mixed messages

bp's record on the environment and safety, alaska oil operations, and the arctic national wildlife refuge

U.S. PIRG
Education Fund
Safety and the Environment on Alaska’s North Slope – A Recent History

9.23.99 – BP pleads guilty to federal charges connected to the illegal dumping of hazardous waste into the groundwater at the Endicott Oil Field. As part of the settlement, BP agrees to pay $22 million in criminal and civil penalties and is put on criminal probation.

7.24.00 – BP launches a new public relations campaign, adopting a green and yellow sun as its logo and introducing a new slogan – ‘beyond petroleum.’ On the same day, BP agrees to pay $10 million in penalties for environmental violations at operations throughout the United States.

4.01 – The Environmental Protection Agency fines BP $412,500 for failing to properly monitor waste discharges from several of its North Slope operations. The fine is reduced to $53,460 because of the company’s voluntary disclosure of Clean Water Act violations.

1.09.02 – BP agrees to replace a faulty valve at a Prudhoe Bay oil well, nearly four years after employees initially requested that the valve be replaced. The oil well valve is used to mitigate possible oil spills.

3.02 – Two veteran BP employees call for federal oversight of North Slope oil operations, alleging several safety and maintenance problems at the Prudhoe Bay oil field, including faulty valves and pipeline corrosion.

6.05.02 – BP receives a $300,000 fine for failing to install an advanced system that would detect pipeline leaks throughout the Prudhoe Bay facility.

8.22.02 – An explosion at a North Slope well pad throws a BP employee 50 feet in the air. The employee suffers severe burns and broken bones.

11.25.02 – BP agrees to pay the State of Alaska $675,000 for costs related to the cleanup of a large Prudhoe Bay pipeline spill.

12.21.02 – A BP employee is killed on the North Slope after a water pipeline burst under extreme pressure.

1.21.03 – Media reports reveal an internal memo sent to North Slope employees by BP Alaska President Steve Marshall warning that BP may halt all Alaska operations if safety problems continue.

4.24.03 – At the annual meeting in London, BP officials cite Alaska safety problems as one of the company’s largest concerns.

5.27.03 – A spill of more than 6,000 gallons is discovered at an underground pipeline near a caribou crossing on the North Slope. BP officials determine the cause of the spill to be pipeline corrosion.

Present Day – The ‘beyond petroleum’ public relations campaign continues to this day, with the following message displayed in large bold letters on BP Alaska’s website:

“no accidents, no harm to people, no damage to the environment”
The Arctic National Wildlife Refuge - Where Does BP Stand?

4.13.00 – At the annual meeting in London, a record number of BP shareholders – 13.5 percent – vote in favor of canceling plans for drilling in the Arctic Refuge.

11.07.00 – Despite shareholder support for protection, BP CEO Sir John Browne states “BP is interested in exploring Alaska’s Arctic National Wildlife Refuge if Bush wins the White House.”

3.22.01 – The U.S. Public Interest Research Group releases a report entitled Green Words, Dirty Deeds, an expose of BP’s ongoing campaign to hide its poor environmental and safety record.

11.29.01 – BP announces plans to downsize its Alaskan exploration operations, indicating a new policy of focusing development around existing oil fields.

2.27.02 – BP announces a policy against making political contributions. However, the policy does not apply to individual employees, executives, or related sources.

4.18.02 – BP shareholders vote on another Arctic Refuge resolution at the annual meeting. More than 11 percent of shareholders vote in favor of the resolution.

4.18.02 – The U.S. Senate votes to prevent oil and gas drilling in the Arctic Refuge. The measure to open the Refuge as part of a comprehensive energy bill fails by a vote of 46-54.

6.28.02 – At a speech in Alaska, CEO Lord Browne states that BP will discontinue “frontier exploration” in favor of development near developed oil fields.

11.25.02 – BP drops out of Arctic Power, the single-issue lobbying group dedicated to opening the Arctic Refuge for drilling.

3.18.03 – U.S. PIRG releases the report False Profits, which confirms that the Arctic Refuge does not meet industry investment standards – including the standards of BP.

3.19.03 – The U.S. Senate votes again to prevent drilling in the Arctic Refuge. The measure to remove Refuge drilling from the annual budget bill passes by a vote of 52-48.

4.24.03 – At BP’s annual meeting, U.S. PIRG delivers a statement applauding BP for withdrawing from Arctic Power. U.S. PIRG calls on BP to pledge to never operate in the Arctic Refuge.

5.01.03 – BP announces the sale of more than 100,000 acres throughout the North Slope.

7.10.03 – BP shuts down the under-performing Badami oil field, one of the fields closest to the Arctic Refuge. BP cites difficult geology as the primary reason for shutting down the field, providing further evidence drilling in the Refuge is a risky investment.

8.27.03 – Royal Dutch/Shell announces it will not operate in areas designated as World Heritage Sites, becoming the first oil company to adopt such a policy.
BP’s Mixed Messages

In July of 2000, BP ambitiously announced that the oil company had gone ‘beyond petroleum.’ The new slogan was accompanied by an equally dramatic green and yellow logo meant to evoke the ancient Greek god Helios, the sun god. The re-branding campaign sought to portray BP as a thoughtful, forward-thinking, and responsible corporation, an oil company as interested in the power of the sun as it was dependent on oil.

But on the same day BP announced it was going ‘beyond petroleum,’ the company agreed to pay $10 million in penalties for violations discovered by the Environmental Protection Agency at nine of its oil refineries.

As BP’s John Browne once stated, “policies are easy to state, but their ultimate expression lies in the way we behave.” The fines that accompanied the re-branding highlight the challenges BP faces if it truly wants to go ‘beyond petroleum.’ And activists and citizens around the world are still waiting for the company to transform itself into a truly socially responsible corporate citizen.

BP and the North Slope – Ongoing Problems

In the four years since going ‘beyond petroleum,’ BP has been plagued by spills and other environmental violations, but also by a troubling rise in safety problems on the North Slope.

Beginning in the mid-1990s, BP was involved in the illegal dumping of thousands of gallons of hazardous waste at its Endicott field near Prudhoe Bay on the North Slope. As a result, the company agreed to pay $22 million in criminal and civil fines and was put on criminal probation in the United States. The probation which is still in place.

Since the illegal dumping incident, BP’s record has become worse. The company has received several complaints from employees and contractors in regard to the poor oversight of Prudhoe Bay operations. These whistleblowers have claimed that as production levels decreased on the North Slope, so has BP’s willingness to properly maintain and replace aging equipment or properly staff oil field facilities.

2002 was an especially poor year for BP on the North Slope. In June, BP was fined $300,000 for failing to install proper leak detection. Later that summer, an explosion on a well pad severely injured an employee. In November, the company agreed to pay nearly $675,000 in penalties and cleanup fees for spills that occurred during the previous year. The year ended on a somber note after a water pipeline accident killed a BP employee.

In fact, safety concerns have threatened to halt all Alaskan operations. In an internal memo, BP Alaska President Steve Marshall stated that the company had to focus on safety “as if our lives and our future in Alaska depend on it. Because they do.” Less than six months later, at the annual meeting in London, BP officials indicated that the ongoing safety problems in Alaska were one of the company’s largest concerns.

Yet, problems persist on the North Slope, and employees continue to warn of poor maintenance at Prudhoe Bay. Undetected corrosion caused a spill of more than 6,000 gallons of oil and produced water in late May 2003.

Despite its poor record on the North Slope, BP continues to send mixed messages with its “beyond petroleum” campaign.
The Arctic Refuge – Unclear Policy

The Arctic Refuge has become one of the most high-profile environmental issues in the United States and around the world. BP has been active on Alaska’s North Slope for almost 40 years. The London-based oil giant dominates the oil fields east of the Trans Alaska Pipeline, the area closest to the coastal plain of the Arctic Refuge.

In the past, BP had indicated interest in drilling for oil in the coastal plain of the Arctic Refuge. As the 2000 elections neared, CEO Lord John Browne made the company’s intentions clear, stating that BP was interested in exploring the Refuge if George W. Bush – a supporter of Refuge development and former oil industry executive – became president. According to the Center for Responsive Politics, BP and related company sources contributed more than $1.2 million to federal campaigns during the 2000 election cycle.

Browne’s statement on the Arctic Refuge came at a time when shareholders were increasingly voicing their opposition to drilling. At the annual meeting in London on April 13, 2000, more than 13 percent of BP shareholders voted in favor of the U.S. Public Interest Research Group sponsored resolution calling on the company to stay out of the Refuge. Two years later, more than 11 percent of shareholders voted in favor of another U.S. PIRG sponsored resolution.

Political opposition to drilling in the Arctic Refuge also has increased since Browne’s statement during the 2000 presidential election. The U.S. Senate has voted to prevent drilling in the Refuge twice — first in April 2002 and again in March 2003.

As drilling in the Arctic Refuge became increasingly unpopular among decision-makers and investors, BP began to distance itself from the issue and its operations in Alaska all together.

In late 2001, BP began to downsize and relocate parts of its Alaska operations to Houston. According to officials, the decision to reduce the company’s stake in Alaska came after several failures to develop new oil fields on the North Slope.

Before the first Senate vote to prevent drilling in 2002, BP announced it would no longer make corporate contributions to political campaigns. Company officials claimed that the decision was made as part of an effort to reduce scrutiny of its influence over the political process.

Shortly after the Senate vote, BP announced that it would no longer explore “frontier areas” in Alaska. The decision marked a new policy for North Slope operations – continued development in areas that are already producing oil and profits, while refraining from taking risks in undeveloped areas.

In late 2002, under pressure from a coalition of environmental and corporate activists led by U.S. PIRG, BP announced that it would stop lobbying to allow drilling in the coastal plain of the Arctic Refuge. The decision to drop out of Arctic Power, the single-issue lobbying group dedicated to opening the Refuge for drilling, seemed to represent nearly a complete reversal in BP policy towards the Refuge.

Yet, BP’s position on drilling in the Refuge remains unclear. Officials within the company have refused comment on the issue. If not officially stated, BP’s policies on North Slope development and recent actions to reduce operations imply a position – no exploration in new areas on the North Slope, including exploration within the Arctic Refuge.

BP also continues to influence the outcomes of public policy within the United States. While the decision the stop campaign contributions prevents official corporate contributions, the policy does not apply to individual executives and employees or political action committees. According to the Center for Responsive Politics, BP and related sources have contributed more than $560,000 to political campaigns since 2001.

The end result is that BP, while portraying itself as an environmentally conscious company, continues to send mixed messages about its environmental track record and issues of such importance as the debate over drilling in the Arctic Refuge.
BP and Preservation Policy

BP claims it does not adopt policies against operating in specific locations. Instead, BP holds firm that it follows official governmental policies about areas that should be off limits to drilling, due either to environmental or cultural concerns. To BP, this is normal policy for environmentally responsible companies.

However, other oil companies – in particular Royal Dutch/Shell – have taken steps to adopt no-go zone policies. In August of 2002, Royal Dutch/Shell announced that it would not operate in areas designated as World Heritage Sites by UNESCO. The World Heritage Sites list includes areas throughout the world of great natural or cultural value, areas worthy of permanent protection from development.

The decision by Royal Dutch/Shell represented a significant shift in how oil companies view preservation. No longer is the policy of “not having a policy” towards preservation the status quo.

For BP to maintain its self-styled reputation as an environmentally conscious oil company, it needs to take actions similar to those of Royal Dutch/Shell. Royal Dutch/Shell—not BP—has emerged as an industry leader on preservation issues.

The Case for Protection

Drilling in the Arctic Refuge would impose tremendous environmental costs on a delicate ecosystem, as well as the people who depend on the Refuge’s natural resources for survival. The companies drilling in the Arctic Refuge, however, could face detrimental costs as well, in the form of a consumer backlash from the American public and poor returns on their investment. The risk for investment is high.

The Arctic Refuge, located on Alaska’s North Slope, covers 19 million acres of the most pristine wilderness on Earth. The Refuge is the only area in the United States that provides a complete range of Arctic and sub-Arctic ecosystems balanced with a wide variety of wildlife. The 1.5 million acre coastal plain is the most biologically significant and diverse section of the Arctic Refuge. Large populations of caribou, musk oxen, brown, black and polar bears, wolves, and snow geese and millions of migratory birds thrive off this land.

The coastal plain of the Arctic Refuge is also sacred to the Gwich’in Indians, one of North America’s oldest surviving subsistence cultures. The Gwich’in rely upon the Porcupine caribou herd for their survival. Every year, the 130,000 strong caribou herd migrates to the coastal plain to give birth and raise their young. The Department of Interior has warned Refuge development could disturb nearly 40 percent of the herd—thereby also disrupting the way of life of the Gwich’in.

The Arctic Refuge is entirely undeveloped and untouched by roads and trails. Development within the Refuge could severely disrupt the ecosystem, forever altering the natural landscape of the Refuge.

Drilling in the Refuge would not come without political costs to the companies deciding to drill there. The campaign to protect the Arctic Refuge has become one of the most important and prominent environmental issues in the United States. Time and time again, the majority of Americans has indicated a desire to keep the Refuge protected. BP and other companies entering the Refuge could face tremendous political and consumer backlash, which ultimately could tarnish the companies’ brand names and bottom lines.

The economic costs of Arctic Refuge development also outweigh the potential benefits of investment. According to recent research by U.S. PIRG, the Refuge does not meet the strict investment criteria of BP or the other major oil companies. The economics of Refuge oil does not meet BP’s standards for the threshold price of investment, nor does it provide a large enough return on this investment.

Simply stated, investment in the Arctic Refuge is a risk—politically, economically, and for BP’s reputation.
A Call to BP - Clean Up Your Act

For the last five years, citizens and concerned investors have called on BP to live up to its rhetoric and become the environmentally responsible company it claims to be. Although the company claims that safety and environment are important concerns, BP has failed to act as a leader within the oil industry on these issues.

As a company that claims to be ‘beyond petroleum’ and operates in sensitive areas, BP has a responsibility to employ the best possible practices to ensure the safety of its employees and surrounding ecosystems. When the company went ‘beyond petroleum,’ it displayed an awareness of the value its customer place on the environment. Yet, BP’s ongoing failures only damage the company’s reputation and its environmentally friendly image. Operating in the Arctic Refuge would risk BP’s entire reputation as a world leader on environmental issues.

BP has the opportunity to be a leader on one of the most high-profile environmental issues—drilling in the Arctic Refuge. BP should pledge to never operate in the coastal plain of the Arctic Refuge, displaying both leadership in the oil industry and awareness of the critical environmental concerns involved. BP has made efforts to be a leader on other important environmental issues; it should do the same for issues concerning preservation of ecologically important areas, in particular the Arctic Refuge.

There are some places on this planet that are too precious and too valuable to destroy for the purposes of economic gain. The Arctic National Wildlife Refuge is one of those places.

Call on BP to improve its record in Alaska and to pledge to never drill for oil or gas in the coastal plain of the Arctic Refuge.

Get Involved

Contact BP CEO Lord John Browne and urge him to act on these issues.

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To get involved with the Arctic Wilderness Campaign, contact the US Public Interest Research Group.

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All Photos by Pamela A. Miller