Exxon Contests $1.7M Penalty for Pipeline Break

BILLINGS, Mont. (AP) — Representatives of Exxon Mobil Corp. appeared at before federal regulators Wednesday to contest $1.7 million in proposed civil penalties over a Montana oil spill.

The penalties stem from a 2011 pipeline break that spilled an estimated 63,000 gallons of oil into the Yellowstone River near Laurel.

Federal regulators charged in March that Exxon failed to take sufficient steps to protect its 12-inch Silvertip pipeline against erosion caused by flooding. They also said the company did not close an upstream safety valve quickly enough, making the spill much worse.

Exxon's attorneys have said in paperwork submitted to the government that the company took reasonable precautions, including surveying the riverbank in the weeks before the spill to make sure the line was still buried. They want the penalty reduced.

A U.S. Department of Transportation spokesman said Wednesday's closed-door hearing in Denver was presided over by a representative of the chief counsel's office within the Pipeline and Hazardous Materials Safety Administration.

A ruling is expected within six months.

Exxon spent an estimated $135 million on cleanup and repair work after the accident fouled an estimated 70 miles of riverbank with crude oil. That included replacing the damaged section of Silvertip with a new length of pipe installed dozens of feet beneath the river.

The spill has prompted other pipeline companies to take similar measures to prevent their lines from being similarly exposed and damaged.

The Montana Land Board on Monday approved a temporary construction license to Phillips 66 to replace a petroleum pipeline crossing the Yellowstone River near Lockwood with a new one that runs 40 feet below the river's bottom.

A temporary license was granted because the company and state officials are still negotiating whether to leave the abandoned Glacier Transfer pipeline where it is or to remove it. But the company must begin work on horizontally drilling the new pipeline now so that it is operating by spring, when the river level rises, Department of Natural Resources and Conservation director John Tubbs said.

Tubbs said the agency would like to see the old pipeline removed because erosion in the river channel may eventually expose it.

Company officials would prefer to leave it in place, as it runs below an irrigation system on one side of the river and would be difficult to remove, Tubbs said.

The company and state officials plan to come up with criteria on when the company would be required to remove the abandoned pipeline.

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