

# The Alyeska BP Oil Spill Coverup?

Federal Regulators Examine Employee's Claims

By [Jason Leopold](#)

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Tank 190 is surrounded by a containment area that has an impermeable liner. (Photo: [Alyeska Pipeline Service Company](#))

An Alyeska Pipeline Service Company engineer sent a letter to federal regulators and BP's Office of the Ombudsman claiming internal company documents were altered following a 4,500-barrel oil spill May 25 to cover up the fact that Alyeska allegedly failed to perform maintenance on a key piece of equipment.

Additionally, the concern letter, obtained exclusively by Truthout, also contained numerous other allegations about the overall safety and integrity of the 800-mile Trans-Alaska Pipeline System (TAPS) and the way in which Alyeska has been operating it.

For example, the employee's letter said the pipeline has been shut down numerous times over the past four years because equipment is neglected and routinely breaks and repairs are not being addressed in a timely manner due to a personnel shortage. And electrical technicians have not been properly trained to work on electrical equipment, but are expected to do so regardless.

Alyeska is majority owned by BP. TAPS moves anywhere from 600,000 to 700,000 barrels of oil per day and accounts for 15 percent of the country's oil supply.

Alyeska spokeswoman Michelle Egan said the company is investigating the anonymous employee's claims as well as others the employee raised about the overall integrity of TAPS.

The letter of concern was filed about a month after an attorney hired by Alyeska wrapped up

an [investigation](#) into a separate set of employee concerns that alleged Alyeska, under pressure by BP, implemented deep budget cuts which resulted in a “large ‘bow wave’ of deferred projects and program work” and threatened the safety of TAPS. The investigation, conducted by Alyeska confidante Charles Thebaud of the Washington, DC-based law firm Morgan, Lewis & Bockius, substantiated the employee’s concerns about budget cuts, the deferral of maintenance and low morale, but he concluded those issues did not have an immediate impact on the safety or integrity of the pipeline.

The employee’s letter was also sent to Melvin Jessee, Alyeska’s Employee Concerns Program coordinator, before the company’s Senior Vice President, Greg Jones, testified before the House Transportation and Infrastructure Committee’s Subcommittee on Railroads, Pipelines and Hazardous Materials about the circumstances behind the May oil spill and safety and integrity concerns related to the operation of TAPS in general. Neither Jones nor any other Alyeska officials disclosed to committee members the allegations in the employee’s letter or that the company was investigating the charges, several committee staffers told Truthout.

Lawmakers have stepped up their scrutiny of oil companies and their corporate practices ever since the explosion aboard the BP-operated Deepwater Horizon drilling rig in April, which killed 11 workers and ruptured a deep sea well that spewed hundreds of millions of gallons of oil across the Gulf of Mexico.

Last month, Sen. Lisa Murkowski (R-Alaska), a member of the Senate Energy and Natural Resources Committee, [called on Alyeska](#) to conduct an internal review of the pipeline to ensure its operating safely.

Alyeska said the company would hire a third party to conduct an independent review of TAPS, but the company would still maintain control of the review. Alaska State Rep. David Guttenberg (D-Fairbanks), who has been critical of the company’s cost-cutting measures, said Alyeska could not be trusted to investigate itself.

The fact that Alyeska is run by a consortium of oil companies led by BP and, like the British oil company, has a reputation for placing profits ahead of safety and integrity has made Alyeska a target of criticism.

During a closed-door meeting in mid-June with staffers who work for Rep. Bart Stupak (D-Michigan), the chairman of the House Energy Committee’s Subcommittee on Oversight and Investigations, Alyeska Chief Executive Officer and President Kevin Hostler was grilled about his management style, of which Thebaud’s report was harshly critical, and the oil spill at pump station 9, located about 100 miles southwest of Fairbanks, Alaska, and the site of four other serious accidents, including a fire in January 2007.

Hostler announced his retirement from Alyeska one day after Truthout published an [exposé](#) on the company.

The May 25 spill resulted when oil started to flow back into a storage tank after a backup battery system failed during a planned shutdown of the facility to test the fire-and-gas and valve leak systems. During one of the tests, which required disconnecting the pump station from the electrical grid, a battery powered uninterrupted power supply system (UPS) that is supposed to provide backup power failed and caused critical station control systems to shut down as well.

Because the power was out and the facility was not manned with trained operators, no one recognized that the relief valves, which open during a power outage, discharged oil into the on-site relief tank. The oil pouring into the tank, eventually overflowed and spilled and forced Alyeska to shut TAPS down for more than three days, which led to a [spike in oil prices](#).

The employee who wrote the letter told Truthout there have been 15 separate documented incidents involving UPS failures at pump stations 1, 3 and 4 since 2006 that no one at Alyeska ever looked into. At pump station 9, UPS failures were a common occurrence and were the catalyst behind pipeline shutdowns, but Alyeska failed to take action to correct the issue even though the company was informed about it, the employee said.

Alyeska's internal report into the spill was shared with Stupak's staffers. But they were not satisfied with the findings or Hostler's explanation about the circumstances behind the spill and requested that the company turn over additional documents to the committee, according to two Oversight Committee staffers.

Stupak's office was also troubled by claims that Alyeska would not allow inspectors from the Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) into the pump station for three days following the oil spill, according to two committee staffers.

Egan, the Alyeska spokeswoman, disputed the committee staffers' assertions. She said federal regulators were "on site" in the aftermath of the spill and spoke with two supervisors who responded to the incident. But access to the pump station was limited due to safety concerns.

"The issue in question seems to be interviewing key personnel on Wednesday May 26," Egan said. "On Wednesday, those key personnel were involved in making the site secure and safe and we did not want to pull them off that work until the serious safety risk was mitigated," Egan said. "Crude oil vapors were present. We verified there were no ignition sources. Staff worked on risk assessments that needed to be complete before work was performed ... Instead of releasing these five or so individuals from their safety-related work, we made others available on Wednesday, including the VP of Operations. [PHMSA inspectors] had his full attention for over an hour on a teleconference ... They had the full opportunity to ask any questions they had. They also agreed in this meeting to hold off on the other interviews until the site was safe and the personnel could take time out for interviews."

Egan said Alyeska offered PHMSA inspectors an opportunity to meet with the workers who had addressed the safety issues at the pump station earlier in the day on the evening of Wednesday, May 26.

"They were not interested due to the lateness of the day," Egan said. "On Thursday, [May 27] the requested interviews occurred."

However, a Democratic Hill source familiar with the spill and the federal response effort took issue with Egan's explanation.

"Egan said [PHMSA inspectors] were allowed in - yes they were - to an office,"

said the Democratic source, who requested anonymity because the incident is still under investigation by federal lawmakers and regulators. Inspectors “were not allowed near the scene of the spill even though they are trained to handle any potential safety issues they would encounter.”

## **Backdating Maintenance**

Although one of the conclusions in the internal report into the spill determined that Alyeska has suffered from a “trend of operational discipline deficiencies” over the years, the probe was flawed, said a BP master root cause specialist with behavioral safety as well as business management experience, because investigators were unable to replicate the reasons the backup generator failed and as a result were unable to identify the root cause as to why it malfunctioned.

“This is the inherent weakness of strategic reconfiguration: unmanned pump station,” the BP official told Truthout earlier this month. “This event could have been much worse if it had occurred when people were not there. Everything is dependent on no power failures, redundant power supplies to work and all equipment to set up in the right safe condition upon loss of power.

“The recommendations resulting from this investigation as well as other investigations identified in the report lack specificity as to what [Alyeska] needs to do in order to prevent future failures of equipment and people,” the BP official said. “Investigators were not able to replicate the breaker failure and therefore were not able to identify a root cause for the failure. This means that the device remains in service with the likelihood of a similar failure in the future.”

The UPS failure could not be replicated, according to the employee concern letter, because Bill Amberg, the Fairbanks Maintenance Base manager, who responded to the spill at pump station 9, “did not do as directed.”

The anonymous employee claims Amberg “was instructed not to do anything so that the [the technical failures leading up to the spill] could be recreated.”

“The emergency [65 kilowatt] generator had a charger and battery fail a couple of months prior to the [oil spill],” the concern letter alleges. “Amberg’s team failed to address this maintenance issue. When [oil that spilled into the tank began to overflow], Amberg rushed down to [pump station 9] and repaired the above charger and battery ” and backdated a work order to “cover-up the fact that it had never been done.”

The employee told Truthout that a work order was written up six weeks before the spill “to address problems with the charge and battery for starting the [65 kilowatt] generator.”

“Why wasn’t the work done?” the employee asked in the concern letter. “This is the most critical piece of equipment of the new [Strategic Reconfiguration Plan] installation.”

The Strategic Configuration Plan is a cost-savings measure that, among other things, calls for removing personnel from pump stations to address declining oil production on Prudhoe Bay.

The plan “calls for electrification of pump stations and installation of new control systems for

the pipeline. After reconfiguration, each pump station will be manned from Alyeska's operations control center in Anchorage," according to Congressional documents released [last month](#).

"According to Alyeska's prior president, David Wight, who also served as President of BP Amoco Energy Company: 'When we are done, Strategic Reconfiguration will shave millions of dollars from the annual cost of moving oil from Prudhoe Bay to Valdez.'"

Amberg referred calls for comment to Egan. About a dozen other engineering employees who spoke to Truthout said they, too, were aware of "rumors" that Amberg backdated a maintenance work order. But none of the employees were able to provide documentary evidence to back up the claims.

Egan emphasized that the allegations against Amberg are unsubstantiated. "One should not assume that any allegations are true until all of the facts are known and the investigation is complete," Egan told Truthout, adding that the findings of the investigation will be communicated directly to the employee who filed the written complaints.

Jerry Brossia, an official with the Joint Pipeline Office (JPO) in Alaska, the consortium of state and federal agencies that regulates TAPS, also received a copy of the anonymous Alyeska employee's concern letter. Brossia said JPO is "just getting started" on its own investigation into the allegations. But he said the charges leveled against Amberg in particular does not square with what his office knows about Amberg's integrity and reputation.

"I know Bill Amberg from Valdez [Marine Terminal where Amberg was maintenance manager]," said Brossia. "He cleaned up an awful lot of the maintenance problems there. These charges from an anonymous employee does not fit with the reputation [Amberg] has with our office."

Brossia added that Alyeska told his office that the allegations against Amberg are "flat-out not true." But he did not know whether there was validity to the claim that the company did not perform maintenance on the backup generator that failed to kick in during the power outage prior to the spill.

Brossia did say, however, that "things have been tripping on and off" at pump station 9 "for years" and it's a concern "because it can lead to a catastrophe."

Alyeska has "had a variety of different problems" at pump station 9 related to the UPS, he said. "I know Alyeska is now looking at that."

In an internal email sent to employees Wednesday obtained by Truthout, Senior Vice Presidents Mike Joynor, Greg Jones, Jordan Jacobson; the company's general counsel; and Mike Muckenthaler, Alyeska's chief financial officer; said "a thorough Management Action Plan is being implemented to address issues that led to the overflow" at pump station 9.

"We are working to address the challenges Alyeska has faced in recent months," the email said. "We will make sure we learn from this event and apply those learnings across TAPS," they wrote.

A spokesperson for PHMSA told Truthout the agency is "continuing to investigate the failure

at pump station 9.” PHMSA issued a corrective order following the May 25 spill requiring Alyeska to keep personnel on site 24 hours a day, seven days a week and perform inspections every 30 minutes for “leaks and any abnormal operations or activities.”

The employee who wrote the concern letter told Truthout the same mandate should be applied to other unmanned pump stations because those facilities are also vulnerable.

PHMSA inspectors and Congressional staffers were supposed to be in Alaska earlier this month to inspect the pipeline and the pump stations as well as review internal Alyeska documents and records to ensure the company is in compliance. But the trip was delayed due, in part, to the death of former Alaska Sen. Ted Stevens, who was killed in plane crash.

## **Drawings**

Another serious allegation the employee raised in the concern letter says Alyeska does not have updated “as-built” drawings for its fire and gas system and the Strategic Reconfiguration Plan.

As ProPublica [reported](#), “final design drawings, called ‘as-built’ drawings, are considered an essential safety component. They prove that a piece of equipment ... was built the way it was supposed to be. Those drawings are thus the final checks to make sure the equipment operates properly. They also serve as instruction manuals for emergencies.”

But according to the employee’s concern letter, Alyeska “put [pump station 9] online without [as-built] drawings being complete” and although the company is “gradually” updating the drawings the fact that they have been unavailable for at least three years put the pipeline at risk and led to an untold number of close calls.

Moreover, “hundreds if not thousands of these [Strategic Reconfiguration Plan] drawings have been stamped ‘poor quality’ for a brand new installation,” the employee’s concern letter alleges. “We complain and complain but the atmosphere is so bad that we can only push so hard.”

The fire and gas as-built drawings are in an even worse “state of affairs.”

“We do not know how the [fire and gas systems] are supposed to work,” the letter says. “The fire systems engineers do not engage Operations enough with their fire procedures and obviously do not understand consequences of their actions.”

The employee’s email also claims that some of the critical as-built drawings are also unavailable for pump station 1, and likely missing for pump stations 3 and 4.

“A privileged few have the drawings on their thumbdrives,” the concern letter says.

## **New CEO**

Separately, the email sent to Alyeska employees Wednesday by the company’s senior vice presidents said, “TAPS owners have engaged an executive search firm to assist in selecting a new CEO and President” to replace Hostler. “It’s very possible that our next CEO will be an Alyeska employee, instead of an executive from an Owner or Owner affiliated company, which has been the standard practice.”

Alyeska's past presidents were BP executives.

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