

June 3, 2008

BP P.L.C.  
28100 Torch Parkway  
Warrenville, IL 60555-3938

Dear Sir or Madam:

Sometime in the next few weeks, the Project On Government Oversight (POGO) will update its Federal Contractor Misconduct Database (<http://www.contractormisconduct.org/>), a compilation of information from public resources regarding government contractors, including BP. On October 26, 2006, we sent BP information regarding findings in POGO's database. As of today, we have not received a response from you. I have enclosed the findings relevant to your company, and I am seeking verification of this data.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to BP, please be assured that any response received by POGO will be posted on the website along with the data.

The biggest change we will be making to the database is the inclusion of more federal contractors (the top 100). We are also adding new instances that we have found in recent months and updating instances already in the database with new information. Please note that the database also includes pending instances, but these are kept separate from resolved instances and are not included in the totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Neil Gordon  
Investigator

Enclosure

## **Instances**

### 1. Unsafe Working Environment (Gulf of Mexico)

Date: 10/25/2006 (Date of Penalty)

Misconduct Type: Labor

Enforcement Agency: Interior

Contracting Party: None

Court Type: Administrative

Amount: \$25,000

Disposition: Fine

Synopsis: BP America Production Company was assessed a \$25,000 penalty by the Offshore Minerals Management on October 25, 2006 because "operations were not performed in a safe and workmanlike manner. While making an assessment of the unsafe conditions on the platform that needed repairing, the construction crew did not barricade a 3'4" x 3'4" opening in the stairway landing. Later, one of the crew members was injured when he fell through the open hole approximately 20' and into the Gulf of Mexico."

### 2. Workplace Safety Violations (Texas City Refinery)

Date: 09/22/2005 (Date of Settlement)

Misconduct Type: Labor

Enforcement Agency: Labor – OSHA

Contracting Party: None

Court Type: Administrative

Amount: \$21,300,000

Disposition: Fine

Synopsis: "On March 23, 2005, an explosion and fire occurred in the Isomerization Unit of BP Products' Texas City refinery as the unit was coming out of planned maintenance. Fifteen contractors died in the incident and many others were injured... The US Occupational Safety and Health Administration (OSHA), the US Chemical Safety and Hazard Investigation Board (CSB), the US Environmental Protection Agency and the Texas Commission on Environmental Quality, among other agencies, have conducted or are conducting investigations. At the conclusion of their investigation, OSHA issued citations alleging more than 300 violations of 13 different OSHA standards, and BP Products agreed not to contest the citations. BP Products settled that matter with OSHA on September 22, 2005, paying a \$21.3 million penalty and undertaking a number of corrective actions designed to make the refinery safer." See related BP Amoco P.L.C. misconduct instances, "2005 Texas City Refinery Explosion – Civil Litigation" and "Texas City Refinery Explosion - Guilty Plea."

### 3. Violations of Air Quality Regulations (Carson, CA)

Date: 03/17/2005 (Date of Settlement)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Civil

Amount: \$106,012,360

Disposition: Settlement

Synopsis: In March 2005, it was announced that BP would pay over \$106 million in the largest legal settlement ever with Southern California's air pollution agency. The agreement ended litigation over pollution from the BP West Coast Products refining plant in Carson, where neighboring residents have complained for years about emissions from the facility. The settlement requires BP to pay the South Coast Air Quality Management District \$31 million in cash, which includes \$25 million in penalties and \$6,012,360 for past emission fees; \$30 million over 10 years to fund programs for asthma diagnosis and treatment; \$25 million to replace a waste system that reduces hydrogen-sulfide pollution; and \$20 million for other pollution controls at the plant.

#### 4. Underpayment of Oil Royalties

Date: 04/11/2000 (Date of Settlement Announcement)

Misconduct Type: Government Contract Fraud

Enforcement Agency: Interior

Contracting Party: Interior

Court Type: Civil

Amount: \$32,000,000

Disposition: Settlement

Synopsis: On April 11, 2000, BP Amoco agreed "to pay \$32 million to resolve claims under the False Claims Act 31 U.S.C. § 3729, et seq. and administrative claims that the corporation underpaid royalties due for oil produced on federal and Indian leases since 1988"

#### 5. Violations of the Clean Air Act

Date: 07/25/2000 (Date of Administrative Agreement)

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: None

Court Type: Administrative

Amount: \$510,000,000

Disposition: Administrative Agreement

Synopsis: On July 25, 2000, the EPA and Justice Department reached an agreement with BP Amoco. "Under the agreement, BP Amoco, the nation's second-largest refiner, is expected to spend more than \$500 million on up-to-date pollution-control technologies and work practices at nine refineries to reduce emissions from all sources - from stacks, leaking valves, wastewater vents and flares... In addition, BP Amoco agreed to pay a \$10 million penalty."

#### 6. Illegal Disposal of Hazardous Waste (Alaska)

Date: 09/23/1999 (Date of Guilty Plea)

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: None

Court Type: Criminal

Amount: \$22,000,000

Disposition: Pleaded Guilty

Synopsis: BP Exploration (Alaska) Inc., a subsidiary of BP Amoco P.L.C. "pleaded guilty to one felony count related to the illegal disposal of hazardous waste on Alaska's North Slope, and

it agreed to spend \$22 million to resolve the criminal case and related civil claims...BP Exploration (Alaska) Inc., or "BPXA," admitted in U.S. District Court in Anchorage that it failed to immediately notify authorities of a release of hazardous substances to the environment, and it agreed to pay the maximum criminal fine of \$500,000. As part of the plea agreement, BPXA also admitted that it failed to provide adequate oversight, audits and funding to ensure proper environmental management on Endicott Island, Alaska."

#### 7. Exposing Employees to Explosion Hazards

Date: 09/13/2001 (Date of Penalty Proposal)

Misconduct Type: Labor

Enforcement Agency: Labor – OSHA

Contracting Party: None

Court Type: Administrative

Amount: \$141,000

Disposition: Fine

Synopsis: "Exposing employees to explosion hazards has led to \$141,000 in proposed penalties against BP Amoco Polymers, Inc., by the U.S. Labor Department's Occupational Safety and Health Administration. The alleged willful and serious citations for violation of safety standards resulted from an inspection of a March 13 explosion and fire that killed three workers at the company's Clanton Road plant. OSHA cited BP Amoco for two alleged willful violations with proposed penalties of \$125,000 for exposing employees to the release of hazardous energy... The company received three serious citations with proposed penalties totaling \$16,000 for failing to: properly install pressure relief devices; require proper face protection for employees working with corrosive materials; and properly train employees on lockout/tagout."

#### 8. Failure to Protect Employees from a Chemical Release (Texas City Refinery)

Date: 08/25/2004 (Date of Citation)

Misconduct Type: Labor

Enforcement Agency: Labor – OSHA

Contracting Party: None

Court Type: Administrative

Amount: \$63,000

Disposition: Fine

Synopsis: "BP Amoco's Texas City oil and gas refinery has been cited by the U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) for its alleged failure to protect employees from a chemical release and fire. Proposed penalties total \$63,000. OSHA issued citations to the refinery for 14 alleged serious violations of safety standards following an investigation that began March 30 when a pipe ruptured on a furnace, releasing flammable vapors that ignited a fire in the Ultraformer No. 4 (UU4) desulfurizer section."

#### 9. Conspiracy to Manipulate the Propane Market

Date: 06/28/2006 (Date of Guilty Plea)

Misconduct Type: Antitrust

Enforcement Agency: Justice

Contracting Party: None

Court Type: Criminal

Amount: \$250,000

Disposition: Pleaded Guilty

Synopsis: "Dennis N. Abbott, a former trader at a U.S. subsidiary of British Petroleum... pleaded guilty to conspiring to manipulate and corner the propane market in the winter of 2004... Under the terms of a plea agreement, Abbott faces up to five years in prison, a fine of \$250,000, and supervised release following any incarceration. Abbott has agreed to cooperate with law enforcement officials in an ongoing investigation... Abbott admitted in his plea agreement and an accompanying factual statement that from Feb. 5, 2004 through July 28, 2004, he and other employees of a British Petroleum subsidiary, BP Products North America (BP), agreed to manipulate the February 2004 propane market for TET propane." See related BP Amoco P.L.C. misconduct instance, "Conspiring to Corner the Propane Market (CFTC v. BP Products North America)" and pending instance "Conspiring to Corner the Propane Market (U.S. v. Radley, et al.)."

#### 10. Alaska Pipeline Leaks - Guilty Plea

Date: 10/25/2007 (Date of Plea)

Misconduct Type: Environment

Enforcement Agency: Multiple Agencies

Contracting Party: None

Court Type: Criminal

Amount: \$20,000,000

Disposition: Pleaded Guilty

Synopsis: British Petroleum Exploration (Alaska), Inc. (BPXA) agreed to plead guilty to a violation of the Clean Water Act for leaks of crude oil from a pipeline onto the tundra and a frozen lake on Alaska's North Slope. BPXA will pay a \$12 million criminal fine, \$4 million in community service payments to the National Fish and Wildlife Foundation and \$4 million in criminal restitution to the state of Alaska. BPXA will also serve three years of probation and will be required to replace 16 miles of pipeline at an estimated cost of \$150 million. The government alleged that two different leaks from BPXA oil transit lines occurred in March and August of 2006 due to BPXA's failure to heed warning signs of imminent internal corrosion that a reasonable operator should have recognized. The leaks resulted in a spill of more than 200,000 gallons of crude oil.

#### 11. CFTC v. Kelly (Attempted Manipulation of the NYMEX Unleaded Gasoline Futures Contract)

Date: 10/25/2007 (Date of Settlement)

Misconduct Type: Antitrust

Enforcement Agency: CFTC

Contracting Party: None

Court Type: Administrative

Amount: \$400,000

Disposition: Settlement

Synopsis: Paul K. Kelly, a former gasoline trader for BP Products North America, Inc., paid a \$400,000 civil penalty to settle charges of violating the Commodity Exchange Act. The U.S. Commodity Futures Trading Commission (CFTC) charged him with manipulating the price

spread between the November and December 2002 unleaded gasoline futures contracts traded on the New York Mercantile Exchange (NYMEX) on October 31, 2002.

#### 12. Violations of Texas Environmental Regulations

Date: 06/05/2006 (Date of Agreed Order)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Administrative

Amount: \$130,625

Disposition: Fine

Synopsis: The Texas Commission on Environmental Quality fined BP Products North America, Inc. a total of \$130,625 for three violations of TCEQ rules and state laws at its Texas City refinery. During inspections conducted in 2004 and 2005, the TCEQ found BP failed to prevent unauthorized releases of air contaminants and failed to cap an open-ended line.

#### 13. 2005 Texas City Refinery Explosion – Civil Litigation

Date: 09/18/2007 (Date of Announcement)

Misconduct Type: Labor

Enforcement Agency: Non-Governmental

Contracting Party: None

Court Type: Civil

Amount: \$38,000,000

Disposition: Settlement

Synopsis: An explosion and fire occurring on March 23, 2005 at BP Products' Texas City refinery killed 15 and injured hundreds. The incident led to more than 3,000 lawsuits. BP, which has settled approximately half of those claims, agreed in September 2007 to settle the claims of four victims that were the first to go to trial. The terms were not disclosed. BP has not disclosed the settlement terms of any of the Texas City cases other than a \$38 million donation to schools and hospitals in a case involving a plaintiff whose parents died in the explosion. See related BP Amoco P.L.C. instances "Workplace Safety Violations (Texas City Refinery)" and "Texas City Refinery Explosion - Guilty Plea."

#### 14. Capacity Release Violations

Date: 10/25/2007 (Date of Announcement)

Misconduct Type: Other

Enforcement Agency: Energy

Contracting Party: None

Court Type: Civil

Amount: \$7,000,000

Disposition: Fine

Synopsis: The Federal Energy Regulatory Commission (FERC) assessed a \$7 million civil penalty on BP Energy Company for violations of FERC's capacity release policies. In addition, BP will "implement a compliance monitoring plan to resolve multiple violations of regulations for posting and bidding of released capacity, the shipper-must-have-title requirement, and the prohibition on buy-sell transactions. The violations involved thousands of individual transactions

in 2005 and 2006 stemming from BP's management of customers' capacity rights on interstate natural gas pipeline and storage facilities. The most serious of BP's violations involves a practice known as 'flipping,' which evidences a deliberate strategy for evading FERC regulations that require posting and competitive bidding for discounted long-term releases of capacity...FERC found that BP transported 24.9 billion cubic feet (Bcf) of natural gas on capacity it acquired improperly through flipping transactions." FERC noted in a press release that BP "could have faced substantially higher penalties had it not self-reported its violations, and had it not also demonstrated exemplary cooperation with FERC's Enforcement staff during the investigation."

#### 15. Texas City Refinery Explosion – Guilty Plea

Date: 10/25/2007 (Date of Plea)

Misconduct Type: Labor

Enforcement Agency: Multiple Agencies

Contracting Party: None

Court Type: Criminal

Amount: \$50,000,400

Disposition: Pleaded Guilty

Synopsis: BP Products North America Inc. agreed to plead guilty to a one-count felony violation of the Clean Air Act for conduct that resulted in a March 2005 explosion and fire at its Texas City refinery that killed 15 and injured more than 170 others. BP admitted that from 1999 up until the day of the incident, several safety procedures required by the Clean Air Act had not been implemented. BP will pay a \$50 million criminal fine (the largest ever assessed under the Act), a \$400 special assessment, and serve three years of probation. BP will also be required to implement various facility-wide renovations that are expected to cost up to \$265 million. See related BP Amoco P.L.C. misconduct instances, "Workplace Safety Violations (Texas City Refinery)" and "2005 Texas City Refinery Explosion – Civil Litigation"

#### 16. Conspiring to Corner the Propane Market (CFTC v. BP Products North America)

Date: 10/25/2007 (Date of Announcement)

Misconduct Type: Antitrust

Enforcement Agency: CFTC

Contracting Party: None

Court Type: Criminal

Amount: \$303,000,000

Disposition: Deferred Prosecution Agreement

Synopsis: BP Products North America Inc. agreed to defer the prosecution of a one-count criminal information charging the company with conspiring to violate the Commodity Exchange Act and to commit mail fraud and wire fraud. According to the criminal information, in April 2003 and February 2004, traders working for a subsidiary of BP America Inc. conspired to manipulate and corner the market for TET propane, or propane transported in the Texas Eastern Products Pipeline Company pipeline system to the northeastern and midwestern United States. Per the agreement, BP will pay a \$100 million criminal penalty and approximately \$53 million in restitution. BP will also pay \$25 million to the U.S. Postal Inspection Service Consumer Fraud Fund and a \$125 million civil penalty to the U.S. Commodity Futures Trading Commission (CFTC). In return, the government will not to prosecute BP for a period of three years if the company fully complies with the terms of the agreement, which also requires BP to cooperate

with an independent corporate monitor and with Department of Justice investigations into the propane manipulation schemes. See related BP Amoco P.L.C. misconduct instances, “Conspiracy to Manipulate the Propane Market” and pending instance “Conspiring to Corner the Propane Market (U.S. v. Radley, et al).”

#### 17. Environmental Violations in Kazakhstan

Date: 10/04/2007 (Date of Media Accounts)

Misconduct Type: Environment

Enforcement Agency: International

Contracting Party: None

Court Type: Administrative

Amount: Unknown

Disposition: Fine

Synopsis: Kazakhstan’s ecological ministry fined Tengizchevroil, a Chevron-led consortium developing the country’s Tengiz oil field, \$609 million (later reduced to \$309 million on appeal) for environmental violations relating to the stockpiling of sulfur between 2003 and 2006. The fine was imposed in July 2007, although it wasn’t announced until October. Chevron has a 50 percent stake in the consortium. Other members of the consortium include ExxonMobil, which has a 25 percent share, and Lukarco, a joint venture between Lukoil and BP, which has a 5 percent share. Tengizchevroil reportedly paid the fine, plus \$10 million in legal fees, in November 2007.

#### 18. Clean Air Act Violations (Toledo, OH)

Date: 03/15/1999 (Date of Announcement)

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: None

Court Type: Civil

Amount: \$1,750,000

Disposition: Settlement

Synopsis: BP agreed to pay \$1.75 million for alleged illegal discharges of pollutants and reporting violations at its Toledo, Ohio refinery. The settlement resolves claims that BP violated the Clean Air Act by emitting excess quantities of sulfur dioxide by unlawfully flaring gases containing high concentrations of hydrogen sulfide. Such emissions contribute to acid rain. The agreement also resolves claims that BP violated the Emergency Planning and Community Right to Know Act and the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA or Superfund) by failing to immediately notify emergency response authorities when the pollutants were discharged. BP agreed to pay a civil penalty of \$1.4 million and spend \$350,000 on two supplemental environmental projects.

#### 19. Clean Air Act Violations at Eight Refineries

Date: 01/19/2001 (Date of Announcement)

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: None

Court Type: Civil

Amount: \$10,000,000

Disposition: Settlement

Synopsis: BP Amoco and the U.S. Environmental Protection Agency reached an agreement to resolve Clean Air Act violations at eight refineries owned by BP, Amoco and Arco (recently acquired by BP) around the country. The settlement required BP to pay a civil penalty \$9.5 million to the federal government and \$500,000 to the State of Indiana. BP also agreed to install new pollution control technologies designed to reduce emissions of nitrogen oxides and sulfur dioxide from refinery process units and to implement various other comprehensive anti-pollution programs and practices.

#### 20. Safety Violations at Scotland Refinery

Date: 01/18/2002 (Date of Conviction)

Misconduct Type: Environment

Enforcement Agency: International

Contracting Party: None

Court Type: Criminal

Amount: \$1,400,000

Disposition: Pleaded Guilty

Synopsis: BP was fined £1m (approx. \$1.4 million) for breaching safety laws at its Grangemouth, Scotland refinery. The company pleaded guilty to charges relating to two separate incidents at the complex in June 2000. In the first incident, a high pressure steam pipe broke, injuring a woman. In the second incident three days later, a break in other pipework caused the release of highly flammable vapor which led to a major fire.

#### 21. Delays In Installing Leak Detection Systems

Date: 05/14/2002 (Date of Order)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Administrative

Amount: \$150,000

Disposition: Fine

Synopsis: The Alaska Department of Environmental Conservation assessed BP Exploration (Alaska) Inc. \$300,000 in fines and penalties (\$150,000 of which was suspended) for delays in installing leak detection systems for Prudhoe Bay crude oil transmission lines on Alaska's North Slope.

#### 22. Safety Violations at Oregon, Ohio Refinery

Date: 04/25/2006 (Date of Announcement)

Misconduct Type: Labor

Enforcement Agency: Labor – OSHA

Contracting Party: None

Court Type: Administrative

Amount: \$2,400,000

Disposition: Fine

Synopsis: The U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) fined BP Products North America Inc. more than \$2.4 million for unsafe operations at its Oregon, Ohio refinery. OSHA inspectors found 32 "willful citations," two "willful violations," and five other "serious violations."

### 23. Leaking Underground Storage Tanks in Michigan

Date: 06/01/2007 (Date of Announcement)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Administrative

Amount: \$869,150

Disposition: Fine

Synopsis: The Michigan Department of Environmental Quality fined BP Products North America Inc. \$869,150 for leaking underground storage tanks at eight of its former gasoline stations in Michigan. "The DEQ is currently monitoring over 200 former gasoline stations where BP has reported releases from underground tank systems. A study conducted by the DEQ in January 2006, found a noncompliance rate of approximately 60 percent and that 47, or 63 percent, of BP's 74 highest risk sites have not complied with regulations in Michigan's Leaking Underground Storage Tanks statutes."

### 24. Violations of the Outer Continental Shelf Lands Act

Date: 10/25/2007 (Date of Penalty Payment)

Misconduct Type: Environment

Enforcement Agency: Interior

Contracting Party: None

Court Type: Administrative

Amount: \$41,000

Disposition: Fine

Synopsis: The Minerals Management Service of the Department of Interior fined BP Exploration & Production, Inc. for violations of the Outer Continental Shelf Lands Act. According to a notice published in the Federal Register: "Operator failed to verify employees were trained to competently perform the assigned well control duties. Additionally, they failed to have a remote-controlled station that could operate the valves in the flow and vent lines of the diverter. These violations contributed to a loss of well control event on November 14, 2002. There was no pollution or injuries."

### 25. Nationwide MTBE Groundwater Contamination Litigation

Date: 03/12/2008 (Date of Settlement)

Misconduct Type: Environment

Enforcement Agency: State/Local

Contracting Party: None

Court Type: Civil

Amount: Unknown

Disposition: Settlement

Synopsis: A dozen oil companies, including BP America Inc., Chevron Corp., Shell Oil Co. and Valero Energy Corp., agreed to pay over \$423 million to settle litigation with public water providers in 17 states over groundwater contamination from the gasoline additive methyl tertiary butyl ether (MTBE). The companies also agreed to pay cleanup costs that arise in the next 30 years. Defendant ExxonMobil refused to settle and faces numerous MTBE trials, scheduled to begin in September 2008.

### **Pending Instances**

Conspiring to Corner the Propane Market (U.S. v. Radley, et al.)

Date: 10/25/2007 (Date of Indictment)

Misconduct Type: Antitrust

Enforcement Agency: Justice

Contracting Party: None

Court Type: Criminal

Amount: \$0

Disposition: Pending

Synopsis: A federal grand jury in Chicago returned a 20-count indictment against four former employees of a BP America, Inc. subsidiary, charging them with conspiring to manipulate and corner the TET propane market (TET propane is propane transported in the Texas Eastern Products Pipeline Company pipeline system to the northeastern and midwestern United States) and to sell it at an artificially inflated index price. The indictment alleges that from February 5 through March 15, 2004, Mark David Radley, James Warren Summers, Cody Dean Claborn, and Carrie Kienenberger, violated federal mail and wire fraud statutes and the Commodity Exchange Act by agreeing to manipulate the market for TET propane so that they and BP could control the market and profit from selling it at artificially inflated prices. See related BP Amoco P.L.C. misconduct instances, "Conspiracy to Manipulate the Propane Market" and "Conspiring to Corner the Propane Market (CFTC v. BP Products North America)."