provide details of the reasons for such a low maintenance determination.

3. Was the fact that the Prudhoe Bay transit lines were carrying much less than design volume combined with the idea that the pipeline diameter could be reduced by sludge accumulation without increasing pump pressure or otherwise impacting the operational efficiency of the line a consideration in the determination not to clean or maintenance pig the transit lines?

ALASKA STATE HOUSE OF REPRESENTATIVES



Interim Address:
345 W. Sterling Hwy
Suite 102B
Homer AK 99603
(907)-235-2921
Fax# (907)-235-4008

Session:
(907)-465-2689
FAX# (907) 465-3472
State Capital
Room 102

REPRESENTATIVE PAUL SEATON DISTRICT 35

Memorandum

From: Rep. Paul Seaton
To: House Resources Co-Chair Rep. Ralph Samuels
House Resources Co-Chair Rep. Jay Ramras
Senate Resources Chair Sen. Tom Wagoner
Date: September 7, 2006
Re: Transit Lines and TAPS Pigging Schedules

BP testified to the Joint House and Senate Resources Committee meeting on August 18th that they did not think they needed to pig clean and smart pig the transit lines because they were handling market ready oil - that is oil with the majority of the water and contaminants removed. However, other information has circulated that the clean pigging was not done previously because TAPS Pump Station #1 could not handle the built-up volume of sludge with its filtration system and other arrangements were not made to alternatively handle that volume of sludge. I requested from BP verification of that information and any BP correspondence with TAPS on the issue at the last meeting and am awaiting a response.

Additional information available from Alyeska Stakeholders Information Office published August 2006 entitled "Pigging the Trans Alaska Pipeline System" says that "cleaning pigs run weekly or every other week, smart pigs are scheduled every three years..." and "...in 29 years of operation, 60 smart pigs have been run to inspect the pipeline."

Please submit the following question for an answer at the next Resources meeting: since BP is an owner of Alyeska, how can it justify not pigging the transit lines it operates in the Prudhoe Bay unit handling market oil while the same market oil in TAPS requires a substantial expenditure and aggressive cleaning pig and smart pigging schedule as outlined above?

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL & GAS

SARAH PALIN, GOVERNOR

550 WEST 7TH AVENUE, SUITE 800
ANCHORAGE, ALASKA 99501-3560

PHONE: (907) 269-8800

FAX: (907) 269-8938

June 5, 2007

The Honorable Bart Stupak, Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Stupak:

On May 16, 2007 I testified on behalf of the State of Alaska at the hearing entitled "2006 Prudhoe Bay Shutdown: Will Recent Regulatory Changes and BP Management Reforms Prevent Future Failures?" This letter responds to the following questions asked by yourself and by Rep. Inslee:

1. What did BP tell the Alaska Department of Environmental Conservation (ADEC) in order to justify its request that ADEC waive the pigging requirement in the May 29, 2002 Compliance Order By Consent (COBC)?
2. Why did ADEC agree to waive the pigging requirement?

In support of my responses, several relevant documents are provided for your reference. Some of these documents have only recently been received by the State of Alaska, and help significantly to clarify the events in question. With the exception of the documents identified with the prefix "BPXA-ADEC" and the excerpts from the "Commitment to Corrosion Monitoring Reports," it is my understanding that all of the attached documents have previously been received by the Subcommittee.

In response to the first question, the short answer is that BP told ADEC that testing indicated its original report regarding solids in the oil transit lines (OTLs) was incorrect, and that only minimal sediment existed. BP then told ADEC that it had made facility modifications which would allow it to pig the OTLs at any time in the future.

The state's previous response on this issue is captured in the October 16, 2006 letter from ADEC Commissioner Kurt Fredriksson to Chairman Barton providing information on the COBC. The requirement that BP pig the pipeline segments was included in the COBC as a result of BP's earlier report that solids had been discovered in the OTLs that could interfere with tests of the leak detection system. However, in August 2002, after the COBC was entered into, BP notified ADEC that flow meter testing indicated that in fact only minimal sediment existed. This information sets forth BP's position that its earlier sediment estimates had been incorrect such that pigging the OTLs as a prerequisite to testing the leak detection system was no longer necessary. The attached August 9, 2002 letter from Gary Campbell to Lydia Miner, and Ms. Miner's August 14, 2002 response further support this conclusion. The October 13, 2002 letter from Kevin Gaynor on this issue includes as attachments additional internal BP

"Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans."

documents attempting to reconcile BP's original representations to ADEC and BP's subsequent retraction of its statements regarding sediment levels following additional ultrasonic testing. Last, BP's October 2002 internal timeline summarizes events relating to the leak detection requirements, and draws from internal BP e-mail discussing this issue.

The "Billie Garde Report," in particular pages 16-22, sheds additional light on BP's inconclusive determination regarding whether sediment existed in the OTLs. Importantly, none of the correspondence or data underlying the debate was shared with ADEC or any other Alaska agency until recently. The Garde Report also does not address the fact that ADEC was ultimately told that only minimal sediment existed in the OTLs.

Finally, I draw your attention to key statements in several of the "Commitment to Corrosion Monitoring" reports submitted by BP each year pursuant to the Charter Agreement. (The full reports are available at the following website: <http://www.dec.state.ak.us/spar/ipp/nscharter.htm>.) These reports focused on well lines and flow lines, only reporting on the OTLs by exception, and then only briefly. However, the reports for 2002, 2003, and 2004 did specifically address the issue of pigging the OTLs. In those reports, BP informed the state that "periodic maintenance pigging" was part of its corrosion mitigation plan for "export oil" lines, i.e., the OTLs. We now know that no maintenance pigging had been done on the Western Operating Area OTLs since 1998, and on the Eastern Operating Area OTLs since 1990. However, since BP informed ADEC in Mr. Campbell's August 9, 2002 letter that it had made modifications which would allow it to pig the OTLs at any time in the future without further facility modifications, and subsequently stated that periodic maintenance pigging was in fact being performed on the OTLs, ADEC had no reason to believe that sediment build-up was an ongoing problem on those lines. This answers your second question.

Thank you for the opportunity to provide additional information in response to your questions, and for the opportunity to appear before the Subcommittee.

Sincerely,

Jonne Slemons
Petroleum Systems Integrity Office Coordinator

Enclosures:

Compliance Order By Consent, Consent Order No. 02-138-10
October 16, 2006 Fredriksson/ADEC Letter to Hon. Joe Barton
August 9, 2002 Campbell Letter to L. Miner/ADEC
August 14, 2002 Miner/ADEC Letter to G. Campbell
November 26, 2002 Conrad letter to C. Leonard/ADEC
March 25, 2003 Bronson Letter to J. Mach/ADEC
April 3, 2003 Hutmacher/ADEC Letter to J. Fritts
October 13, 2006 Gaynor Letter to Snowdon, Knauer
February 13, 2002 Phillips Letter to M. Barnes
January 31, 2002 Conrad Letter to C. Leonard/ADEC, with attachments
October 19, 2002 Campbell E-mail to Phillips, Blankenship, Conrad
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Enclosures, cont:

November 18, 2002 Phillips Letter to M. Barnes
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Excerpt, "Commitment to Corrosion Monitoring, Year 2002"
Excerpt, "Commitment to Corrosion Monitoring, Year 2003"
Excerpt, "Commitment to Corrosion Monitoring, Year 2004"

cc (w/enclosures):

The Honorable Sarah Palin, Governor, State of Alaska
The Honorable Ted Stevens, Senator, U.S. Senate
The Honorable Lisa Murkowski, Senator, U.S. Senate
The Honorable Don Young, Representative, U.S. House of Representatives
Vice Admiral Thomas J. Barrett, USCG (Ret.), Deputy Secretary, U.S.
Department of Transportation
Stacey Gerard, Chief of Pipeline Safety, Pipeline and Hazardous Materials Safety
Administration, U.S. Department of Transportation
Commissioner Thomas Irwin, Alaska Department of Natural Resources
John Katz, Director, Alaska Governor's Office, Washington, D.C.

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Excerpt, "Commitment to Corrosion Monitoring, Year 2003"
Excerpt, "Commitment to Corrosion Monitoring, Year 2004"

cc (w/enclosures):

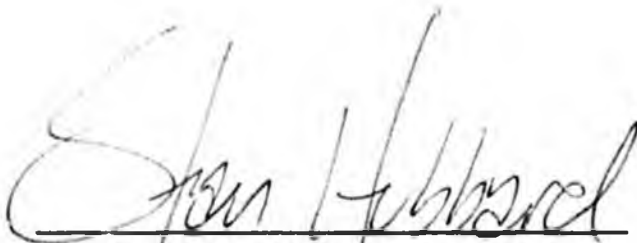
The Honorable Sarah Palin, Governor, State of Alaska
The Honorable Ted Stevens, Senator, U.S. Senate
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Administration, U.S. Department of Transportation
Commissioner Thomas Irwin, Alaska Department of Natural Resources
John Katz, Director, Alaska Governor's Office, Washington, D.C.



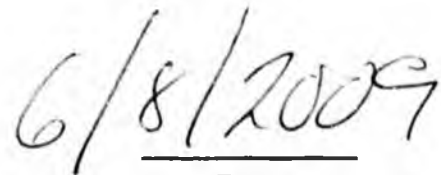
RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original documents after microfilm reproductions have been made.



Signature of Camera Operator



Date

1/23/08

PRESENT.:

KENAI

RIVER

SPORTS

FISHING

ASSOC.

Terry Harvey

From: Gary Hollier [glh@alaska.net]
Sent: Friday, January 25, 2008 10:12 AM
To: Sen. Charlie Huggins
Cc: Sen. Bert Stedman; Sen. Tom Wagoner; Rep. Carl Gatto; Rep. Craig Johnson; Rep. Paul Seaton; Rep. Peggy Wilson
Subject: *****SPAM***** FW: Cook Inlet model

From: Gary Hollier [mailto:glh@alaska.net]
Sent: Friday, January 25, 2008 9:48 AM
To: 'senator_charlie_huggins@legis.state.ak.us'
Cc: 'senator_bert_stedman@legis.state.us'; 'senator_tom_wagoner@legis.state.us'; 'representative_carl_gatto@legis.state.us'; 'representative_craig_johnson@legis.as.us'; 'representative_paul_seaton@legis.state.us'; 'representative_peggy_wilson@legis.state.us'
Subject: Cook Inlet model

Dear Senator Huggins,

I listened in on Thursday to the presentation from Mr. Beamsderfer to the joint meeting of the house and senate resource committee. I do not understand how Kenai River Sportsman Association had enough power to get this scheduled. It was brought out in the discussion that the Cook Inlet model was not about allocation. I would hope nobody at the table was naïve enough to believe that statement. Mr. Beamesderfer is a hired gun by KSRA to specifically deal with allocation issues for Cook Inlet. Mr. Beamesderfer has attended the past 2 BOF meetings and has pushed KSRA's agenda in requesting allocation changes in Cook Inlet. KRSA has been on record for decades that they want the commercial fishery in Cook Inlet severely restricted. Specifically they want the East-side set-nets out of the water completely. KSRA is 99% about allocation. They have the Kenai River Classic on public resources, and then use the proceeds to finance their allocation battles. Look on the Boards Support web site and KSRA comments are in for the up-coming BOF meeting. You decide if they are not all about allocation changes in Cook Inlet. If you go to the Board of Fish in Anchorage Feb.1-12, KSRA will be using their money from the Classic to fiancé their points of allocation to the BOF. They have been doing this for years.

The State of Alaska gives the BOF the entitlement to regulate fisheries in Alaska. The BOF sets in-river goals that are too achieved by ADF&G. The BOF then ties ADF&G's hands by putting mandatory windows and restricting emergency order authority. This has led to over-escapement s into the Kenai River 5 out of the last 6 years. The Kasilof River has not met its in-river goal 9 out the past 10 years. The real model that should be implemented is the BOFshould give ADF&G the authority to manage for the in-river goals.

Thank you,
Gary Hollier
Soldotna, Ak.

1.23.08

present - Kawasaki, Roses, Wilson, Johnson,
Gatto, Johnson, Seaton, Fairclough,
Thomas, Norman, Gullenberg, Green, Wilochowski,

craig - what it will take to make good
decisions on science not special interest,

Beamslder - here to advocate for science -

escapement studies must be accurate
continued need to fix any problems
cook inlet, Northern District

Genetic Stock Identification - must
know how many fish there are & where

King studies - need to study King
as much as sockeye

modal is designed to flag areas where
data is missing/needed

sensitivity & risk rather than predictability

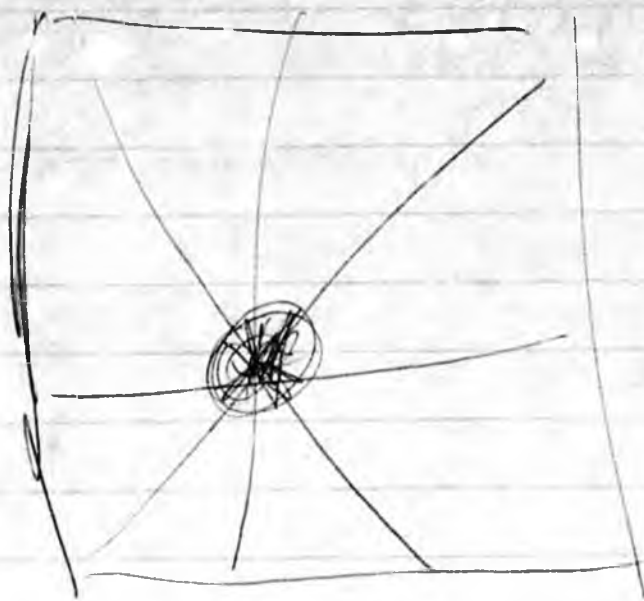
Not about application

NOAA model

Chayin fishy

Garbage In Garbage Out

Need more Accural Information



~~Garbage~~

How much data need for Genetic Testy
- Data -

Sater
Wilson

~~Seaton~~
Wilson
Johnson
Roses

Good afternoon members of the joint House and Senate Resources committees.

My name is Reuben Hanke and I serve on the Kenai River Sportfishing Association Board of Directors and chair its fisheries committee.

It is my pleasure to introduce today's speaker.

Ray Beamesderfer is a senior fisheries consultant for Cramer Fish Sciences, a professional natural resources group that provides innovative solutions to challenges with fish populations and aquatic ecology along the Pacific Coast from Alaska to California.

With over 20 years of experience analyzing applied problems of fish biology and management, Ray has special expertise in using qualitative analysis, statistics and computer modeling to solve difficult fish questions.

Ray holds a bachelor's degree in Wildlife and Fisheries Biology from the University of California, Davis, and a Master's in Fishery Resources from the University of Idaho.

Prior to joining Cramer team in 2000, he worked for the Oregon Department of Fish and Wildlife in Columbia River fish and fishery management and research.

Ray's presentation today is a complex fisheries model for analyzing outcome of Upper Cook Inlet management decisions.

ALASKA STATE LEGISLATURE HOUSE RESOURCES COMMITTEE

Representative Carl Gatto, Co-Chair
State Capitol Building, Room 108
Juneau, Alaska 99801-1182

Phone: (907) 465-3743
Fax: (907) 465-2381
E-mail: Rep_Carl_Gatto@legis.state.ak.us



Representative Craig Johnson, Co-Chair
State Capitol Building, Room 126
Juneau, Alaska 99801-1182

Phone: (907) 465-4993
Fax: (907) 465-3872
E-mail: Rep_Craig_Johnson@legis.state.ak.us

**ROOM
124**

COMMITTEE MEMBERS

Representative
Anna Fairclough
Representative
Bob Roses
Representative
Paul Seaton
Representative
Peggy Wilson
Representative
Bryce Edgmon
Representative
David Gutfenberg
Representative
Scott Kawasaki

**Joint House and Senate Resources Committee Meeting
Wednesday, January 23, 2008
1:00 p.m. - 2:30 p.m.
House Resources Room Barnes 124**

AGENDA

Fish Model Presented by Kenai River Sport Fishing Association

Ray Beamesderfer, M.S., Associate Consultant,
Fisheries Scientist of Cramer Fish Sciences
Cramer Fish Sciences
600 NW Fariss Rd., Gresham, OR 97030
(877) 977-0102 Toll Free, (503) 465-1940 Fax
Oregon - California - Washington - Idaho - Alaska

Testify on Presentation:

Dr. Roland Maw, Executive Dir
United Cook Inlet Drift Association
43961 Kalifornsky Beach Rd, Ste E
Soldotna, AK 99669
907-260-9436 or 907-398-7992
ucida@acsalaska.net

Brent Johnson, President
Kenai Peninsula Fishermen Association
43961 Kalifornsky Beach Rd Ste F,
Soldotna, AK 99669
907-262-1771 ph/ 262-1064 fax
ragweb@gci.net

Request to testify at the Joint House and Senate House Resources Committee
January 23, 2008

Dr. Roland Maw, Executive Dir
United Cook Inlet Drift Association
43961 Kalifornsky Beach Rd, Ste E
Soldotna, AK 99669
907-260-9436 or 907-398-7992
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907-262-1771 ph/ 262-1064 fax

RAY BEAMESDERFER, M.S.

ASSOCIATE CONSULTANT, FISHERIES SCIENTIST
GRESHAM, OREGON

Senior fisheries consultant Ray Beamesderfer joined Cramer Fish Sciences in 2000, has analyzed applied problems of fish biology and management for over 20 years, and has extensive experience with salmon, steelhead, trout, sturgeon, warmwater game and nongame species throughout Oregon, Washington, Alaska, Idaho, and British Columbia.



Responsibilities: Ray has special expertise in using quantitative analysis, statistics, and computer modeling to solve difficult fish questions, and in synthesizing and translating scientific analyses for a variety of audiences and needs. He has completed a wide variety of fishery management, biological assessment, and conservation or recovery planning projects for varied agencies, firms, tribes and organizations.

Projects: Beamesderfer is the author of numerous reports, biological assessments, management plans, and scientific articles on fish population dynamics, fish conservation, fishery and hatchery management, sampling, and species interactions. Notably, he served as the chief scientist and editor for Washington's lower Columbia River Salmon Recovery and Fish and Wildlife Subbasin Plan.

Background: Ray holds a bachelor's degree in Wildlife and Fisheries Biology from the University of California, Davis, and a Master's in Fishery Resources from the University of Idaho.

Before joining the Cramer team, he worked for the Oregon Department of Fish and Wildlife in Columbia River fish and fishery management and research.

Personal: Like many of his cohorts at Cramer Fish Sciences, Ray has a passion for the outdoors.

Cramer Fish Sciences
600 NW Fariss Rd., Gresham, OR 97030
(877) 977-0102 Toll Free, (503) 465-1940 Fax
Oregon - California - Washington - Idaho - Alaska

From: Ken & Connie Tarbox [mailto:tarbox@ptialaska.net]

Sent: Tuesday, January 22, 2008 7:17 PM

To: Sen. Charlie Huggins; Sen. Tom Wagoner; Rep. Paul Seaton; Sen. Gary Stevens; Dwight Kramer

Cc: Lloyd, Denby S (DFG)

Subject: Re: Joint Resource Committee Meeting

As a past ADF&G employee (Research Project Leader for UCI Commercial Fisheries Division 1980-2000) I would like to comment on the UCI model presentation to the joint resource/fisheries committees by a Kenai River Sport Fishing Association consultant, scheduled for Weds.

Models can serve a purpose and I have helped develop them in UCI. However, models require assumptions and in that context those assumptions can significantly impact the outcome or product of the model.

I have looked at run reconstruction issues in UCI and I am very skeptical that any model can do what KRSA claims. For example, how one deals with migratory timing can significantly impact model results. I have attempted to do this and I can assure you that there are no data to make precise estimates of travel times between the fisheries and within the river. These estimates are critical to the precision and accuracy of the outcomes.


In addition, any model prepared to date cannot take into account the risk tolerance of the fishery manager who makes emergency order decisions. The area management biologist has much greater control via emergency order authority than any words in a management plan. Therefore to imply that a model can tell how allocations or escapement will be reached from a management plan is bogus.

In truth KRSA does not want local managers to make the decision. They have promoted a proposal at the upcoming Board of Fisheries meeting to have escapement goals take a lower priority over closed fishing periods or other allocation restrictions. This is contrary to good fisheries management and Alaska's escapement goal management is foundational to the success this State has had with fisheries management.

I strongly urge the legislature to reject the seductive nature of models until such time that those models are thoroughly reviewed by technical experts, local biologist (both active and retired) and stakeholders in the UCI fisheries. This process should take months not days before a Board of Fisheries meeting.

The agenda of presenting this now is very clear to those of us in UCI who have watched KRSA over the years. Trying to get the legislature to validate this model is one example. I implore you to cancel this meeting or at the least make no comment on the usefulness or validity of this model. I can assure you that this model is flawed because of the assumptions of model development in UCI. Please do not be fooled by PowerPoint presentations and so called experts of KRSA

Thank you,

Ken Tarbox 907-

Tuesday, January 22, 2008 6:16 PM

Sen. Gary Stevens; Rep. Paul Seaton; Sen. Tom Wagoner; Sen. Charlie Huggins

Joint Resource Committee Meeting

: Follow up

Green

Today that your committee is providing a joint hearing tomorrow to hear a presentation by Kenai River Sport fishing a model advocating the advantages of political windows based fishery management in Cook Inlet as rather than scientifically based escapement goals management. Has anyone in your group wondered why we waste time away from a short 90 day session to listen to a presentation on a model that is biased and has never been made public or reviewed by your own Department of Fish and Game? And you wonder why the general public legislatures being in the hip pockets of powerful special interest groups. How many of you are enamored by the way KRSAs has and is willing to spread around so that they can get your ear on their quest to reduce escapement in the Inlet. That is their goal, make no mistake about it. And do you really think it is about red salmon? Of course not, it is only riding this horse so that the commercial fishermen are on the beach more so that their precious Kings and more Kings and Coho enter the valley streams. At what price?

The Kenai Area Fisherman's Coalition, represents private anglers on the Kenai Peninsula. We have a BOD of members including 10 retired fisheries biologists with over 120 years of fisheries scientific background in Cook Inlet. We hear to tell you that windows are not working as advertised and the preferred method of fisheries management which manages for escapement goals utilizing the principals of MSY recognizing all user groups. Valley anglers are beating the drum that they want more windows and restrictions to increase fish numbers in their streams. How do you feel about the ADF&G data lately? Plenty of Sockeye are entering your streams but your production is on its butt. You are only targeting the commercial fisheries to make up the difference and you intentionally continue to ignore the problems in your producing lakes and streams. What are you doing to address the problems with pike, beaver dams, etc. in your better salmon producing areas? You have already lost a good number of salmon producing streams. It will be jeopardized if you don't address these problems.

Folks on the Kenai cannot take anymore mismanaged red salmon runs that over-escape our river. The problems on the Kenai are compounded when we continue to put too many fish on the spawning grounds. Future runs on the Kenai are questionable beyond 2009 because of some of these factors. We may be facing such a shortage that will be affected, including the personal use fishery that many valley folks rely on just as we do.

Which a collapse caused by windows management tying the hands of fishery managers will be that there will be no one getting a free pass to the river. Getting the picture?

How do you cancel this inappropriate presentation until such a time that it is reviewed for accuracy and context. In situations it is easy to get drawn in when there is nobody there, or pertinent information available, to refute the statements. What do you have to gain by listening to biased information? And aren't you just a little curious about the results weeks before the BOF meeting dealing with these issues. Your committee should adhere to listening to good information that has been reviewed and commented on by Department of Fish and Game officials. It is our opinion that you are losing your credibility for this information when it reaches the BOF meeting on Feb. 1st.

This is as constructive criticism of a process that has gone wrong to propel an agenda of some on your joint committee and perhaps leadership.

Jeanne Ostnes

From: Sen. Charlie Huggins
Sent: Wednesday, January 23, 2008 12:18 PM
To: Jeanne Ostnes
Subject: FW: Rep Kelly Wolf Retired
Importance: High

Jeanne,

Sharon Long asked me to forward you this e-mail for the 1pm SRES meeting today. She asked that you place them in the packets for you. Thanks so much for your help!!

*Karen Sawyer, Staff
Office of Senator Charlie Huggins*

~~~~~  
907-465-3878 Main  
907-465-3265 Fax  
State Capitol, Room 119  
Juneau AK 99801

---

**From:** popacsalaska.net [mailto:ycr@acsalaska.net]  
**Sent:** Wednesday, January 23, 2008 11:46 AM  
**To:** Sen. Charlie Huggins  
**Subject:** Rep Kelly Wolf Retired

Senator

I was just informed of the coming up joint resources committee hearing , and the presentation from Kenai River Sport Fish Association and there Cook Inlet Model.

I think the legislature is stepping into dangerous territory given the Recent statement issued by the FBI Integrity Corruption Unit out of Washington. See it below

**Statement made in Nov 2007**

**"Each member of the Alaska State Legislature has an inherent duty to the public of the State of Alaska to conduct their dealings free of conflicts of interest," prosecutors said in a memorandum filed Saturday. "The existence of this duty is intrinsic to a public official's obligation to conduct his or her affairs free of improper influences." State law requires legislators to not only avoid conflicts of interest, but even the appearance of a conflict.**

**KRSA is a 501(c) 3 NPO who is legally bound by the IRS not to influence legislation, Remember Mr. Bob Penney the self proclaimed founder and former chairman of KRSA recently was subpoenaed by the FBI to testify before the federal Grand jury regarding the corruption in Alaska politics... The question is will this presentation today have any influence on the up coming**

1/26/2008

**board of Fish meetings in Anchorage.... YES!!**

**How far is this going to draw the special unit in to Alaska politics**

**is Sen. Huggins or you drawing a target on yourselves**

**Remember its the FBI and IRS that are jointly investigating Alaska politics... If I can see this then the men in black are already watching**

Just remember that is 501 (c) 3 NPO is not to attempt to influence legislation or elected officials

Former Rep. Kelly Wolf

# Upper Cook Inlet Fishery Controversies

*Research & Modeling Needs*



Cramer Fish Sciences



KENAI RIVER SPORTFISHING  
ASSOCIATION

# Today's Topics

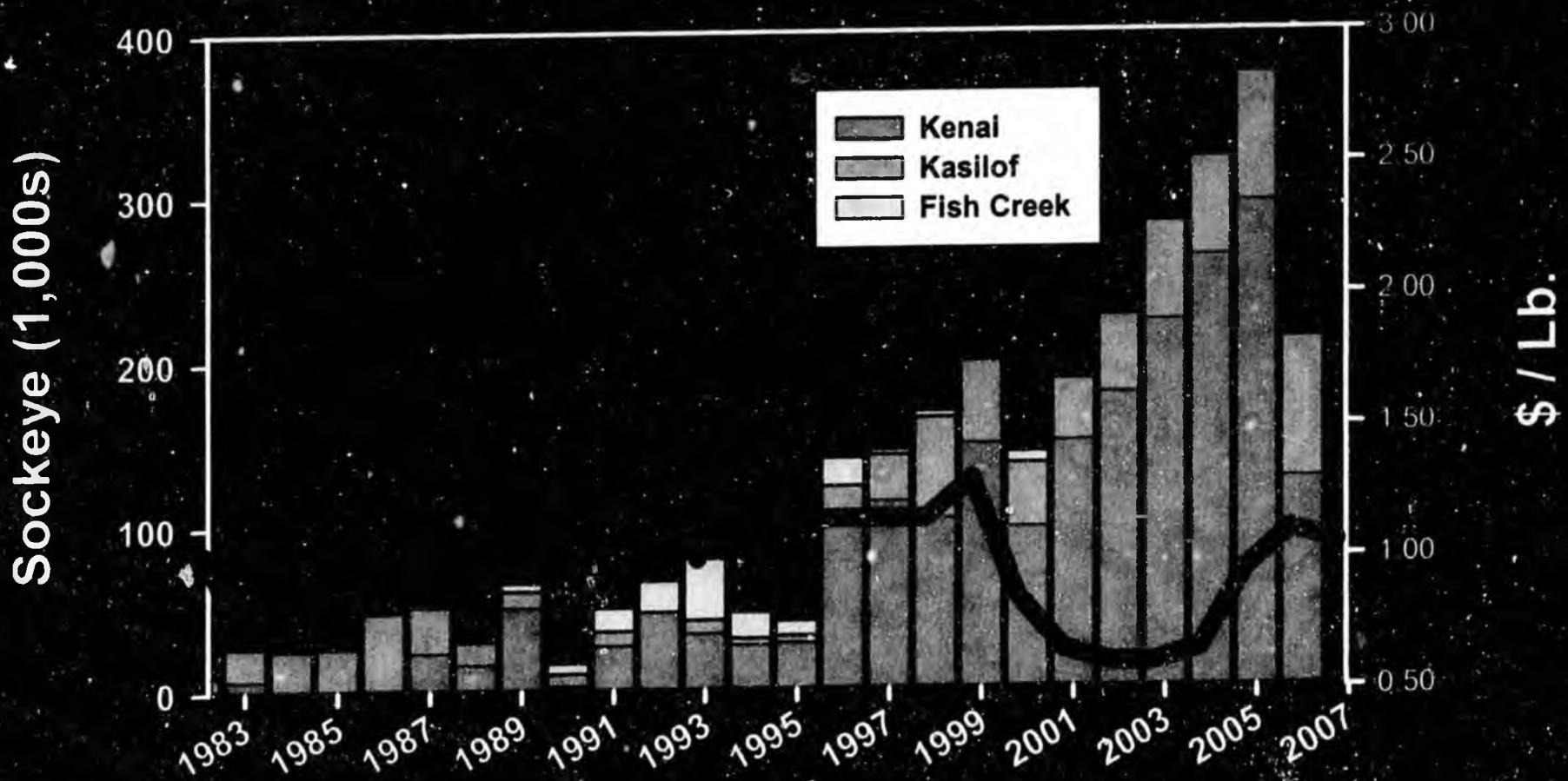


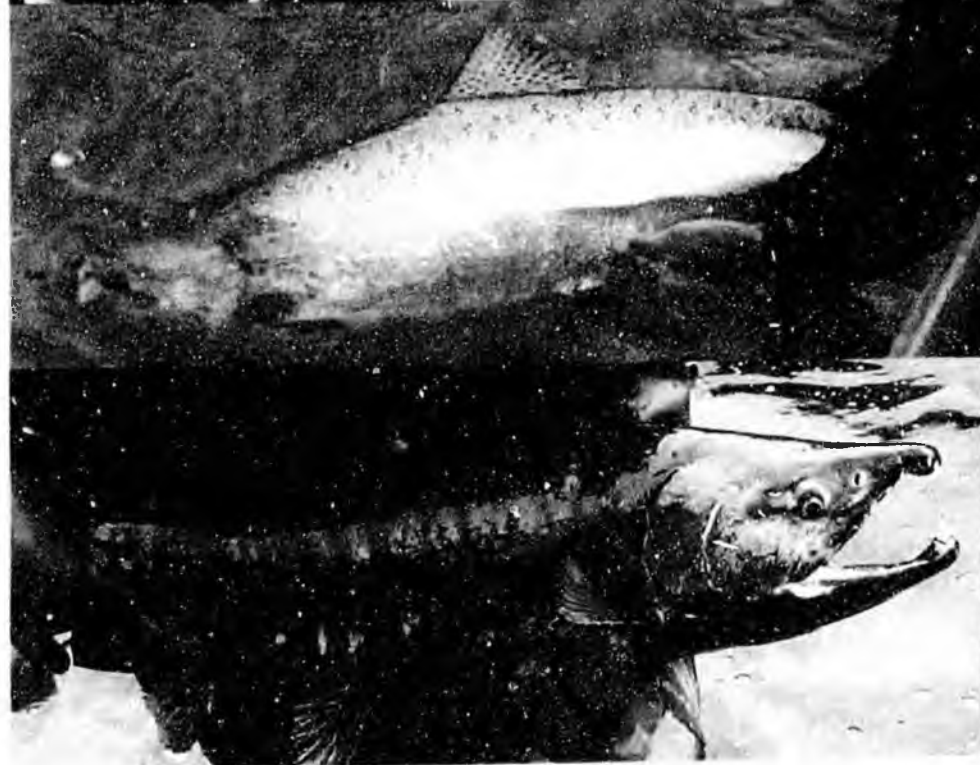
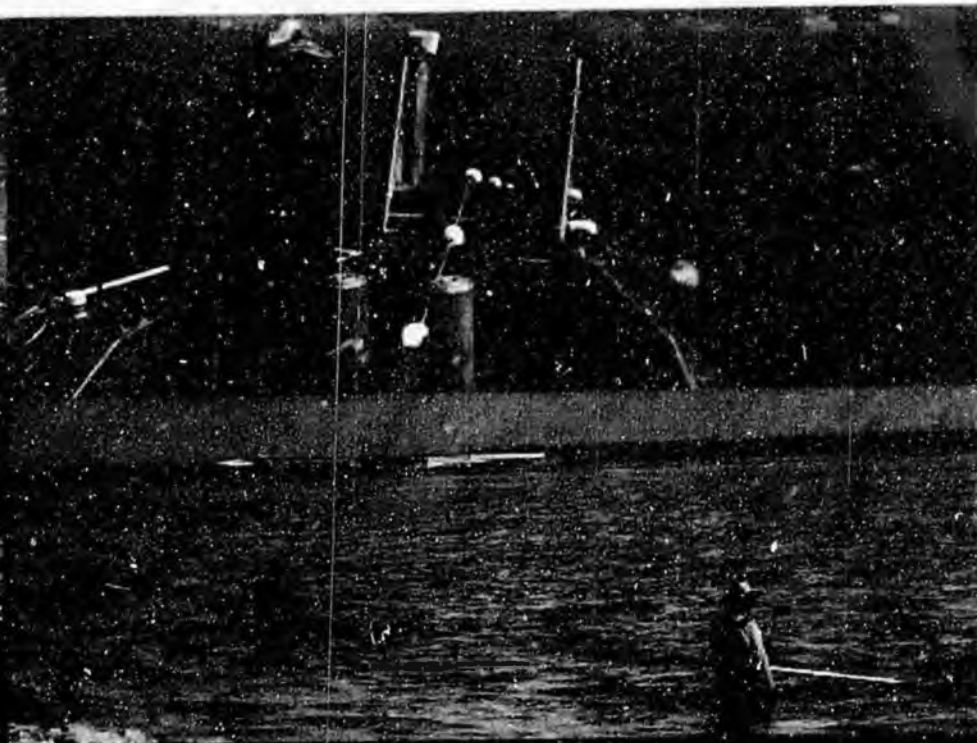
- Problem
- Analysis
- Needs

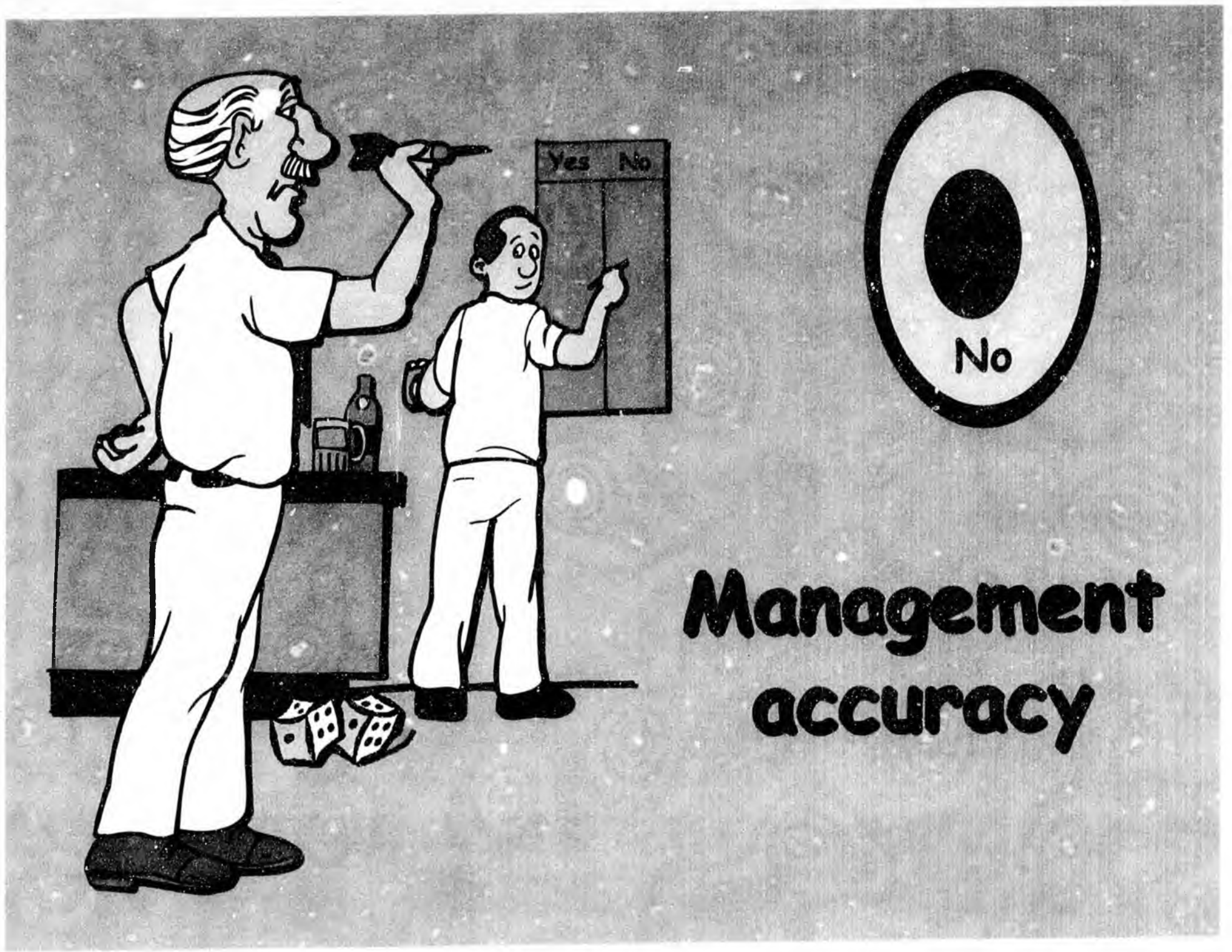
# Cook Inlet Fishery Management



# Competing Values







Yes No

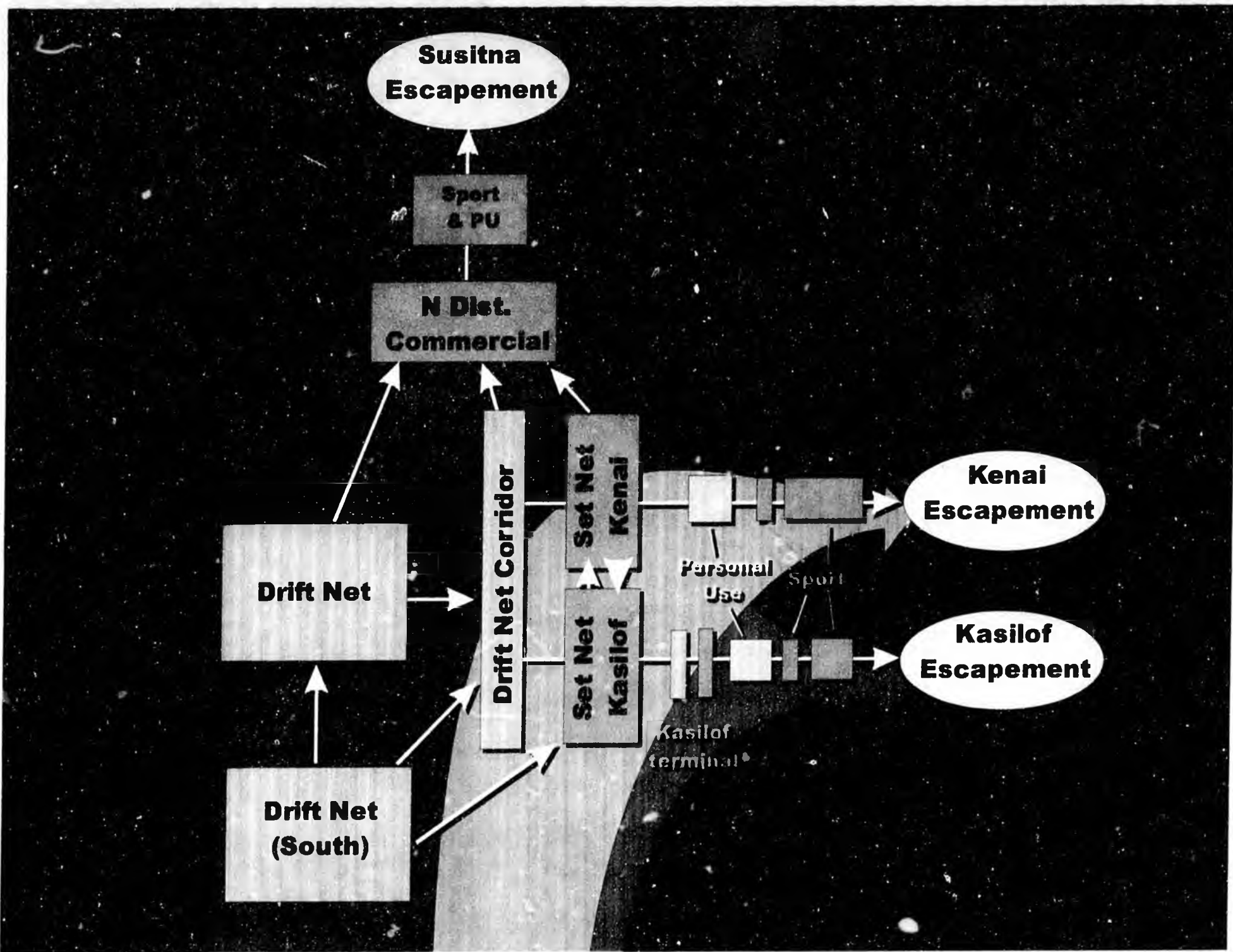
No

**Management  
accuracy**

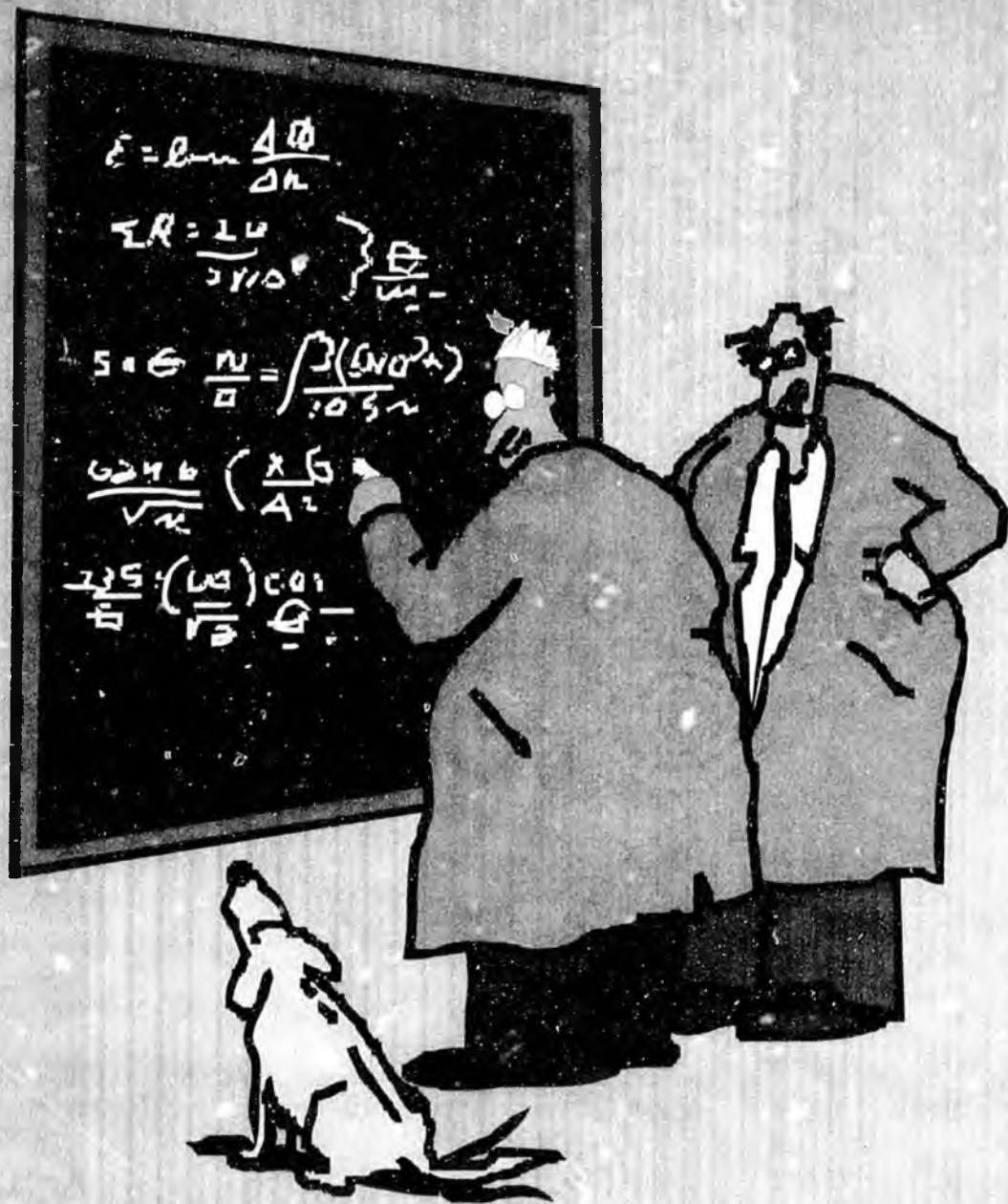
# Today's Topics



- Problem
- Analysis
- Needs



# Fishery Simulations in Cook Inlet Accompanying Progressive Exploitation



## FSCAPE - Fishery Simulations in Cook Inlet Accompanying Progressive Exploitation

| Fishery  |         |         | S | M  | T  | W  | T  | F  | S  | All |
|----------|---------|---------|---|----|----|----|----|----|----|-----|
| June     | WR 3    | DN Dist |   |    |    |    | 12 |    |    | 12  |
|          |         | Corr    |   |    |    |    |    |    |    | 0   |
|          | SN Kes  |         |   |    |    |    |    |    |    | 0   |
|          | Ken     |         |   |    |    |    |    |    |    | 0   |
| Oth term |         |         |   |    |    |    |    |    | 0  |     |
| WR 4     | DN Dist |         |   | 12 |    |    | 12 |    |    | 24  |
|          | Corr    |         |   |    |    |    |    |    |    | 0   |
|          | SN Kes  |         |   |    |    | 15 | 15 | 15 | 15 | 60  |
|          | Ken     |         |   |    |    |    |    |    |    | 0   |
| Oth term |         |         |   |    |    |    |    |    | 0  |     |
| July     | WR 1    | DN Dist |   |    | 12 |    |    | 12 |    | 24  |
|          |         | Corr    |   |    |    |    |    |    |    | 0   |
|          | SN Kes  |         |   | 12 | 15 | 15 | 15 | 15 |    | 72  |
|          | Ken     |         |   |    |    |    |    |    |    | 0   |
| Oth term |         |         |   |    |    |    |    |    | 0  |     |
| WR 2     | DN Dist |         |   | 12 |    |    |    | 12 |    | 24  |
|          | Corr    |         |   |    |    |    |    |    |    | 0   |
|          | SN Kes  |         |   | 18 | 18 |    |    | 12 |    | 48  |
|          | Ken     |         |   |    |    |    |    | 12 |    | 12  |
| Oth term |         |         |   |    |    |    |    |    | 0  |     |
| WR 3     | DN Dist |         |   | 12 |    |    |    | 12 |    | 24  |
|          | Corr    |         |   |    |    |    |    |    |    | 0   |
|          | SN Kes  |         |   | 12 |    |    |    | 12 |    | 24  |
|          | Ken     |         |   | 12 |    |    |    | 12 |    | 24  |
| Oth term |         |         |   |    |    |    |    |    | 0  |     |
| WR 4     | DN Dist |         |   | 12 |    |    |    | 12 |    | 24  |
|          | Corr    |         |   |    |    |    |    |    |    | 0   |
|          | SN Kes  |         |   | 15 | 15 |    | 15 | 15 | 15 | 75  |
|          | Ken     |         |   | 15 | 15 |    | 15 | 15 | 15 | 75  |
| Oth term |         |         |   |    |    |    |    |    | 0  |     |
| August   | WR 1    | DN Dist |   |    | 12 |    |    | 12 |    | 24  |
|          |         | Corr    |   |    |    |    |    |    |    | 0   |
|          | SN Kes  |         |   | 15 | 15 |    | 15 | 15 | 15 | 75  |
|          | Ken     |         |   | 15 | 15 |    | 15 | 15 | 15 | 75  |
| Oth term |         |         |   |    |    |    |    |    | 0  |     |
| WR 2     | DN Dist |         |   | 12 |    |    |    | 12 |    | 24  |
|          | Corr    |         |   |    |    |    |    |    |    | 0   |
|          | SN Kes  |         |   | 10 | 18 | 16 | 15 | 12 |    | 75  |
|          | Ken     |         |   | 16 | 16 | 18 | 15 | 12 |    | 75  |
| Oth term |         |         |   |    |    |    |    |    | 0  |     |

| Fish           | Run size         | Run timing | Daily variability |
|----------------|------------------|------------|-------------------|
| <b>Sockeye</b> | $\sigma = 5,000$ | July       | %                 |
| Kenal          | 3,000            | 11         | 0                 |
| Kasilof        | 1,000            | 3          | 0                 |
| Susitna        | 500              | 6          | 0                 |
| Other          | 500              | 6          | 0                 |
| <b>Kings</b>   | 87               |            |                   |
| Kenal          | 57               | 1          | 0                 |
| Kasilof        | 10               | 1          | 0                 |

**Fish Run Scenario**

Average     2002

2008     2005     2001

2007     2004     2000

2006     2003     1999

**Fishery Scenario**

Clear     2007     2004     2000

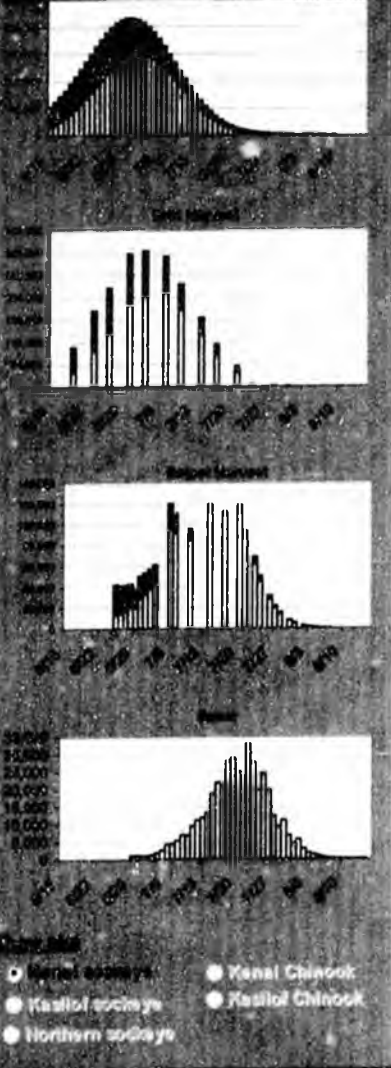
Current plan     2006     2003     1999

Current no windows     2005     2002

Meet Yentna     2005     2001

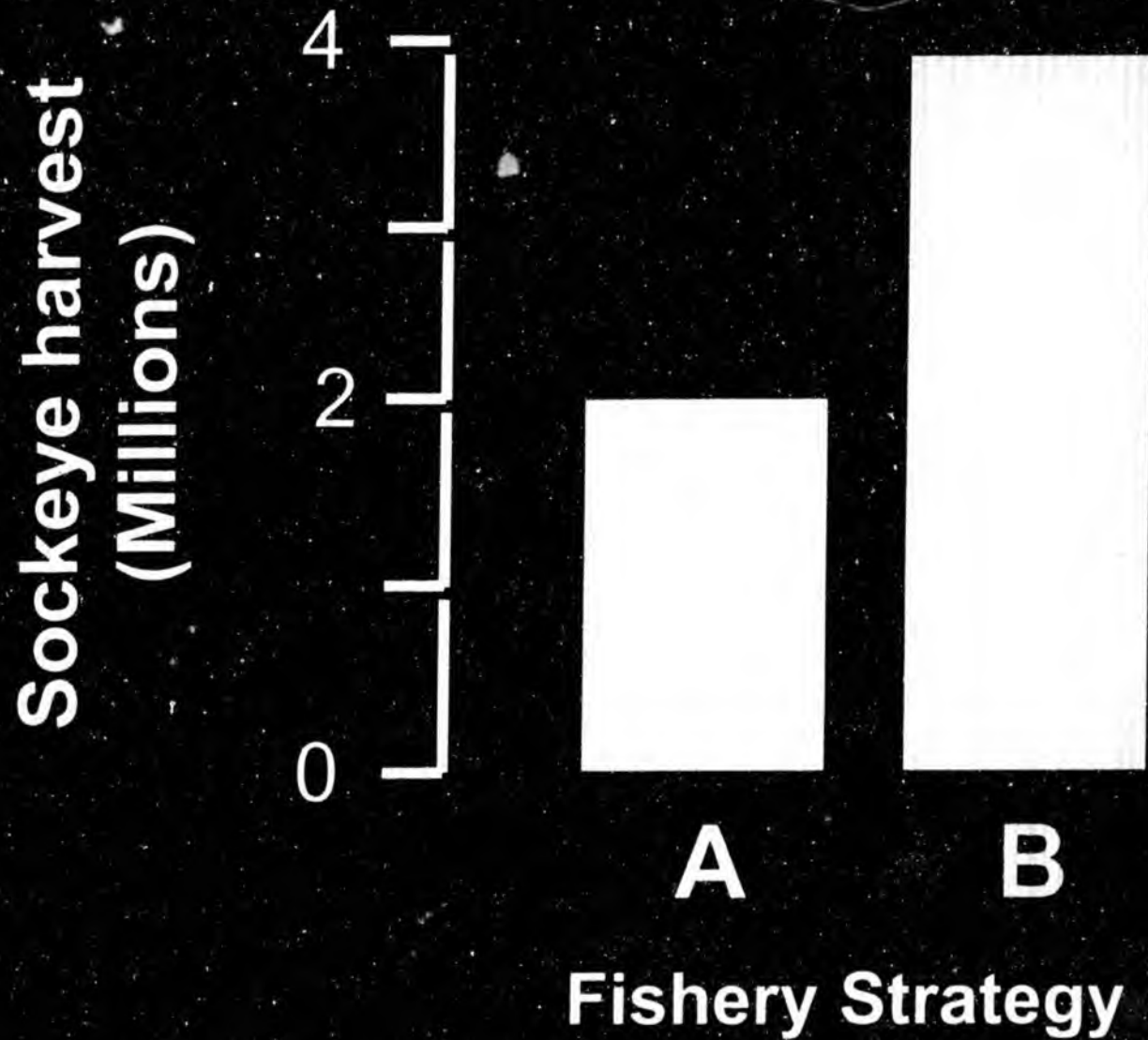
**Reset**

|                   | Sockeye          |                |                |                | Total            | Share  | Kings         |              |               |       |
|-------------------|------------------|----------------|----------------|----------------|------------------|--------|---------------|--------------|---------------|-------|
|                   | Kenal            | Kasilof        | Susitna        | Other          |                  |        | Kenal         | Kasilof      | Total         | Share |
| <b>Run</b>        | 3,000,000        | 1,000,000      | 500,000        | 500,000        | 5,000,000        | 67,000 | 10,000        | 67,000       |               |       |
| <b>Harvest</b>    |                  |                |                |                |                  |        |               |              |               |       |
| Drift net         | 780,000          | 280,000        | 130,000        | 187,500        | 1,377,500        | 39%    | 1,100         | 200          | 1,300         | 4%    |
| Set net           | 1,170,000        | 420,000        | 50,000         | 56,250         | 1,696,250        | 48%    | 14,000        | 1,800        | 15,800        | 45%   |
| Subtotal          | 1,950,000        | 700,000        | 180,000        | 243,750        | 3,073,750        | 86%    | 16,100        | 2,000        | 17,100        | 49%   |
| PU                | 170,000          | 50,000         | 0              | 0              | 220,000          | 6%     | 800           | 100          | 900           | 3%    |
| Sport             | 250,000          | 20,000         | 0              | 0              | 270,000          | 8%     | 15,000        | 2,000        | 17,000        | 49%   |
| Subtotal          | 420,000          | 70,000         | 0              | 0              | 490,000          | 14%    | 16,800        | 2,100        | 17,900        | 51%   |
| <b>Total</b>      | <b>2,370,000</b> | <b>770,000</b> | <b>180,000</b> | <b>243,750</b> | <b>3,863,750</b> |        | <b>30,800</b> | <b>4,100</b> | <b>38,000</b> |       |
| <b>Escape</b>     |                  |                |                |                |                  |        |               |              |               |       |
| Sonar             | 830,000          | 250,000        | 180,000        |                |                  |        | 106,383       | 13,713       | 120,096       |       |
| Escape            | 830,000          | 230,000        | 320,000        | 0              | 1,180,000        |        | 106,383       | 13,713       | 120,096       |       |
| <b>Stock comp</b> |                  |                |                |                |                  |        |               |              |               |       |
| Drift net         | 57%              | 20%            | 8%             | 14%            | 100%             |        | 85%           | 15%          | 100%          |       |
| Set net           | 69%              | 26%            | 3%             | 3%             | 100%             |        | 89%           | 11%          | 100%          |       |
| <b>Total</b>      | <b>63%</b>       | <b>23%</b>     | <b>6%</b>      | <b>6%</b>      | <b>100%</b>      |        | <b>88%</b>    | <b>12%</b>   | <b>100%</b>   |       |
| <b>Expl rate</b>  |                  |                |                |                |                  |        |               |              |               |       |
| Drift net         | 26%              | 28%            | 26%            | 38%            | 28%              |        | 2%            | 2%           | 2%            |       |
| Set net           | 39%              | 42%            | 10%            | 11%            | 34%              |        | 25%           | 18%          | 24%           |       |
| PU                | 6%               | 5%             | 0%             | 0%             | 4%               |        | 1%            | 1%           | 1%            |       |
| Sport             | 8%               | 2%             | 0%             | 0%             | 5%               |        | 28%           | 20%          | 25%           |       |
| <b>Total</b>      | <b>79%</b>       | <b>77%</b>     | <b>36%</b>     | <b>49%</b>     | <b>71%</b>       |        | <b>64%</b>    | <b>41%</b>   | <b>62%</b>    |       |

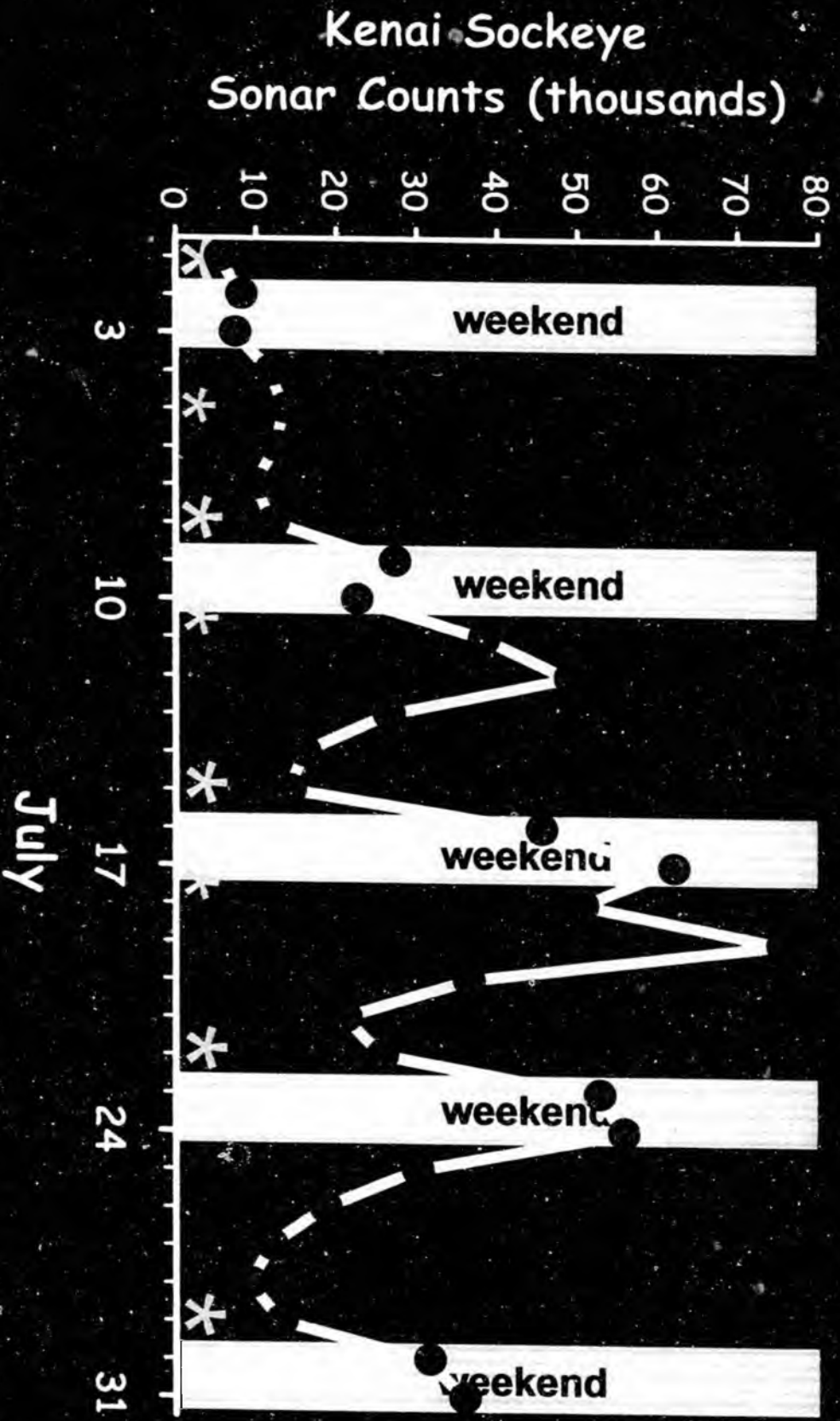


**Run**

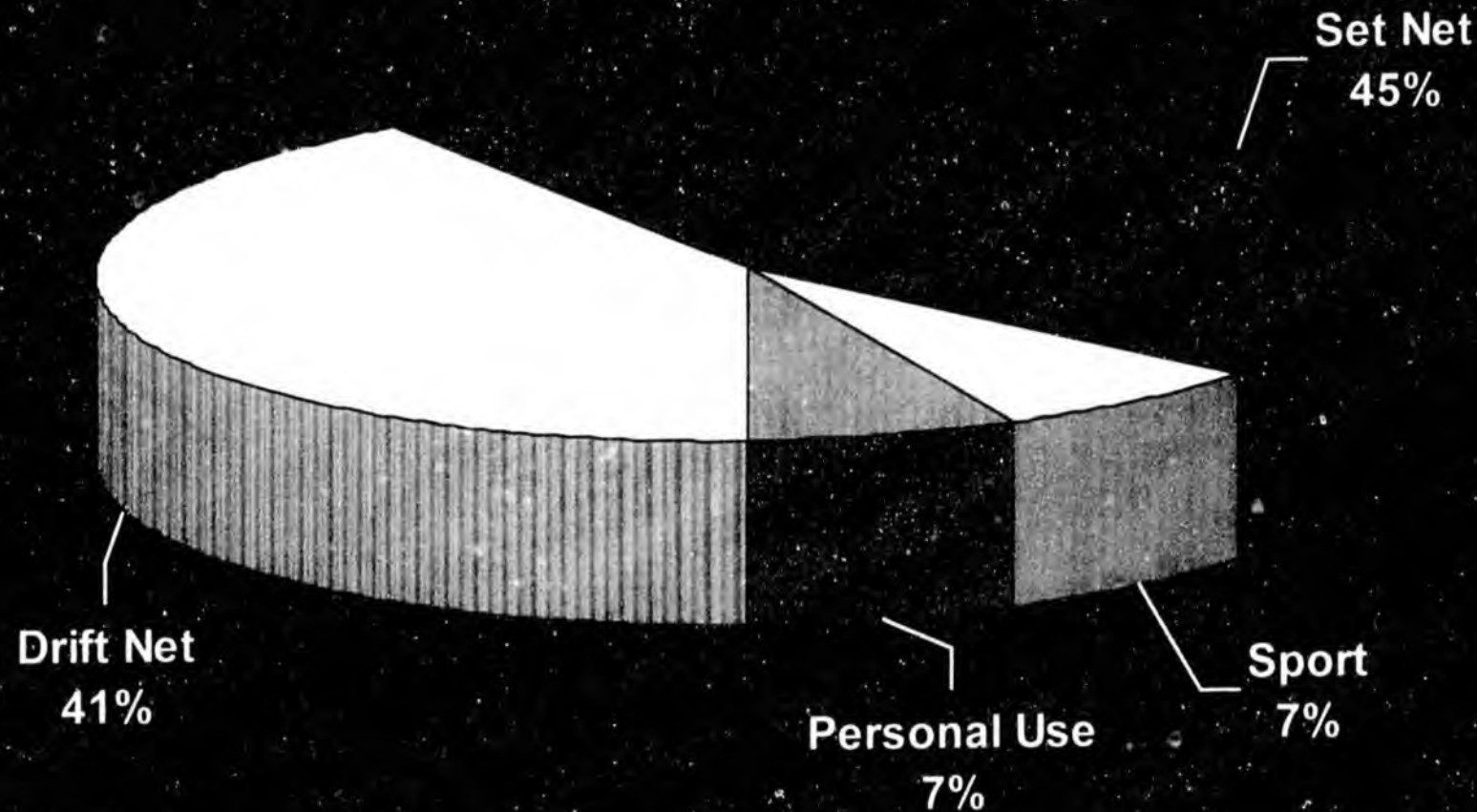
# Harvest Effects



# Escapement Impacts



# Allocation Implications



UCI Sockeye 2002-2006

