

NEWS RELEASE

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FOR IMMEDIATE RELEASE

DEC provides status of response, investigation of North Slope spill *Department will independently review and evaluate investigation report and findings*

Juneau, AK—March 17, 2006—The Alaska Department of Environmental Conservation (DEC) continues to be fully engaged in the response, investigation and outcome of the March 2nd crude oil spill from a 34 inch single phase crude only pipeline near Gathering Center 2 on the North Slope.

DEC Commissioner Kurt Fredriksson said, "I can't stress enough that the state is fully committed to identifying the cause of the spill and seeking appropriate corrective actions. We are working with other state agencies, including the Department of Law, Department of Natural Resources, and the Alaska Oil and Gas Conservation Commission to regulate pipelines recognizing the need to ensure the integrity of Alaska's oil field for another generation."

"We will be considering the investigation team's findings over the next several weeks in deciding whether to propose additional corrective actions or regulatory changes for leak detection, corrosion control and integrity management," Fredriksson added.

Preliminary findings of the investigation team include some areas of concern including corrosion and its causes. In 2004, DEC hired Coffman Engineers, Inc. to review BP (Alaska) Inc.'s 2004 corrosion program report, which outlines the measures undertaken to mitigate corrosion of their non-common carrier North Slope pipelines, such as GC2. Coffman concluded that BP's corrosion management program is effective and exceeds common industry practice.

According to DEC, the leak detection system was successfully tested in 2002 as capable of detecting a leak of 0.5 percent of the flow in 24 hours. That detection level is significantly more sensitive than the current regulatory requirement of 1 percent. Preliminary findings indicate that the rate of loss may have occurred over time at a rate that was below the rate of loss that would have to occur to trigger the leak detection system.

"In spite of all the steps that have been taken, the years of work with the Charter Agreement and regulations review, we've still had a spill. And that is unacceptable," Fredriksson said. "We need to complete the investigation and figure out what went wrong and what we need to do, to prevent this from happening again."

The oil spill response has been well managed. The spill occurred at a time when impacts to the environment are minimal. Snow cover and frozen conditions provide optimum conditions for minimizing resource impacts and cleanup should be complete with little or no impacts to fish or wildlife resources.

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For more information on the GC2 transit line spill, go to <u>www.dec.state.ak.us</u> and click on GC2 Spill.