ConocoPhillips Reaches Deals over Spills

DAN JOLING,Associated Press

ANCHORAGE, Alaska (AP) — ConocoPhillips has agreed to federal and state civil penalties of about $200,000 for spills of crude oil and contaminated water from corroded pipe in Alaska's Kuparuk Oil Field in 2006 and 2007.

ConocoPhillips Alaska Inc. also agreed to reimburse the state $112,273 for the cost of its investigation and oversight.

The company also must complete restoration of the 0.32 acre that was affected.

ConocoPhillips Alaska spokeswoman Natalie Lowman said by email that spill prevention and protection of the environment are top priorities for the company.

"Lessons learned from these two incidents about potential corrosion pathways have been applied to our integrity management program, which has been subjected to rigorous internal and external oversight," she said.

North Slope facilities require increasing amounts of maintenance and capital as they age, Lowman said, and ConocoPhillips is spending significantly on pipeline inspection, asset renewals such as pipeline replacements, and upgrades in "pigging" infrastructure — the devices that look for corrosion inside a pipe.

Both spills were blamed on corrosion in flow lines, which carry a mix of crude oil, water, gas and solids from production wells to processing centers.

Settlement figures were announced separately by the Environmental Protection Agency and the Alaska Department of Environmental Conservation.

The EPA said ConocoPhillips agreed to pay a $45,000 federal penalty for a spill from a 24-inch flow line that failed in December 2007. State investigators said the pipe spilled 2,870 gallons of contaminated water and 1,386 gallons of crude oil.

They blamed the leak on external corrosion caused by an anomaly in the manufacture of pipe insulation that allowed water to be drawn to the side wall of the pipe.

A leak detected 21 months earlier, on March 9, 2006, released 500 gallons of contaminated water and small amounts of crude oil. The DEC and the company concluded that the leak was caused by internal corrosion.

The settlement required ConocoPhillips to take remedial measures that included improved corrosion monitoring.

The state settlement called for civil penalties of $78,283 for the 2006 spill and

$77,009 for the 2007 spill.

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