

The Honorable John Dingell  
Chairman House Energy and Commerce Committee  
and all Committee Members  
Via E-mail: ERIN.BZYMEK@MAIL.HOUSE.GOV

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SUBJECT: New revelations of unconscionable malfeasance by BP's Richard Woolam, Prudhoe Corrosion Inspection and Control Director and Alyeska's CEO, Kevin Hostler/BP USA President Robert Malone's deception of the Energy and Commerce Committee regarding the Alyeska Pipeline's extremely serious corrosion problems, prior to and during the 9/7/06 BP Hearing.

- 1) I was made aware in September 2005 that Alyeska was undergoing serious corrosion damage (published in the Wall Street Journal on September 17, 2005).
- 2) Then in December, I was made aware that Alyeska was "cooking the books" on the corrosion problems to deceive the shareholders in Britain (see Alyeska Strategic Planning Coordinator, Glen Plumlee's sworn affidavit to be posted on WWW.BPCONCERNS.COM).
- 3) I alerted the EPA CID (Special Agent Scott West in Charge of Pacific North West and Alaska). The CID was already investigating Alyeska corrosion problems since 9/17/05 based on documents that were provided to me.
- 4) During the 9/07/06 Hearing, BP failed to reveal to Members that BP was secretly running a "Smart Pig" down the Alyeska Pipeline (it was actually launched and running past Fairbanks at the very moment your Sub-Committee was questioning BP officials. BP feared you or one of your Members might decide, during the Hearing to question why BP elected to defer an earlier scheduled "Smart Piggings" of the Alyeska line. As you are aware, BP owns 46% controlling interest and makes final decisions as to expenses to operate the line on behalf of itself and EXXON/CONOCO. Kevin Hostler is a BP Official on loan (Seconded) as Alyeska President and CEO.
- 5) The "Smart Pig" run was a failure and was incapable of recording data between Pump Four and all the way to Valdez.
- 6) Alyeska attempted a "Scraper Pig" run on December 28th. This "Scraper Pig" just plain broke apart, and reportedly may have damaged a critical "Gate Valve", required to be operational in event of the pipeline rupture or failure.
- 7) On January 3rd, Alyeska launched yet another "Scraper Pig" to hopefully push the lost pig parts to the Pump Nine receiving station and/or the Valdez receiving station. Some parts have been extricated at Pump Nine and the remainder retrieved at Valdez... except for the pig's outer "O" Ring. The "O" ring is believed to be lodged "somewhere". It could

well have damaged a critical Check Valve or is lodged in an equally critical "Gate Valve".

8) Alyeska finds itself in serious difficulty with this "out of control", and thus far, unmanageable dilemma. Some would define the present circumstances between Alyeska and its outside "outsource" contractors in a state of "chaos".

9) Alyeska recently suffered a serious fire at Pump Nine. Alyeska Strategic Planning Coordinator, Glen Plumlee, warned BP/Alyeska Management in a line-wide telephonic public meeting of just such a potential incident (the transcribed text will be posted on WWW.BPCONCERNS.COM).

A) Also, at Pump Station Nine, the newly installed, vaunted Electric Turbine Pump (in lieu of old the old diesel powered turbines... to operate henceforth with local, commercially provided electricity) is a failed debacle.

B) The "spill" from a leaking turbine fuel line created vapors that were ignited by a nearby heater creating an explosion and flames 35 feet high (on December 19, 2006). Fortunately for the personnel and the pump station itself, the workers were finally able to contain and extinguish the fire without damage to the facility and personnel injuries.

C) The pump station can not be safely started up and operated due to a major design blunder. The back-up generator to keep the Turbine operational in the event of an electrical power failure is undersize and can not power up, nor keep the Turbine operating. Also the station's reconfigured and installed high voltage wiring was improperly designed and in violation of the National Electrical Safety Code, placing the personnel and integrity of the facility in jeopardy. Under these circumstances, Pump Nine can not safely come on line as expected.

10) It appears that at the 9/7/06 Hearing, you and your Members might have been deceived by the BP and Alyeska officials' testimony regarding the "supposed maintenance pig" ("Scraper Pig") dealing with sludge/corrosion every fourteen days... a "red herring". That "Scraper Pig" can not move sludge and debris... as it was designed only to "attempt" at removing and push to Valdez Marine Terminal the troublesome "sand" impregnated "paraffin wax", adhering to the pipeline's outer wall. The high concentration of paraffin wax has been dropping out of solution in the North Slope crude as the oil travels down the line slower and at much colder temperature than in the past (crude no longer arriving hot to surface at the well head). The accumulation of this wax to the pipe wall slows down the product movement. The vaunted "Scraper Pig" the Committee Members were "led to laud" as viewed nationwide by the Committee's C-span audience was a BP contrived "hoax", a failing program. You should be aware that BP and Alyeska's serious problem with sand from certain new wells is caused by BP "negligence". CONOCO properly installed procedures to remove the sand, produced from its shallow wells, before that company delivers its product to Alyeska's Pump Station One. You may recall last March when BP attempted to hoodwink its Department

of Transportation oversight officials, the media, and the public by attempting to claim the "Caribou Crossing" corrosion leak as being caused by the sand from its new Prudhoe wells eroding the pipe walls.

11) Engineer Susan Harvey, quoted by your Members at the Hearing, has publicly alleged that Alaska Department of Environmental Conservation Commissioner Kurt Fredricksson committed perjury during his testimony to your Sub-Committee's Hearing (note: two separate NBC Anchorage affiliate KTUU-TV interviews which will be posted at [WWW.BPCONCERNS.COM](http://WWW.BPCONCERNS.COM)).

12) Most noteworthy, I have uncovered evidence that Richard Woolam earned his "annual bonus" by personally saving BP significant millions of dollars annually by secretly substituting at times the liquid corrosion Chemical Inhibitor with "water" at the well-head injection points. I have provided the hard evidence to the EPA CID (Scott West, PNW and Alaska Agent in Charge).

Former veteran BP Gathering Center 3 Operator, Bill Burkette, passed on to me a BP document evidencing that Richard Woolam was short changing the flow lines of required Chemical Inhibitor liquids in 1998. I have been tracking Woolam's malfeasance ever since with numerous BP sources. Woolam "ran out", obviously on purpose, of his purchased chemicals in the Fall of each year... waiting until January to purchase new inventory. This is the equivalent of running one's auto radiator with Anti-Freeze and its rust inhibitor components until the Fall and then switching to corrosive water until January.

13) Chairman Dingell, you need only to subpoena BP/Alyeska's computerized records for the "volumes" of annual Chemical inhibitor purchases by Woolam. From year to year, you will learn that additional required volumes of Chemicals were not purchased to meet the demands of hundreds of new wells that came on line in the West End Expansion on new "S" "W" "Z" "L" "V" Pads, including water injection wells, along with their approximately 200 miles of new flow lines that required chemical corrosion inhibitor protection.

14) BP is in the midst today of a new ongoing Prudhoe spill event. The 8,000 barrel "crude oil/produced water" Skim Tank leaked outside Gathering Center 2 (GC-2). The leak sprayed out through a crack for 5 days from December 15. Most was contained in the dike area around the tank. Operators could not shut valves (under the tank) to isolate the tank. It was too dangerous. Attempts at safe-out of the "Supply Header" have been ongoing. GC-2 production will be impacted for several months until 2 one million gallon tanks arrive and are installed to replace the Skim Tank. There is a projected loss of 50,000 b/d crude to the Pacific Northwest market (1,500,000 barrels a month) for many months from the shut-in wells. Note, BP long ago listed in its C-Plan (BP's emergency Contingency Plan submission to ADEC) that the tank was "out of service" (having failed earlier and required to be replaced). BP elected not to replace the tank but to repair and secretly re-placed the tank in service. BP is under investigation by the Alaska Department

of Environmental Conservation for this violation. The ADEC investigators have yet to accomplish a safe onsite inspection because of the condition of the tank.

15) Mr. Chairman, you might consider a subpoena of BP to produce a copy of a 90's BP operational document titled "Demolition Maintenance Program" for BP supervisors. The Operators referred to it as the "Breakdown Maintenance Program". It instructed the Prudhoe supervisors to refrain from replacing identified deficient systems, components and pipes whenever possible until failure, as a money saving program. For example, extending the life of corroded flow lines by "patching the pipe walls" rather than replacing the pipes. Subpoenaed computer records will evidence that under the program the BP field instrument technicians were ordered to replace the instruments that identified the "thinning and failing" Large Diameter Flow lines (LDF lines) (incapable of operating at required pressure) with instruments that would only identify and record lower pressure.

16) This past Monday, January 29th, yet another "spill" was discovered at Valdez Marine Terminal from the 420,000 barrel ballast water Tank #92. Dirty ballast water received from arriving tankers was leaking but contained in the dike. Workers were unable to safely access the leak due to the heavy snow load on the tank roof and location of the leak. I understand after a few days the workers reached a valve and turned off the flow. The root cause, corrosion or other, is yet to be determined.

Sincerely,

Charles Hamel

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cc: The Honorable Nick Rahall, Chairman, House Resources Committee

The Honorable Sarah Palin, Governor, Alaska