

**U.S. House of Representatives  
Energy & Commerce Committee  
Subcommittee on Oversight and Investigations**

**September 7, 2006**

**Steve Marshall  
President, BP Exploration (Alaska) Inc.**

**Oral Statement**

Mr. Chairman and members of the Committee;

Thank you for providing me an opportunity to come before you today.

In the past six months, BP has had two leaks from BP-operated oil transit pipelines at the Prudhoe Bay field. These spills occurred on my watch, and as President of BP Exploration (Alaska) Inc., I am in charge of the overall business of the company and the buck stops with me. I will commit to you that I will do everything possible to rectify the situation. We take seriously our role to protect the environment and we have cleaned up these spills and believe there will be no lasting impact.

We won't know exactly what caused this corrosion until our failure analysis is complete. We had what we believed was a very comprehensive corrosion management system. Inspections told us again and again that the transit lines were in good condition. These two transit pipeline leaks showed there were gaps in our program. I pledge to you that we will take the learnings and apply them to an improved corrosion management program for the future.

While some lines were shown to be sound, on August 4<sup>th</sup> we received preliminary smart pig data on the eastern operating area upstream transit pipeline. The data indicated 16 significant anomalies in 12 locations along that transit pipeline. On August 6<sup>th</sup>, after work crews found evidence of two small leaks along the transit line, I made the decision to commence orderly shutdown of the Prudhoe Bay oil field. It was the right decision to make until we could confirm the integrity of the remaining lines.

Over the next five days, hundreds of experts performed thousands of inspections of the western transit pipeline. The results of those inspections

gave us the confidence to continue production from the western portion of the Prudhoe Bay oilfield. Today, about 200,000 barrels of oil are being produced per day. We are currently exploring bypass options to resume additional production from the east side of the Prudhoe Bay oil field. To date, over 4,500 inspections have been conducted on the eastern transit lines. Current expectations are that the bypasses will be in place by the end of October. We will provide more specific information as we get it.

So where do we go from here?

First, we will run smart pigs in each of the Prudhoe Bay oil transit lines that are returned to service and implement maintenance pigging in these lines.

Second, we will seek to determine the exact corrosion mechanism that caused these problems and modify our corrosion management program based on what we learn.

Third we will include all 122 miles of BP-operated oil transit lines on the North Slope in the DOT's Pipeline Integrity Management Program.

Fourth we will replace 16 miles of oil transit lines.

Fifth, we are adding a technical director to define and establish technical and operating standards and verify that we are meeting those standards.

We have a lot to do, and we will get it done.

Since 2000, multiply studies of BP's corrosion management program have been conducted by external and internal experts, including two by BP's chief engineer. None of these investigations pointed to these transit lines as being a problem. If they had, we would have taken action.

Additionally, many internal and external reviews have been conducted covering work environment, technical integrity and integrity of data. I rely on a team of experts in Alaska to run our corrosion management system and other programs.

In closing Mr. Chairman, I deeply regret this situation. The Prudhoe Bay oil field consists of more than 1000 oil wells and approximately 1500 miles of pipes of various sizes. I commit to you that we will apply what we learn

going forward, and we will continue to work collaboratively and proactively with the DOT and State regulators to ensure the environment is protected, our workers are safe, and oil continues to flow from North America's largest oil field.

Thank you.