

OSHA[®] FactSheet

BP Settlement Agreement Fact Sheet

Major features of the settlement agreement:

1. BP Products North America, Inc. (BP), the owner/operator of the Texas City Refinery, has agreed to a comprehensive program to bring workplace safety and health protections at the refinery up to date. The program addresses the risks of catastrophic chemical releases as required by the OSHA process safety management (PSM) standard. The agreement ends on March 12, 2012.
2. BP will pay the entire assessed penalty \$50.61 million to settle failure-to-abate notices stemming from a prior settlement related to the 2005 explosion at BP's Texas City, Texas refinery. This is by far the largest OSHA penalty ever paid.
3. BP is allocating \$500 million for this program, and it will provide additional funding, if needed.
4. OSHA will have access to the BP Board of Directors through a liaison to raise concerns about compliance with the agreement.
5. The agreement requires BP to complete pressure relief and layer of protection analyses of all of the equipment in all of the refinery's 28 process units according to definite schedules.
6. Beginning immediately, BP will take interim measures to protect employees from any risks of catastrophic releases discovered in the pressure relief and layer of protection analyses including, if necessary, shutting the process down.
7. The agreement requires BP to install safety-instrumented systems (SISs) and to correct pressure relief deficiencies according to definite schedules. Reliable SISs prevent hazardous releases. Reliable and proper pressure relief equipment mitigates hazardous releases in a safe manner. As it completes the studies, BP will try to expedite the schedules. The agreement does not affect the willful violations alleging pressure relief deficiencies that OSHA issued at the same time as the FTA notices. These willful violations are currently under contest.
8. Because the schedules to install the equipment necessary to correct deficiencies and to install SISs safely in the many units affected will depend on the refinery's turnaround schedules, many dates in the schedules will extend past the agreement's termination date on March 12, 2012.
9. BP will provide OSHA with detailed quarterly progress reports.
10. Independent third party experts will audit BP's progress in meeting the agreement's requirements.
11. The Texas City Refinery Business Unit Leader and the OSHA Area Director will meet regularly to review progress and to discuss any issues. In addition, the OSHA National Office and BP upper corporate managers will meet annually.
12. OSHA will conduct on-site inspections to monitor abatement and progress, as well as other inspections as part of its normal enforcement activities.
13. OSHA has a variety of remedies if BP fails to meet its obligations. OSHA may issue additional Failure to Abate (FTA) notices and willful violations for any failures to comply with the agreement. Whether OSHA issues a FTA notice or willful violation depends on the specific obligation involved and the circumstances. The Secretary of Labor can also enforce the Agreement's terms in the United States Court of Appeals for the Fifth Circuit. Finally, OSHA can terminate the Agreement if BP does not act reasonably and in good faith to comply.
14. Workers' representatives at the Texas City Refinery (USW Local 13-1) have attended the meetings between OSHA and BP, and were consulted on the terms of the agreement.

BP Settlement Agreement Fact Sheet (Glossary)

1. **Abatement.** Abatement means action by an employer to comply with a cited standard or regulation or to eliminate a recognized hazard identified by OSHA during an inspection.
2. **FTA - Failure to Abate.** Failure to correct violations or to control identified hazards within the allowed time period.
3. **FTAN - Notifications of Failure to Abate Alleged Violations.** The settlement resolves the FTANs identified in OSHA's 2009 monitoring inspection.
4. **Independent Protection Layer ("IPL")** – a device, system, or action that is capable of preventing an accident sequence from proceeding to the point where it could cause harm. An IPL is (1) independent of the event or failure that initiated the accident sequence, (2) independent of other IPLs, and (3) auditable. Examples could include highly reliable means of shutting off heat to a distillation column to prevent excessive pressure, or of preventing liquid overflow of a vessel, as occurred in the 2005 ISOM unit explosion at the BP Texas City Refinery.
5. **Interim Control** – a temporary device, system, or action that is designed to prevent a process from getting out of control and causing a release, explosion, or other incident. Examples of interim controls include process design changes, process control changes, changes in operating limits (e.g., temperature and pressure), critical alarms, physical protection devices (e.g., relief valves, rupture discs, blast walls, dikes), and extraordinary testing and inspection.
6. **Interim Measures** – Interim Controls and Interim Safeguards, collectively.
7. **Interim Safeguard** – a temporary device, system, or action that is designed to prevent a fire, explosion or chemical release from occurring or to reduce the severity of the event if it occurs. Examples of interim safeguards include training and certification, revised operating procedures, administrative controls such as restricted access to hazardous areas, plant communication, fire protection, physical barriers, and plant emergency response.
8. **LOPA - Layer of Protection Analysis.** A semi-quantitative tool for analyzing and assessing risk based on the concept that multiple, reliable, safeguards (layers of protection) are needed to prevent process incidents. LOPAs are used to extend / supplement Process Hazard Analyses (PHAs) for complex or very serious hazards. LOPAs are deemed to be PHAs for OSHA enforcement purposes in the Agreement.
9. **LOPA of Record** - LOPAs and Quantitative Risk Analyses completed under the Agreement, and which take into account the specific equipment configurations and conditions at the Texas City Refinery. LOPAs of Record are conducted in accordance with RAGAGEP and specify the layers of protection and engineering controls necessary to control potential hazards.
10. **Permanent Modification** – a long-term solution that reduces the consequence or probability of an event. Examples of permanent modifications include process design changes, such as reduced chemical inventories or less hazardous operating conditions, equipment modifications or replacement, process control modification, permanent changes in operating limits (reducing equipment demand), and physical protection devices (e.g., relief valves, rupture discs, blast walls, dikes).
11. **PHA - Process Hazard Analysis.** A hazard evaluation performed in accordance with §29 CFR 1910.119(e) to identify and control hazards in PSM covered processes. *[source: OSHA PSM standard]*.

12. **PSM - OSHA's Process Safety Management of Highly Hazardous Chemicals standard §29 CFR 1910.119.** The PSM standard requires employers with processes containing significant quantities of hazardous materials to implement comprehensive management systems to prevent, or minimize the consequences of, catastrophic releases of toxic, reactive, flammable, or explosive chemicals.
13. **QRA - Quantitative Risk Analyses.** QRAs are highly rigorous assessments of extremely complex and/or serious hazards. They are very resource intensive, and are usually used when LOPAs are deemed to be inadequate to fully address a hazard scenario.
14. **RAGAGEP** - Recognized and Generally Accepted Good Engineering Practice. RAGAGEPs are voluntary guidelines often produced by organizations specializing in producing industry standard documents. Examples of RAGAGEP producing entities include the National Fire Protection Association (NFPA), and the American Petroleum Institute (API). The PSM standard requires employers covered under the standard to comply with RAGAGEPs.
15. **SIS** - Safety Instrumented System. A set of emergency controls that are designed to detect abnormal conditions in a chemical process and to bring those conditions back to a safe situation before a release occurs. Safety Instrumented Systems are required to be highly reliable so that they function as intended when they are needed in abnormal operating scenarios
16. **Verification.** As used in this agreement, the independent review and assessment of the progress toward completion of required abatement actions, and of the documentation of that progress. OSHA reserves the right to conduct its own inspections to verify completion of abatement.

This Fact Sheet is advisory in nature and informational in content. It is not a standard or regulation, and it neither creates new legal obligations nor alters existing obligations created by OSHA standards or the Occupational Safety and Health Act. Pursuant to the OSH Act, employers must comply with safety and health standards and regulations issued and enforced either by OSHA or by an OSHA-approved State Plan. In addition, the Act's General Duty Clause, Section 5(a)(1), requires employers to provide their employees with a workplace free from recognized hazards likely to cause death or serious physical harm. For compliance requirements of OSHA standards or regulations, refer to Title 29 of the Code of Federal Regulations. This information will be made available to sensory-impaired individuals upon request. Voice phone: (202) 693-1999. See also OSHA's website at www.osha.gov

For more complete information:



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