Exxon Challenges $1.7M Yellowstone Spill Penalty

MATTHEW BROWN, Associated Press

BILLINGS, Mont. (AP) — Exxon Mobil Corp. is challenging $1.7 million in penalties proposed by federal safety regulators who faulted the oil company over a 63,000-gallon crude oil spill into the Yellowstone River, according to documents released Monday by the U.S. Department of Transportation.

In the first formal response to the alleged violations, Exxon attorneys said the company's workers responded appropriately to warnings that the 12-inch Silvertip pipeline was endangered by erosion along the Yellowstone near the town of Laurel.

They said Exxon took precautions in the weeks before the spill — including checking the 20-year-old line to make sure it still was buried beneath the riverbed. Exxon said it also shut down the line twice, out of caution, before floodwaters scoured the river bottom and caused the line to break in July 2011.

The spill contaminated 70 miles of riverbank, killing fish and wildlife. Exxon spent $135 million on cleanup and repair work.

Investigators chalked up the immediate cause of the break to floodwaters that damaged the line and left it exposed. It ruptured under pressure from debris washing downriver.

But the government also cited an alleged chain of bad decisions by Exxon leading up to the spill and in its immediate aftermath. That included Exxon employees' failure to close an upstream safety valve, which investigators said could have significantly reduced the size of the spill after it was detected.

Exxon disputed most of those allegations in the response letter released Monday. And it asked that the proposed penalties be reduced or withdrawn.

"We respectfully request that all of these allegations, including precautionary shutdowns of the line on two occasions, reflect the appropriate response of (Exxon) rather than suggest that the company as not aware or involved with local conditions and concerns," Exxon's attorneys wrote.

They added that the amount of the penalty failed to take into account that Exxon cooperated with authorities during the cleanup. They also said the five violations alleged were related, and therefore subject to a $1 million cap on penalties.

A hearing to decide whether any violations occurred and what any penalty should

be is set for July 17, said Damon Hill, a spokesman with the Department of Transportation's Pipeline and Hazardous Materials Safety Administration.

Hill declined to address Exxon's arguments. He said the hearing will be overseen by a member of the pipeline safety agency's Office of Chief Counsel.

If Exxon emerges from the hearing dissatisfied, it can ask the presiding official to reconsider before appealing to the U.S. Court of Appeals for the District of Columbia, Hill said.

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