

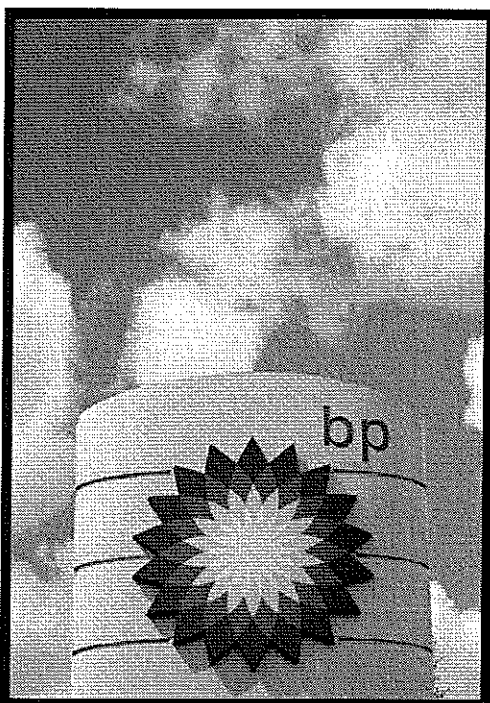
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BP Is 'Disappointed' With \$87 Million Texas City Refinery Fine

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By Eduard Gismatullin



Oct. 30 (Bloomberg) -- **BP Plc**, which expects an \$87 million fine in relation to its response to an explosion at the Texas City refinery, said it's "disappointed" with the penalty from the U.S. Occupational Safety and Health Administration.

OSHA this month rejected BP's request for more time to comply with a settlement over the 2005 blast, which killed 15 workers and left hundreds injured. The London-based company, Europe's second-largest oil producer, now anticipates a fine, spokesman Andrew Gowers said today by phone.

"We are disappointed that OSHA took this action in advance of the full consideration" of the issue by the **Occupational Health and Safety Review Commission**, which is independent from OSHA, BP said in an e-mailed statement. "We are in full compliance with the settlement agreement."

The refinery resumed full operations at the end of last year after running at reduced rates following Hurricane Rita and the explosion. The company spent \$1 billion to upgrade production units and improve safety at the plant, whose restart was key to BP's plans to close an earnings gap with competitors.

The fine, more than four times any previous penalty imposed by OSHA, is due to be announced today, the New York Times reported, citing unidentified federal officials. OSHA has issued 271 notifications to BP in the four years since the explosion, the newspaper said.

Risks Remain

BP failed to take necessary steps to resolve faults in pressure-relief systems or address "residual risks" as the settlement required, Mark Briggs, director of OSHA's Houston office, said in a letter to the company dated Oct. 15. BP didn't provide a valid reason for the delay, according to the letter.

The company pleaded guilty to one violation of the U.S. **Clean Air Act** and agreed in October 2007 to pay a \$50 million fine. It has resolved more than 4,000 injury and property-damage claims since the explosion, relying on a \$2.1 billion settlement fund.

"While we strongly disagree with their conclusions, we will continue to work with the agency to resolve our differences," BP said in the statement. "BP Texas City plays an important role in the lives and livelihoods of thousands of workers in the communities where they live, and we are proud to be one of the largest producers of transportation fuels in the nation."

More than a year ago, the company estimated that annual refining and marketing earnings before tax fell short of rivals' results by \$3.5 billion to \$4 billion. It recouped about half that amount in 2008 and plans to close the gap by the end of 2010, according to **Iain Conn**, head of refining and marketing.

On Oct. 27, BP posted **third-quarter profit** of \$4.67 billion, excluding one-time items and inventory changes. That beat analyst estimates. The company raised its cost-cutting target to \$4 billion for the year from a previous \$3 billion estimate.

To contact the reporter on this story: **Eduard Gismatullin** in London at egismatullin@bloomberg.net

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Judge accepts BP blast deal over victims' objections

By KRISTEN HAYS Houston Chronicle Copyright 2009

March 12, 2009, 4:11PM

A federal judge today accepted a plea bargain in which BP will pay a \$50 million fine to resolve criminal charges arising from the 2005 explosion at BP's Texas City refinery.

The check is due to the government on Monday, U.S. District Judge Lee Rosenthal ruled. The money will go to the U.S. Treasury.

Rosenthal's ruling came nearly a year and a half after the plea deal was first forged and unveiled in late October 2007. Texas City plant manager Keith Casey entered the plea to a felony violation of the Clean Air Act in February 2008, but Rosenthal held off on approving or rejecting it to allow blast victims to argue against it, including their view that the punishment was too lenient for the London-based oil major.

"I don't think there's any question as to the extent of opportunity that has been extended and used" by everyone who wanted to be heard, Rosenthal said.

But after "a great deal of thought and consideration," she said, "the plea should be accepted."

Eva Rowe, whose parents, James and Linda Rowe, were among the 15 people killed by the blast, dabbed tears from her eyes as Rosenthal announced her decision.

"I just think it's unfair," she said after the brief hearing. "\$50 million, they make that much in less than one day."

In addition to the felony plea and fine, BP's North American products division, which oversees U.S. refineries including Texas City, is on probation for three years. The company must comply with blast-related settlements from the U.S. Occupational Safety and Health Administration and the Texas Commission on Environmental Quality during that time.

Rowe said she's certain BP will violate those probation terms at some point in the next three years despite the company's professed commitment to safety.

"We'll be waiting for them to mess up. It won't be long," she said.

Company spokesman Daren Beaudou said the company deeply regrets the harm caused by the disaster and BP remains committed to its efforts to "reduce risk, increase plant integrity and increase environmental compliance."

In October last year, Rosenthal told lawyers who represent blast victims that she can't make the plant safe in response to their repeated arguments that the plea deal is too lenient on the London-based oil giant.

"All I can do is accept or reject this plea," Rosenthal said at that time. While there might be enough money to "somehow, some way" ensure the refinery complies with every regulation and no one else would ever die or get hurt, "my role is much more limited," the judge said.

In the deal, BP admits that on the morning of the March 23, 2005 blast, several procedures required under the Clean Air Act to ensure mechanical integrity and the safe startup of processing units were either ignored or not established.

The explosion occurred when a tower in a unit that boosted octane in gasoline overfilled with hydrocarbons that flowed to an old vent stack. The stack spewed flammable liquid, which formed a vapor cloud that ignited. Fifteen people died, and scores more were hurt.

That unit was never restarted after BP shut down the entire plant when Hurricane Rita hit months later and launched a \$1 billion overhaul. The entire plant came back online at the end of December.

Since the plea deal was unveiled, BP settled all the more than 4,000 civil claims stemming from the blast, with claims paid from \$2.1 billion BP set aside to resolve them.

Also, some of the key players in forging the deal have moved on. Don DeGabrielle retired as U.S. Attorney in Houston last November to enter private practice. Robert Malone retired as president of BP America Feb. 1.

But during the lengthy limbo blast victims have presented multiple arguments toward their claim that the penalty is insufficient and should be rejected.

Rosenthal told victims more than a year ago that she can only accept or reject whatever deal is presented to her. She cannot impose a different punishment or order the government to propose a harsher one.

Victims say the fine is too small, BP hasn't complied TCEQ or OSHA settlements, and prosecutors bypassed a 2004 federal law requiring them to confer with victims before drafting the accord.

In February last year, Rosenthal heard emotional pleas from blast victims to reject the deal — including Rowe — after Casey entered the guilty plea on behalf of the company.

The judge ruled that the 2004 Crime Victims Rights Act didn't give victims veto power, nor did it require that they participate in plea negotiations.

The victims appealed, and in May last year a 5th U.S. Circuit Court of Appeals panel ruled that their rights under that law were violated. However, the panel did not order Rosenthal to reject the deal, and sent it back to her to accept or reject.

The U.S. Supreme Court later rejected the victims' request to block Rosenthal from ruling so they could appeal further to the high court.

Rosenthal also allowed victims to submit tallies of medical bills and lost wages for up to 50 blast victims—including those who died—to help her determine if the proposed \$50 million fine was reasonable.

Victims said 28 people had \$102 million in lost wages and medical bills alone. However, prosecutors said \$93 million of that was estimated future wages. Such loss estimates can be presented in civil lawsuits, but that information isn't solid enough to meet more strict evidence requirements of a criminal case.

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BP plant has costly history of safety incidents

By ROBERT CROWE Copyright 2005 Houston Chronicle
March 24, 2005, 1:17PM

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The explosion Wednesday at the BP oil refinery in Texas City and another in March 2004 are among a long history of incendiary incidents, some deadly, that have cost the facility's owners millions of dollars in fines and lawsuits.

BP's Texas City refinery and its parent company, BP North America Inc., have been fined more than \$172,000 by the U.S. Department of Labor's Occupational Safety and Health Administration for safety incidents — including the deaths of two workers — that happened in the last 12 months.

On March 4, BP North America Inc. was fined \$109,500 for safety violations following a Sept. 2 accident that killed two Texas City workers.

The two employees and a third man who survived were burned when pressurized, superheated water was released from a 12-inch check valve.

OSHA said it fined the company for one alleged willful violation and seven alleged serious violations associated with the incident

following an inspection by the agency's Houston office. The alleged willful violation was issued for failing to relieve trapped pressure within a pipe.

"BP North America has years of experience in handling hazardous materials," said Houston South Area Director Charles E. Williams of the incident. "If OSHA standards had been followed, this tragic loss of life might have been avoided."

'Disregard' for workers

And just seven months ago, the BP Texas City oil refinery was fined \$63,000 by OSHA following an investigation into a March 30, 2004, explosion and fire in which no one was injured.

In another statement, Williams chided the company for allowing hazardous conditions to develop at its facilities.

"OSHA will not tolerate this disregard for worker protection," he said.

Hugh Depland, a BP spokesman, declined to comment specifically on past incidents and fines levied against the refinery or company.

In August 2000, a fire erupted in a cooker unit at the plant, then known as BP Amoco oil refinery. About 20 workers escaped without injury.

The fire caused extensive damage to a unit used to make dry byproducts of the gasoline refining process and turn them into coke — a hard, coal-like substance sold and used for fuel in industrial furnaces.

Elizabeth Todd, an OSHA spokeswoman, did not know whether the company had been cited or fined for the incident.

1995 explosion

In July 1995, an explosion rocked the Texas City facility, named Amoco at the time. No one was seriously injured but at least 105 people were taken to local hospitals with breathing problems and burning eyes.

The incident happened after oil began leaking from a catalytic cracker, which produces gasoline components from oil.

In 1993, Amoco Oil Co. agreed to pay \$20 million in damages to the family of a worker who died after an April 1992 explosion at the Texas City plant.

Amoco attorneys decided not to proceed with a jury trial in a lawsuit filed by the family of plant worker Guy Holdren.

Tara Hart, an industrial safety expert with a local company called The Compliance Alliance, said BP has "an exemplary" process for ensuring its refineries are safe environments.

"The explanation for a catastrophic event like this is that there had to be multiple system failures," she said. Hart, a safety consultant for several large chemical companies, said it could take up to three years to determine the cause of the explosion. She maintains an Web site, called www.asktara.com.

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Feb. 25, 2008, 6:43AM

BP leads nation in refinery deaths

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HOUSTON — Nearly three years after a massive explosion killed 15 people at BP's Texas City refinery, the oil giant continues to have more fatal accidents at U.S. refineries than any other major energy company, according to a newspaper analysis.

The Texas City plant remains the nation's deadliest refinery, with three deaths since the March 2005 disaster, despite a \$1 billion cleanup and more than \$20 million in fines, the Houston Chronicle reported Sunday.

The accidents have caught the attention of the U.S. Chemical Safety and Hazard Investigation Board, which investigates serious industrial accidents.

"We are clearly concerned by the frequency of deaths at this refinery," said William E. Wright, a member of the safety board. "The apparent rate of fatalities is now higher than it was prior to March 2005."

Two other workers died at BP PLC's refinery in Cherry Point, Wash., in 2005 and 2007.

By contrast, the nation's other 146 refiners together had nine deaths between 2005 and 2008.

BP spokesman Ronnie Chappell said the company's \$1 billion investment in safety and a steady stream of repair and upgrades have reduced injury rates in Texas City.

"While we are making progress at Texas City, these deaths are a reminder that we have more to do," he said.

Since March 2005, one man was crushed at the Texas City refinery in 2005, one was electrocuted in 2007, and another was killed in January when a heavy metal lid unexpectedly flew off a water vessel.

So far, federal inspectors have not blamed BP for the most recent deaths. Two investigations remain open, according to Rich Fairfax, director of enforcement for the Occupational Safety and Health Administration.

BP's Chappell said the men killed in 2006 and 2007 appeared to have made mistakes that contributed to their deaths.

Chemical safety board investigators returned to Texas City this year after the January death of William Joseph Gracia, a veteran BP supervisor. Both OSHA and the board continue to investigate why the lid, which had been bolted down, suddenly flew off.

"The rate of ongoing fatalities was a critical factor in our decision to investigate the accident that killed Mr. Gracia," said Wright, the safety board member.

At least 41 people have died at the plant in Texas City, about 40 miles southeast of Houston, since the mid-1970s, the newspaper reported.

The March 2005 explosion occurred after a piece of equipment called a blowdown drum overfilled with highly flammable liquid hydrocarbons. The excess liquid and vapor hydrocarbons then were vented from the drum and ignited when a device that boosts the octane level in gasoline started up. Alarms and gauges that were supposed to warn of the overfilled equipment did not work properly.

More than 170 people were injured in the blast.

The safety board's final report cited "organizational and safety deficiencies at all levels of BP" and said cost-cutting left the plant vulnerable to catastrophe.



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Statement

U.S. Department of Labor

Release Number: 10-386-NAT

March 23, 2010

Contact: Diana Petterson

Phone: 202-693-1898

E-mail: petterson.diana@dol.gov

Secretary of Labor Hilda L. Solis remembers workers killed at BP Texas City, calls for re-dedication of safety efforts at refineries, chemical plants

WASHINGTON, D.C. - Today, five years after the terrible explosion at BP's Texas City refinery, Secretary of Labor Hilda L. Solis issued the following statement remembering the 15 workers who were killed and the many others who were injured in that tragic event:

"As we've seen from my department's Occupational Safety and Health Administration's recent enforcement actions, BP still has a long way to go to ensure the safety of its employees and those of the contractors who work in its refineries.

"Today and every day, I hope that the entire petrochemical industry is fully and actively dedicated to worker health and safety at all American refineries and chemical plants. I hope that the industry is reminded today to examine and improve safety systems and their corporate safety culture. These measures should include looking at how their organizations address safety issues, the extent of management commitment and worker participation in improving safety systems, the adequacy of training and maintenance, and the use of leading indicators like close calls to gauge the safety of their facilities.

"The Labor Department is doing its part to ensure the safety of America's refineries and chemical plants. OSHA is entering the final stages of a comprehensive National Emphasis Program that has examined most of the nation's refineries and, where necessary, initiated action to compel elimination of hazards in many of them. In addition, OSHA has also initiated an NEP for the chemical industry with the ultimate goal of preventing catastrophic incidents that can injure and kill employees and affect entire communities.

"The U.S. Department of Labor is committed to strong enforcement of OSHA standards and technical assistance to companies to help them achieve safe environments for their workers and surrounding communities."

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March 9, 2008, 11:25PM

OSHA uncovers slew of refinery violations

Inspectors find 146 at 17 sites in what is only the start of a nationwide study

By LISE OLSEN

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OSHA inspectors conducting an unprecedented national audit of U.S. refineries have found 146 violations — many described as potentially life-threatening — after reviewing just 17 refineries in a dozen states.

Even though only 17 of 81 targeted U.S. refineries have been reviewed so far, those preliminary results are disturbing, Rich Fairfax, OSHA's director of enforcement, told the Houston Chronicle.

"Based on the data we're finding and the number of violations, (the) program will continue," Fairfax said. "I have no intention of ending it after two years based on what we're finding."

In fact, Fairfax said he wants it expanded to include chemical plants.

The nationwide audit was launched last year in response to decades of U.S. refinery deaths, including the massive explosion that killed 15 people and injured 170 others at BP's Texas City refinery in March 2005.

The Chronicle reported last month that at least 29 people have died in U.S. refinery accidents from 2005 to 2008, including 18 in four separate accidents at BP Texas City alone.

The National Emphasis Program aims to cover 64 more refineries in the next two years.

So far, they have uncovered 11 proposed violations at Total Petrochemicals USA's refinery in Port Arthur; 45 at a refinery in Canton, Ohio; and 19 at a Kansas refinery, among others. In eight months, inspectors have proposed \$896,300 in penalties, according to information OSHA, or the Occupational Safety and Health Administration, compiled for this report.

Several cases remain open, including one involving Total's Port Arthur plant. Most of the penalties made public relate to cases against four refineries in the Midwest, according to interviews and OSHA press releases.

'Willful violation'

On Dec. 19, OSHA proposed levying a \$153,500 fine against a Kansas refinery for 19 violations. OSHA has alleged that Frontier El Dorado Refining Co. had committed one "willful violation" by locating a permanently occupied structure in a high hazard zone among refinery processing units. OSHA also alleged that Frontier El Dorado Refining Co. failed to address fire, explosion and chemical hazards. Many of those killed in March 2005 at BP Texas City were in offices dangerously near a processing unit.

In OSHA lingo, a willful violation is among the worst. It involves an alleged blatant disregard of or indifference to an obvious safety hazard.

The Kansas refinery is owned by Houston-based Frontier Oil Corp., an independent oil refining and marketing company. The company is contesting the fines and violations, according to Doug Aron, a company spokesman.

Three more companies in Wisconsin, Ohio and Illinois already have agreed to pay more than \$600,000 in fines and to correct the unsafe conditions and practices, OSHA said.

In Ohio, OSHA inspectors found that, among other defects, piping was inadequately protected from corrosion at a Marathon Petroleum Co. refinery. Marathon agreed to pay \$321,500 in penalties in December — the biggest penalty levied under the program so far.

"We appreciate OSHA's diligence in improving safety throughout the refining industry," said Angelia Graves, a spokesman for Marathon.

In Illinois, Citgo agreed to pay \$155,250 on Feb. 1 in response to safety problems found at its Lemont refinery, including potential fire hazards and inadequate training. Houston-based Citgo said it agreed to the penalty "solely for the purpose of settling this matter economically and amicably and has already initiated corrective actions."

In Wisconsin, refinery manager Dave Podratz hadn't seen OSHA inspectors in 10 years when an inspection team showed up in August at the Murphy Oil USA facility on the shores of Lake Superior. Inspectors found that safety alarms had been deactivated at the state's only refinery. That and other problems led to a \$179,100 agreed penalty.

Podratz said the alarms had been viewed as a nuisance because they went off when doors to various control rooms were opened. Podratz said the alarms should have been modified rather than disconnected.

But alarm malfunctions that failed to alert operators of dangerous conditions were among several problems uncovered in the aftermath of the BP Texas City disaster in 2005.

Though no business is thrilled to see OSHA inspectors come knocking, Podratz said he views the OSHA refinery program as positive. "This is a program they're rolling out nationally, and there's not a lot you can do about it, but ultimately some good is going to come out of it," he said.

When the refinery program was launched last June, OSHA leaders said they aimed to reduce preventable deaths at refineries, one of the nation's most dangerous industries. Its directive said 52 employees have died in the past 15 years.

Yet OSHA's own data undercounts refinery deaths because OSHA and the U.S. Bureau of Labor Statistics don't classify deaths of contract workers as "refinery fatalities." Instead, such deaths typically get counted as construction — or even janitorial — accidents.

Two BP refineries, in Texas City and Washington, account for 20 of the 29 deaths at U.S. refineries from 2005 to 2008, according to the Chronicle's review of government documents and other data. Nine others died at refineries of different companies in Texas, California, Minnesota, Delaware and Louisiana.

BP's five U.S. refineries, deemed employers with repeated and persistent violations of federal safety rules, remain under OSHA's stepped-up "Enhanced Enforcement Program." BP was the first major energy company to be included in the so-called EEP, created in 2003 for companies found to have willful violations of workplace safety laws.

But other major refiners have been cited more recently for alleged willful violations, including Frontier El Dorado, partly because of the national refinery program, according to OSHA documents and e-mails.

Not all refineries included

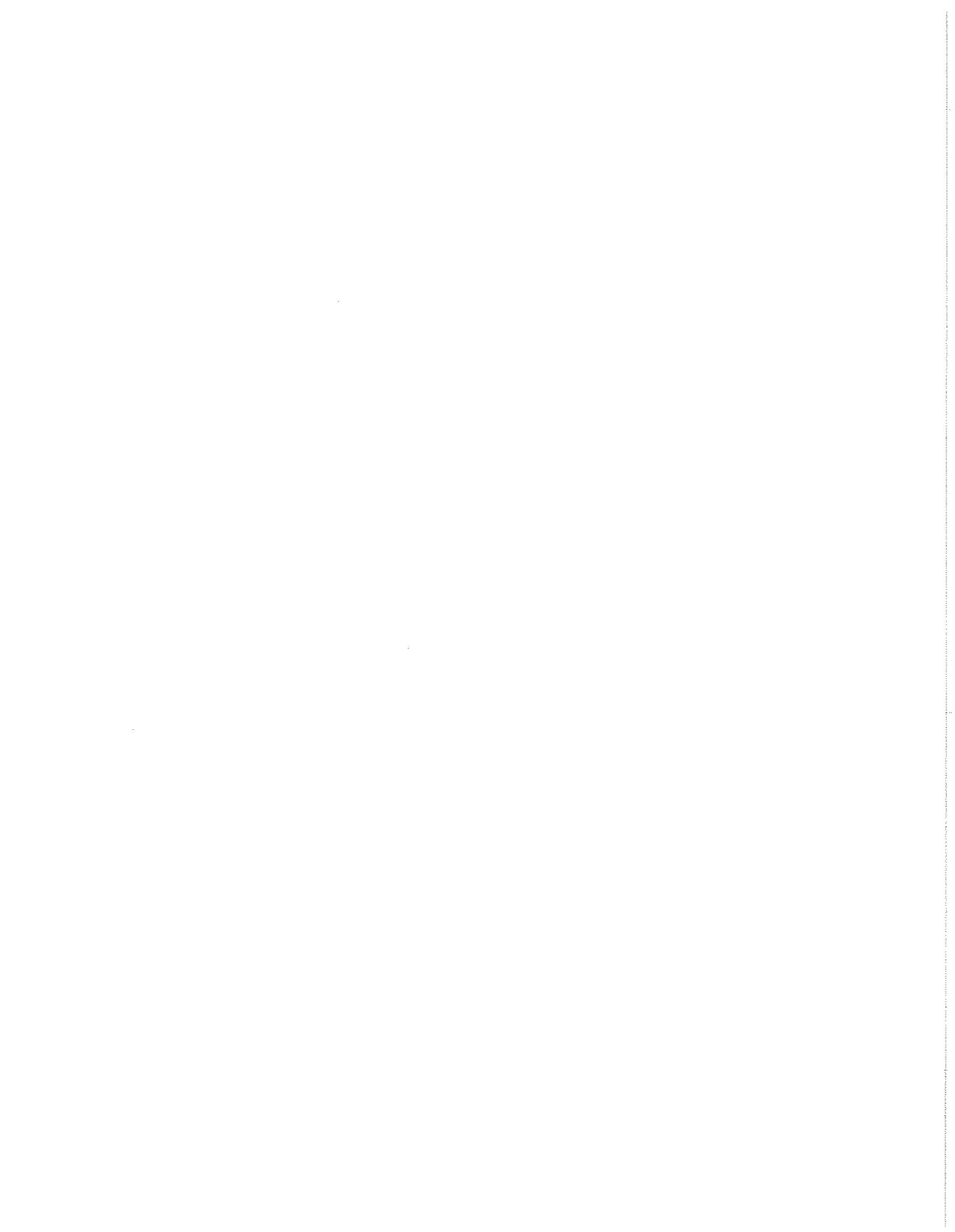
Despite the widespread problems, about 60 refineries, however, are exempt from the ongoing audit, in part because of their companies' past participation in other OSHA programs. Only about half of Texas' refineries will be included.

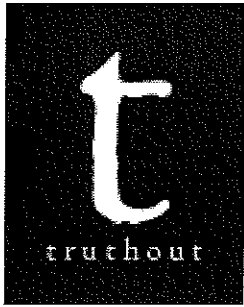
Kim Nibarger, a health and safety specialist for United Steelworkers, the union that represents many refinery workers nationwide, said he believes no refineries should be excluded. But he also wonders whether the program isn't already stretching OSHA too thin. "How can they do all this without adding additional inspectors?" he asked.

OSHA has few inspectors nationwide who specialize in refinery safety. In recent months, more than 300 inspectors have received crash courses of one to two weeks to assist with the National Emphasis Program.

When Wisconsin's Murphy Oil refinery was inspected last summer, several of the OSHA officials involved had never been inside a refinery. Yet the inspectors offered "fresh eyes" and made suggestions that Podratz, the refinery manager, said will help. "Now we have names and faces and a relationship to build on," he said.

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BP Accused of Violating Safety Regulations at US Refineries, Endangering Employees' Lives

Tuesday 04 May 2010

by: Jason Leopold, truthout | Report

BP Plc's troubles are not just limited to its Gulf of Mexico operations, where a deadly blast aboard a drilling rig two weeks ago ruptured an oil well 5,000 feet below the sea's surface and triggered a massive oil leak that is now the size of a small country.

The oil conglomerate is also facing serious charges from the Labor Department's Occupational Safety and Health Administration (OSHA) that it "willfully" failed to implement safety measures at its Texas City refinery following an explosion that killed 15 employees and injured 170 others five years ago.

The refinery is the third largest in the country and has a capacity to refine 475,000 barrels of crude oil per day. OSHA found BP to be in violation of more than 300 health and safety regulations and, in 2005, fined the company \$21.4 million, at the time the largest in the agency's history. In 2007, BP paid a \$50 million fine and pleaded guilty to a felony for not having written guidelines in place at the refinery and for exposing employees to toxic emissions. BP, which earned \$19 billion in 2005, settled with the victims' families for \$1.6 billion.

BP was placed on three years probation and the Department of Justice agreed not to pursue additional criminal charges against the company as long as BP agreed to undertake a series of corrective safety measures at the refinery ordered by OSHA.

Several investigations launched in the aftermath of the refinery explosion concluded that BP's aggressive cost-cutting efforts in the area of safety, the use of outdated refinery equipment and overworked employees contributed to the blast, which, according to John Bresland, the chairman of the independent US Chemical

Safety Board (CSB), was caused "when a distillation tower flooded with hydrocarbons and was over-pressurized, causing a geyser-like release from the vent stack. The hydrocarbons found an ignition source [a truck that backfired] and exploded."

Bresland, whose organization spent two years probing the circumstances behind the explosion, said that CSB's investigation, completed in 2007, "found organizational and safety deficiencies at all levels of the BP Corporation."

"It was the most comprehensive and detailed investigation the CSB has ever done," Bresland said March 24, marking the fifth anniversary of the refinery explosion. "Our investigation team turned up extensive evidence showing a catastrophe waiting to happen. That cost-cutting had affected safety programs and critical maintenance; production pressures resulted in costly mistakes made by workers likely fatigued by working long hours; internal audits and safety studies brought problems to the attention of BP's board in London, but they were not sufficiently acted upon. Yet the company was proud of its record on personnel safety."

Since then, according to OSHA, BP has not only failed to comply with the terms of its settlement agreement, it has knowingly committed hundreds of new violations that continue to endanger the lives of its refinery workers.

"When BP signed the OSHA settlement from the March 2005 explosion, it agreed to take comprehensive action to protect employees," Secretary of Labor Hilda Solis said in a statement last October. "Instead of living up to that commitment, BP has allowed hundreds of potential hazards to continue unabated."

"BP was given four years to correct the safety issues identified pursuant to the settlement agreement, yet OSHA has found hundreds of violations of the agreement and hundreds of new violations. BP still has a great deal of work to do to assure the safety and health of the employees who work at this refinery," added acting Assistant Secretary of Labor for OSHA Jordan Barab, whose agency conducted a six-month review of BP's Texas City refinery operations to determine if the oil company complied with provisions of the settlement. "The fact that there are so many still outstanding life-threatening problems at this plant indicates that they still have a systemic safety problem in this refinery."

Specifically, OSHA said it found 439 new "willful" violations by BP related to "failures to follow industry-accepted controls on the pressure relief safety systems and other process safety management violations."

According to OSHA regulations, "a willful violation exists where an employer has knowledge of a violation and demonstrates either an intentional disregard for the requirements of the Occupational Safety and Health (OSH) Act of 1970, or shows plain indifference to employee safety and health."

OSHA imposed a record \$87 million fine against the company, surpassing its previous record in 2005, which was also leveled against BP. A Justice Department spokesperson did not respond to questions as to whether BP's alleged failure to comply with its settlement agreement would expose the company to further criminal charges.

Last October, however, Angela Dodge, a spokeswoman for the US attorney's office in Houston, said DOJ "will take all appropriate actions to ensure the plea agreement is not violated and cannot comment further at this time."

Some of the new violations BP for which was cited, according to OSHA, have already resulted in additional fatalities at the refinery.

On July 22, 2006, OSHA said a contractor was crushed between a "scissor lift and a pipe rack." On June 5, 2007, another contractor was electrocuted "on a light circuit in the [refinery's] process area." On January 14, 2008, an employee was killed when the top head of a pressure vessel blew off. BP received four citations from OSHA regarding continued violations over process safety management. And on October 9, 2008, a contractor, who was hit by a front-end loader and pinned between a guard rail and the bucket of the loader, died from his injuries.

BP has vehemently denied the charges alleged by OSHA and has formally contested the proposed penalties.

"We continue to believe we are in full compliance with the Settlement Agreement ... we strongly disagree with OSHA's conclusions," said Texas City Refinery Manager Keith Casey on October 30, 2009, the day OSHA announced that BP continued to

skirt safety regulations. "We believe our efforts at the Texas City refinery to improve process safety performance have been among the most strenuous and comprehensive that the refining industry has ever seen."

BP, which says it invested \$1 billion on safety and operational improvements at the refinery, claims that a vast majority of OSHA's allegations against the company are not true violations, but, instead, are related to a misunderstanding over the timing of its compliance under the terms of its settlement agreement, according to an October 5, 2009, letter BP attorney Thomas Wilson sent to Mark Briggs, an official with OSHA's Houston branch.

BP "pursued the actions plans as outlined in the [agreement it entered into with OSHA], including actions plans related to four recommendations that have completion dates beyond September 22, 2009," Wilson wrote. "It was not until a meeting in late 2008 that OSHA expressed verbally a differing interpretation of the date for completion of auditor recommendations and it was only in the OSHA letter of August 3, 2009 that BP Products first received written indication that OSHA expected all action plans to be complete by September 23, 2009."

BP may end up fighting the charges in federal court.

Widespread Safety Issues at US Refineries

Still, as highlighted in a January 2007 report issued by a panel chaired by former Secretary of State James Baker III, systemic issues related to process safety were not limited to the firm's Texas City refinery. In fact, they were widespread.

And that continues to be the case, as evidenced by a separate set of charges OSHA leveled against BP in March for even more "willful" violations that took place at its Husky refinery in Toledo, Ohio, "including 39 on a per-instance basis, and 20 alleged serious violations for exposing workers to a variety of hazards including failure to provide adequate pressure relief for process units," issues that appear to be identical to those that lead up to the refinery explosion in 2005.

The Husky refinery is a 50-50 joint venture between BP and Canadian-based Husky Energy, Inc.

"OSHA has found that BP often ignored or severely delayed fixing known hazards in its refineries," Solis said. "There is no excuse for taking chances with people's lives. BP must fix the hazards now."

BP entered in a similar settlement with OSHA in 2007 over safety issues at Husky. Last September, during an inspection to determine if BP was in compliance with the terms of the agreement, OSHA found BP was compliant. However, OSHA found "numerous violations at the plant not previously covered" by the settlement.

"The inspection revealed that workers were exposed to serious injury and death in the event of a release of flammable and explosive materials in the refinery because of numerous conditions constituting violations of OSHA's process safety management standard," OSHA said in a March 8 news release. "OSHA has issued willful citations for numerous failures to provide adequate pressure relief for process units, failures to provide safeguards to prevent the hazardous accumulation of fuel in process heaters, and exposing workers to injury and death from collapse of or damage, in the event of a fire, to nine buildings in the refinery. Additional willful citations allege various other violations of OSHA's standard addressing process safety management."

What's notable about the nearly two dozen of the alleged violations at Husky, is that one matches allegations first leveled against BP a year ago by a whistleblower who said the company had been operating its Gulf Coast drilling platform Atlantis, the world's largest and deepest semi-submersible oil and natural gas platform, located about 200 miles south of New Orleans, without a majority of the necessary engineering and design documents, a violation of federal law.

As Truthout reported last week, the whistleblower said BP risked a catastrophic oil spill, far worse than the one that began two weeks ago after the Deepwater Horizon explosion, because BP did not have updated or complete Piping and Instrument Diagrams (P&IDs) for the Atlantis subsea components. P&IDs documents form the foundation of a hazards analysis BP is required to undertake as part of its Safety and Environmental Management Program related to its offshore drilling operations. P&IDs drawings provide the schematic details of the project's piping and process flows, valves and safety-critical instrumentation.

In OSHA's list of alleged violations at Husky, the agency said BP failed to "assure the accuracy of P&IDs ... and proper documentation of pressure relief design information."



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*Jason Leopold is the Deputy Managing Editor at Truthout. He is the author of the Los Angeles Times bestseller, *News Junkie*, a memoir. Visit newsjunkiebook.com for a preview.*



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BP violations bring fine

Texas City issues from early this year result in \$28,000 levy

 By LAUREL BRUBAKER CALKINS and MARGARET CRONIN FISK Bloomberg News
 Sept. 15, 2008, 8:41PM

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The Occupational Safety and Health Administration has fined BP \$28,000 by for "serious" safety violations in January at its Texas City refinery.

It's the same refinery where an explosion in 2005 killed 15.

The fine hasn't been publicly announced. BP agreed not to contest the findings or penalty and didn't admit wrongdoing, according to a copy of the settlement.

BP, Europe's largest oil company, has been making improvements at the Texas City refinery as part of an OSHA settlement that included a \$21 million fine for 300 violations related to the 2005 blast.

In the January violations, OSHA cited London-based BP for failing to document safe operating limits and procedures and for using inadequate bolts on a water-filtration unit that blew its lid, killing one worker. OSHA issued the citations July 11, and BP signed an informal settlement Aug. 1.

"We have expended considerable energy and resources in the last few years to improve process and personal safety resulting in a significant reduction in potential risks," BP spokesman Daren Beaudo said in a statement in response to questions about the violations. "We believe we have come a long way, but are aware of the work that remains."

No written procedures

OSHA categorized the new violations as "serious." Three involved failing to have written procedures covering safe operating limits and correct startup and operating procedures for the filtration unit that blew its 500-pound lid on Jan. 14.

Two more violations concerned failure to insure that correct bolts were used to secure the lid. A final violation dealt with BP's failure to properly assess the ramifications of disconnecting one of the unit's alarms from a control panel.

BP agreed to correct three of the violations, including the bolt citations, by Aug. 27 and the rest by May 2009. The agency posted notice of the violations and fines on its Web site without making a formal announcement. Beaudo said notices have also been posted at "appropriate locations" inside the Texas City facility, BP's largest refinery.

Didn't violate agreement

The new citations aren't violations of BP's 2005 settlement agreement with OSHA, the agency said in an e-mailed message. OSHA continues to monitor BP's compliance, the agency said. OSHA didn't publicly announce the fines because the "amount was below the threshold" for issuing a news release, the agency said.

BP has spent more than \$1 billion and 55 million man-hours repairing and upgrading its Texas refinery during the past three years, according to Beaudo. BP said the refinery is safe and in compliance with the regulatory accord that resolved OSHA's 2005 investigation.

The new OSHA citations resulted from an investigation into the death of veteran BP supervisor William Joseph Gracia, 56, who died from head trauma when the water-filtration unit's lid blew off. Beaudo confirmed the OSHA investigation involved the same incident.

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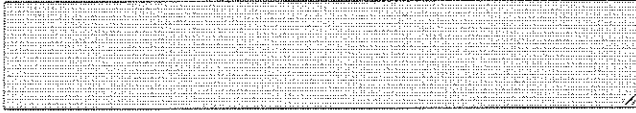
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HEARST newspapers

Proposed law would stop contractors from suing employers

06:35 PM CST on Wednesday, March 30, 2005

By Jason Whitely / 11 News

Workers hurt or killed in industrial accidents like that BP plant explosion may not be able to sue for damages if a bill becomes law in Austin.

Those workers still remember not having time to react last Wednesday when the BP Refinery detonated into a powerful explosion.

"I had maybe a second or two. When I turned back and saw the shockwave coming I didn't have a chance to react or think about what I wanted to do," said Miguel Arenazas, a BP contractor.

Arenazas uses a cane now. Wednesday's blast hurt his knee and fractured his spine.

He's one of dozens preparing to sue.

But House Bill 1626 in the Texas Legislature, if passed, could prevent contractors who are hurt or the families of those killed from suing a third party like BP.

"You oughta be worried about this type of legislation. It's mean-spirited and unfair," said Robert Ammons, Arenazas' attorney.

Ammons represents Arenazas and almost three dozen others hurt in the BP blast.

His sentiment is shared by Alex Winslow from Texas Watch, a government watchdog group in Austin.

"If HB 1626 were in effect today, was the law of the land today, the victims of the BP Amoco plant, almost all of whom were contract workers, would be unable to hold BP accountable for providing an unsafe workplace," said Winslow.

Houston Representative Joe Nixon sponsors the bill.

A legislator, critics point out, whose top contributors are homebuilders and big business.

Nixon's proposal does let contractors sue if they can prove gross negligence.

Otherwise, the injured have to count on workers compensation, which is a fraction of their salary.

Miguel Arenazas and his family want companies at fault held responsible for more than that.

Footnote: 11 News talked with Rep. Joe Nixon by telephone from the House floor late Wednesday afternoon. He said, in light of what happened at the BP plant, he no longer plans to pursue the bill.



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U.S. sues BP unit over Alaska oil spills

Tue, Mar 31 2009

WASHINGTON (Reuters) - The U.S. government has filed a civil complaint against BP Exploration (Alaska) Inc alleging that the Alaska-based company violated U.S. clean air and water laws, the U.S. Justice Department said on Tuesday.

The complaint, filed in U.S. District Court in Anchorage, accuses BPXA of illegally discharging more than 200,000 gallons of crude oil from its pipelines in Prudhoe Bay onto the North Slope of Alaska during two major oil spills in the spring and summer of 2006.

The complaint also alleges that BPXA failed to prepare and implement adequate spill prevention measures required under the Clean Water Act.

"We have taken significant steps to ensure that our operations are safe and reliable, and protect the environment," said BP Exploration Alaska spokesman Steve Rinehart.

BPXA is a wholly owned subsidiary of BP America, a unit of London-based BP.

The lawsuit, filed by the Justice Department on behalf of the Environmental Protection Agency and the Department of Transportation, asks the court to order BPXA to take appropriate action to prevent spills in the future.

The government is also seeking the highest amount of civil penalties possible by law, the Justice Department said.

The biggest oil spill-related civil penalty in Alaska to date was the \$900 million settlement struck by Exxon Corp, now part of oil giant Exxon Mobil Corp, and the U.S. and Alaska governments in 1991 for the 1989 Exxon Valdez disaster, the nation's worst tanker spill.

The fine was paid out over a period of 10 years to a state-federal organization to fund restoration and environmental research on Alaska's affected Prince William Sound.

That 1991 settlement also included a \$125 million payment from Exxon and Exxon Shipping to settle criminal charges stemming from the spill.

The U.S. Justice Department in late 2007 settled criminal charges against BP that stemmed from the pipeline spill, part of a wider settlement that also included charges related to a fatal fire in 2005 at the company's refinery in Texas City, Texas, and propane-market manipulations by BP futures traders in 2004.

Under the 2007 criminal settlement, BP paid \$20 million in fines and restitution for the Prudhoe Bay spill after pleading guilty to a sole violation of the Clean Water Act. The \$20 million payment was considered high for a single misdemeanor violation, but was set at that level because of BP's previous record of criminal environmental violations on the North Slope, federal officials said at the time.

The company in 1999 pleaded guilty to illegally dumping hazardous waste at its Endicott oil field on the North Slope, eventually paying \$7 million in criminal and civil penalties and serving five years' probation.

The state of Alaska also filed a lawsuit against BP on Tuesday, relating to the 2006 oil spill, but did not specify a proposed fine.

Alaska's Department of Law said the state is requesting penalties for environmental violations and "just compensation for state revenues lost as a result of BPXA's negligent corrosion prevention practices."

(Reporting by JoAnne Allen and Yereth Rosen; Editing by Gary Hill and Bill Rigby)

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