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could legitimately claim that they are the two most credible environmental candidates to run for president since the first Earth Day in 1970. Both are head and shoulders above all the Republicans."

To some "Republican-leaning business interests," the two are "so similar ideologically that focusing on their differences is misleading." Bill Kovacs, the U.S. Chamber of Commerce's vice president for environmental affairs, says the two candidates "were almost identical" on environmental issues (Robert A. Rankin, Nov. 12). -- **JD**

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4 CAMPAIGN 2000 II: Bush Record Reflects TX Devotion To Business -- *CSM*

Texas' pollution woes could become a "black mark" on the presidential campaign of front-runner Gov. George W. Bush, R-Texas, the *Christian Science Monitor* reports.

Bush's supporters and critics argue over whether the governor's preference for "self-regulation" has helped or harmed air quality. But Bush's environmental record reflects the "Texas tradition" that favors jobs and commerce over heavy regulation. Bruce Buchanan, a political scientist at the University of Texas at Austin: "There's a strong anti-government sentiment in general, and when you're talking about environmental regulation, you're talking about government" (Scott Baldauf, Nov. 12). -- **CF**

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5 EPA: *Hartford Courant* Backs Off DeVillars Report

The *Hartford Courant* attempted to clarify yesterday its earlier story on the resignation of U.S. EPA Region I Administrator John P. DeVillars.

The paper ran the following on page A2 of its Nov. 11 editions: "The U.S. Environmental Protection Agency's office of inspector general is not preparing a report on, or investigating, the New England EPA regional office or EPA Regional Administrator John P. DeVillars, according to EPA regional counsel Carl Dierker. A story on Page A12 Wednesday on DeVillars' resignation incorrectly reported that a report was being prepared by the inspector general's office."

A source inside the Washington, DC, office of the EPA confirmed there is no report that is being prepared by the EPA's Inspector General's office regarding DeVillars. When asked if there is an investigation of DeVillars, the source said, "Not that I'm aware of." -- **Jason Dick**

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6 USFS: NV Chief's Departure Prompts Concerns

The resignation this week of Gloria Flora, the U.S. Forest Service supervisor for the Humboldt-Toiyabe National Forest in Nevada, has prompted concern about relations between federal employees and other elected officials and protesters in Nevada.

Flora announced her resignation this week "in hopes that high-profile protest would shine a spotlight on how difficult life can be for land managers and their families in Nevada." Flora was "tired of seeing her employees refused service in restaurants and kicked out of motels, tired of having elected officials endorse illegal actions on Forest Service lands and tired of not getting much support from federal prosecutors."

One high-profile conflict Flora dealt with involved Nevada Assemblyman John Carpenter's organization of a citizen work crew to rebuild a USFS road in Elko County that washed out in 1995 and was kept closed to protect the threatened bull trout. Rep. Helen Chenoweth-Hage is (R-ID) holding a congressional hearing on the matter in Elko tomorrow. Flora calls the hearing a "blatant conflict of interest" as Chenoweth-Hage recently married Wayne Hage, a Nevada cattleman who has a lawsuit pending against the USFS.

Flora has received high marks from conservation groups in Montana and Nevada that are traditionally critical of USFS land policies. Steve Moyer, vice president for Trout Unlimited: "She was a very strong conservationist. To see one of the best, if not the best, check out is discouraging" (Tom Kenworthy, *Washington Post*, Nov. 12). -- **JD**

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7 THINK TANKS: Groups Influenced By Corporations -- *Wash. Monthly*

"Money, it turns out, can buy scholars as well as politicians," writes David Callahan in a *Washington Monthly* commentary on how large corporations use conservative policy groups.

Corporate money has helped fuel the "explosive" growth of state-based conservative think tanks, such as the Independent Institute, over the last 10 years. For example, some corporations have invested heavily in policy groups that support their campaigns against the 1997 Kyoto global warming treaty. The Competitive Enterprise Institute, which has lobbied for the idea that global warming is a "theory not a fact," has seen its budget grow from less than $1 million in 1991 to more than $4 million.

And the corporations often get a "return on their investment." Donating money to think tanks helps "buy respect" for companies, legitimize their viewpoints and spread their message to the public. Thinks tanks can also advocate views that are not yet accepted in mainstream politics. And the "price tag for this policy work can't be beat" because corporate donations to think tanks are tax-deductible.

Callahan: "There is an urgent need for better counterweights to the corporate propaganda machines that call themselves public policy research organizations" (November 1999 issue). -- **CF**

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▶ AIR AND WATER POLLUTION

8 MTBE: BP Amoco Would Cut Additive From Arco Gas Ahead Of Schedule

BP Amoco CEO John Browne said yesterday the company will remove the controversial additive MTBE from Arco California gas by the end of 2001 if it acquires Atlantic Richfield Co.

Browne met with California Gov. Gray Davis to address concerns over the British oil giants' pending $30 billion acquisition of Los Angeles-based Arco. The California refinery BP would acquire in the deal has used MTBE, which has been found to contaminate drinking water. But Browne said if the merger is approved, he would beat Davis' MTBE phase-out deadline by a year (Durgin/Corzine, *Financial Times*, Nov. 12). Arco spokesman Tom Markin said up to 20 percent of Arco gas sold in California is already MTBE-free.

Browne also promised that Arco prices would remain lower than competitors' in most California communities and said he would expand Arco's charitable giving in California from an average of $8 million a year to $10 million a year for the next decade.

Davis said Browne has a "very good reputation as running a cutting-edge company with a strong environmental bias," but added he plans to hold Browne to his promises. Davis: "I've lived long enough to know that people can talk a good game and I'm into results, I'm into accountability, so I'll be watching closely to make sure that BP-Arco ... honors its commitments" (Scott Lindlaw, AP/*San Francisco Chronicle/Examiner*, Nov. 12).

Attorney General Bill Lockyer said the state will continue investigating how the proposed merger would affect California consumers. State law gives Lockyer the authority to block the merger if he thinks it would create a monopoly (Nancy Rivera Brooks, Los Angeles Times, Nov. 12). -- **CF**

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9 PFIESTERIA: Scientist Disputes Role Of Kudoa In MD Fish Kills

The scientist who helped discover *Pfiesteria piscicida* refuted claims that the Kudoa parasite may be responsible for Maryland's 1997 fish kills.

Research by the Maryland Department of Natural Resources concluded that *pfiesteria* killed hundreds of thousands of fish in Eastern Shore rivers in 1997. Earlier this week, some Virginia scientists said the real culprit could be the microscopic parasite Kudoa, which, unlike *pfiesteria*, poses no health risks to humans. The scientists said Kudoa also killed hundreds of menhaden last month in Virginia's James River.

But North Carolina State University researcher JoAnn Burkholder, who helped discover *pfiesteria* in 1991, calls claims that *pfiesteria* played only a small part in the Maryland fish kills "unfounded, blanket statements" and "science by press release." Burkholder said Maryland's *pfiesteria* research was confirmed by rigorous lab testing, multiple independent labs and peer review.

Yonathan Zohar, director of the University of Maryland's Center for Marine Biotechnology, said researchers should not discount Kudoa's role in some of Maryland's fish kills. Zohar: "It's simplistic to say only one organism is responsible for a fish kill" (Gerald Mizejewski, *Washington Times*, Nov. 12).

Meanwhile, a Richmond Times-Dispatch editorial criticizes those who blamed former Virginia Gov. George Allen's (R) environmental policies for the state's fish kills. The paper: "Fish kills were vastly greater in Maryland and North Carolina -- states with Democratic (hence supposedly more environmentally sensitive) governors and state legislatures -- than in Virginia ... If Republican Allen's environmental and pollution-protection policies were so bad, why did fewer fish die in Virginia waters?" (Nov. 12). -- **CF**

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▶ NATURAL RESOURCES

10 MINNOWS: Biologists Hope To Save Rio Grande Population

Biologists say emergency action is needed to keep the Rio Grande silvery minnow from becoming extinct in light of a survey last month that confirmed their worst fears.

The population took a "nosedive" this year. Biologists plan to meet soon to draft a plan to keep the minnow from following about half the Rio Grande's native species into "oblivion." Though biologists have known the silvery minnow was disappearing from upstream areas, this year's dramatic decline caught them by surprise.

They will consider collecting minnows and moving them upstream, building fish ladders and, as a last resort, building a minnow hatchery to keep the species alive. Compounding problems is the survey's finding that the minnow population is concentrated near the headwaters of the Elephant Butte Reservoir, where the fish are "particularly vulnerable."

The minnow was once one of the most abundant fish species on the Rio Grande, but was listed as endangered in 1994. It is one of nine native fish species still left in the 170-mile stretch of the river between Cochiti Dam and Elephant Butte. Ten other fish species have either gone extinct or are no longer found in that part of the Rio Grande (Mike Taugher, *Albuquerque Journal*, Nov. 11). -- **MB**

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BUSINESS AND THE ECONOMY

11 PIPELINES: Whistleblowers Say Alyeska Fiber-Optic System Not Safe

A group of whistleblowers said Alyeska Pipeline Service Co.'s $200 million fiber-optics system meant to improve safety on the Trans-Alaska pipeline has major problems and may need repairs.

The whistleblowers expressed their concerns yesterday in a letter to the National Transportation Safety Board. Alyeska officials say their monitoring of the system last summer found problems such as exposed or broken cables caused by improper burial in frozen ground. They say they reported some of the problems to Alyeska more than a year ago.

Alyeska has now told the contractor, Kanas Telecom Inc., that it won't use the system unless repairs are made by the Dec. 18 deadline. The repairs could take as long as a year and cost up to $50 million (Jim Carlton, *Wall Street Journal*, Nov. 12). -- **CF**

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ACROSS THE NATION

12 MONTANA: Candidates Stress Environmental Protection

Four Montana candidates running for state and national offices affirmed their commitment to protecting the environment at the annual meeting of the Montana Association of Conservation Districts in Billings yesterday.

Attorney General Joe Mazurek, a Democratic gubernatorial candidate in 2000: "Our clean, healthful environment may be our best hole card for future economic development."

Rep. Karl Ohs (R), the running mate of GOP gubernatorial candidate Judy Martz: "Our administration would do as the conservation districts do, meld ideas into public policy, putting ideas together and arriving at compromise for a workable solution."

Democratic Senate candidate Brian Schweitzer said the federal government should

Published: Wednesday, November 10, 1999

Vento urges oil firm to stay out of arctic refuge

BP Amoco says it won't necessarily heed group's plea

FREDERIC J. FROMMER ASSOCIATED PRESS

WASHINGTON

Flanked by a 15-foot-tall inflatable caribou that looked like the cartoon character Bullwinkle, several lawmakers and environmentalists said Tuesday that BP Amoco should forgo exploring for oil in Alaska's Arctic National Wildlife Refuge Coastal Plain.

``BP Amoco's takeover of Arco shouldn't be the takeover of the Arctic plain," said Rep. Bruce Vento, D-Minn., referring to the company's proposed $26 billion purchase of Atlantic Richfield Co. ``We want to make sure that the only caribou left isn't a refugee from the Macy's Day Parade like the one standing behind me."

Drilling is currently prohibited in the refuge, but Vento and others want a commitment from BP Amoco that it won't drill in the area should the law change. That's a commitment the company isn't prepared to make.

``We can't say that -- there may be large oil reserves," said Tom Koch, manager of corporate communications for BP Amoco. ``If at some point in the future it is opened, we would like to have the opportunity to explore for oil in the refuge."

Vento and Rep. Frank Pallone Jr., D-N.J., solicited 60 House signatures for a letter sent Tuesday to Sir John Browne, BP Amoco's chief executive. Eight senators also signed the letter.

``As you may know, the Arctic Refuge is the only conservation unit in the United States that safeguards a complete range of arctic and sub-arctic ecosystems," the letter reads. ``It is home to more than 200 species of wildlife, including the largest international migratory caribou herd in the world, denning polar bears, rare musk oxen and hundreds of thousands of migratory birds."

The lawmakers also asked BP Amoco to support legislation, sponsored by Vento, that would permanently protect the 1.6-million-acre area by declaring it a wilderness area.

The bill, the Morris K. Udall Wilderness Act, is named after the longtime Arizona congressman and former presidential candidate who died in 1998. His son, Rep. Mark Udall, D-Colo., is one of more than 160 cosponsors of the legislation.

``My father would be pleased . . . that we're taking steps to preserve the caribou herd," he said. ``In the end my father believed that we don't inherit the earth from our parents, but that we lease it for our children."

``There are no caribou in New Jersey," deadpanned Rep. Rush Holt, D-N.J. ``Congressman Udall understood that the arctic refuge is important from the Atlantic to the Pacific as a national treasure. That's why I'm here."

Koch said BP Amoco does not support the legislation.

``If there is a quantifiable supply of oil, it's not fair to make it permanently off-limits," he said, adding that the company would drill in an environmentally sensitive manner.

While the lawmakers used conciliatory language in urging BP Amoco to forgo drilling -- Vento called it an ``enlightened" company and Holt referred to it as ``public-spirited" -- the younger environmental types were not as diplomatic.

Athan Manuel of the U.S. Public Interest Group said that the inflatable caribou, ``Kara," had told him: ``To a caribou, BP might as well stand for `Big Predator.' "

``It's not enough to say you're a green company," said Adam Kolton of the Alaska Wilderness League. ``Sir John, put your money where your mouth is."

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they found this year, but you can't draw conclusions on what happened two years ago in a different river based on what they're finding now."

While scientists disagree about the immediate cause of the fish kills, most agree that the "underlying" reason is deteriorating water quality because of pollution from nutrient runoff and wastewater from treatment plants and septic systems (William Branigin, *Washington Post*, Nov. 11). Garman said Kudoa thrives in "closed, high-density conditions where water quality can get pretty bad" (Joel McCord, Baltimore *Sun*, Nov. 10). -- **CF**

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6 MTBE: Pataki Orders Tighter Water Standards

New York Gov. George Pataki (R) ordered the state yesterday to reduce the amount of MTBE allowed in surface and groundwater, citing concerns about the gasoline additive's health effects.

Pataki told the Department of Environmental Conservation to lower the allowable level from 50 parts per billion to 10 parts per billion, a standard "as tough as any in the nation." The governor also ordered the Department of Health to revise drinking water standards to conform with the new MTBE standards. The regulations will take effect in 30 days.

Barry Grossman of the lobbying group Oxybusters said Pataki's announcement puts New York "on the cutting edge" of MTBE regulation (Michael Hill, AP/*Boston Globe* online, Nov. 10).

But Mobil Oil Corp. spokesman Don Turk criticized the move, saying MTBE can't be banned "overnight" (Timothy Gardner, Reuters/PlanetArk, Nov. 10). Turk: "No one has demonstrated that lowering that standard to as low as 10 parts per billion is necessary to protect public health" (Dan Fagin, Long Island *Newsday*, Nov. 9). -- **MB**

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NATURAL RESOURCES

7 CONSERVATION: Resources Committee Expected To OK $3B Land Bill

"Eager to keep the White House off its turf," the House Resources Committee is expected today to approve a $3 billion land conservation bill known as the Conservation and Reinvestment Act of 1999.

The bill includes $1 billion for coastal states to mitigate the effects of oil drilling and $150 million to protect endangered and threatened species. It also includes most of President Clinton's proposed $1 billion Lands Legacy program (Brody Mullins, *Congress Daily A.M.*, Nov. 10).

Resources Chairman Don Young (R-AK), who drafted the bill with Rep. George Miller (D-CA), "will be facing open warfare from conservative members of his own Republican Party" when the bill is marked up today (David Whitney, *Anchorage Daily News*, Nov. 10). Opposition is expected from Western conservatives like Rep. Helen Chenoweth-Hage (R-ID), who plans to offer 45 amendments to water down the bill for fear it will provide funds to buy up state land (Mullins, *Congress Daily A.M.*).

Editorials Encourage Approval

An editorial in the *San Francisco Chronicle:* "Young and Miller deserve great credit for putting aside their deep philosophical differences to work for their shared goal of fulfilling this country's 25-year-old pledge to use its offshore-oil bounty to enhance the environment elsewhere" (Nov. 10).

An editorial in the Idaho Falls *Post Register* by J. Robb Brady says, "Chenoweth and [Rep. Mike Simpson (R-ID)] have a choice to make: They can satisfy a narrow band of extremists -- or they [can] do what's best for their constituents" (Nov. 9). -- **RP**

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8 ANWR: Lawmakers, Others Call For No-Drill Pledge From BP Amoco

Several environmentalists, lawmakers and a 15-foot-tall inflatable caribou pressed yesterday for a pledge from BP Amoco that it would forgo exploring Alaska's Arctic National Wildlife Refuge Coastal Plain for oil.

Drilling in the refuge is prohibited, but some lawmakers and environmentalists want a commitment from BP Amoco that it won't drill in the area should the law change. Sixty House members and eight senators signed a letter sent yesterday to BP Amoco CEO John Browne seeking such a pledge. They also asked the company to support legislation, sponsored by Rep. Bruce ~~Vento (D-MN), that would permanently protect the 1.6~~ million-~~acre area~~ by making it a wilderness area.

But the company said it wants the opportunity to explore for oil in the refuge if it is ~~opened~~. Tom Koch of BP Amoco: "If there is a quantifiable supply of oil, it's not fair to make it permanently off limits."

Joining the lawmakers was an inflatable caribou named Kara. Speaking through interpreter Athan Manuel of the U.S. Public Interest Research Group, Kara said, "To a caribou BP might as well stand for Big Predator" (Frederic J. Frommer, AP/*St. Paul Pioneer-Press*/others, Nov. 10). "My herd is grateful that members of Congress are standing with us ... in our calving grounds," she said (John McCaslin, *Washington Times*, Nov. 10). -- **MB**

Write Tom Koch

Rudy

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9 NATIONAL FORESTS: USFS Issues Heli-Skiing Permit In Chugach

The U.S. Forest Service approved a one-year permit last week allowing an Alaskan heli-skiing company to continue operations in remote areas of the Chugach National Forest.

The USFS had granted Chugach Powder Guides a five-year permit in December 1998 but revoked it because of concerns voiced by the Conservation League, Wilderness Society and Alaska Center for the Environment. The new permit was approved following studies of impacts on wildlife, noise pollution and the flight paths of helicopters that transport skiers and snowboarders.

The permit requires the company to limit contact with wild mountain goats and monitor the goats' response to skiers and helicopters. It allows operation on 111,200 acres of the forest.

The Wilderness Society is deciding whether to appeal the decision, according to assistant regional director Nicole Whittington-Evans (Molly Brown, *Anchorage Daily News*, Nov. 10). -- **RP**

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THE WALL STREET JOURNAL.
Circ: 1,852,863 NOV 8 1999

BP Amoco to Sell Assets to Satisfy Alaska's Concerns

By STEVE LIESMAN
And JOHN R. WILKE A14
Staff Reporters of THE WALL STREET JOURNAL

BP Amoco PLC agreed to asset sales and financial contributions to satisfy the state of Alaska's concerns about the company's acquisition of **Atlantic Richfield** Co., but that agreement might not placate Washington antitrust enforcers.

Federal officials are equally worried about the $28 billion merger's possible effect on gas prices in Washington, Oregon and California, where much of the Alaskan oil is sold. The Federal Trade Commission earlier signaled fundamental antitrust problems with the deal, people close to the talks said.

In an agreement announced Friday with Alaska, BP Amoco said it would divest itself of 95,000 barrels a day of oil production of the combined companies' 800,000 barrels a day of output. They will sell an additional 80,000 barrels a day of oil scheduled to begin production next year.

BP also agreed to sell 620,000 acres of undeveloped lands, far more than the 360,000 acres the companies had to sell under Alaskan law. In addition, the companies will sell a 13% interest in the Trans-Alaska pipeline system, bringing their interest below 60%.

BP must find buyers for most of the assets within six months after it closes its purchase of Arco, Los Angeles.

BP Chief Executive Sir John Browne said in a statement the financial impact on the economics of the Arco purchase would be minimal. The company still would achieve 70% of the projected $200 million in annual savings from joining the Alaskan operations. When the deal was announced in March, Mr. Browne estimated annual savings from the entire deal of $1 billion.

With most of the divestitures coming from several Alaskan sites, he added that BP would preserve its interests in Prudhoe Bay, its most important Alaskan field, and keep more than one million acres of undeveloped land on the North Slope.

The agreement comes just days after Alaskan Gov. Tony Knowles suspended talks with the companies and concerns surfaced that the FTC could block the deal. With both companies' stocks in a tailspin, BP quickly dispatched a top executive to Alaska for a marathon negotiating session. After months of talks, the two sides came to agreement in two days after the FTC's concerns became public. Analysts said that with BP focused on Arco's lucrative West Coast refining operations and promising overseas assets, the company was loath to allow Alaskan complications to undermine its deal.

The Alaskan accord addresses state and FTC concerns that the deal gives the company pricing power on the West Coast, where refiners rely heavily on Alaskan oil. BP's deal with Alaska would reduce that influence. But U.S. regulators could push the two companies to give up even more.

Los Angeles Times
Circ: 1,104,651 NOV 6 1999

BP Amoco, Arco in Tentative Deal With Alaska

From Reuters C2

ANCHORAGE—**BP Amoco** and **Atlantic Richfield** Co. said Friday that they reached a provisional agreement with Alaska to sell some of their assets, among other measures, in an effort to clear a hurdle in BP Amoco's $27-billion bid for Arco.

BP Amoco and Arco said in a joint statement they had agreed to sell 175,000 barrels of production per day as well as associated infrastructure, 620,000 acres of state and federal exploration leases, and matching stakes in the Trans-Alaska pipeline system.

"After months of complex negotiations, we have agreed to terms which will allow BP Amoco to retain nearly three-quarters of the value of Arco's Alaskan assets," the statement said.

The tentative agreement comes just days after talks between BP Amoco and Alaska Gov. Tony Knowles broke down following a BP Amoco move to force a Federal Trade Commission ruling within 20 days. The talks resumed when BP Amoco suspended that deadline.

Alaska is seeking to promote competition in Alaska's North Slope, which accounts for nearly 20% of U.S. oil production. About 75% of Alaskan oil production is concentrated in the hands of BP Amoco and Arco.

London-based BP Amoco and Los Angeles-based Arco said the divestitures would have "minimal impact" on the $1 billion worth of synergies targeted worldwide from the combination of the two oil giants.

"With the efficiencies we will achieve from that and the other assets we retain, we can still deliver over $140 million of the $200 million synergies we targeted from the Alaskan element of the combination," they said. "Most importantly, this agreement preserves our interests in the Prudhoe Bay field, including the single operatorship."

Friday's deal means BP Amoco will keep just over half of the production currently coming from Arco in Alaska, increasing BP Amoco's Alaskan output by about 175,000 barrels a day.

As Gov. Knowles conducts a two-week public consultation on the agreement, BP Amoco and Arco said they would continue to work with the Federal Trade Commission and California, Oregon and Washington to secure overall regulatory approvals for the merger.

Other terms of the provisional agreement include BP Amoco disposing of a 13% stake in the Trans-Alaska line and putting up to 1.2 billion standard cubic feet of North Slope natural gas a day for commercial projects.

On the New York Stock Exchange, BP Amoco's American depositary receipts closed down $1.25 at $52.31, while Arco fell $2.13 to close at $81.88. News of the agreement came after the markets closed.

USA TODAY NOV 8 1999
Circ: 1,557,171

OIL TALKS: Iranian Oil Minister Bijan Zanganeh held informal talks with Saudi counterpart Ali al-Naimi over the weekend, focusing on global oil market trends and the possibility of prolonging oil production cuts. Iran's OPEC governor, Hossein Kazenpour Ardebili, said the two ministers expressed satisfaction with the Organization of Petroleum Exporting Countries members' compliance with current supply curbs and the strength of the oil market.

The New York Times
Circ: 1,187,950 NOV 6 1999

BP AMOCO TO DIVEST 13% STAKE IN ALASKA PROJECT

BP Amoco has reached an agreement with Gov. Tony Knowles of Alaska to sell 13 percent of the oil production from Alaska's North Slope in exchange for the governor's blessing of its merger with **Arco**, BP Amoco announced last night. BP Amoco also agreed to divest a similar stake in the trans-Alaska pipeline that brings the oil south for shipment to the contiguous 48 states. And the company would sell 620,000 acres of state and federal oil leases in the region. BP Amoco also agreed to buy oil from small producers using a prearranged price formula and to sell some of its tankers. (AP)

THE WALL STREET JOURNAL. NOV 9 1999
Circ: 1,852,863

BP Amoco Posts 72% Profit Rise Fueled by Higher Crude-Oil Prices

By BHUSHAN BAHREE A23
Staff Reporter of THE WALL STREET JOURNAL

GENEVA – **BP Amoco** PLC, reported a 72% rise in third-quarter net income. Higher crude-oil prices and cost savings more than offset weakness in income from refining and marketing of oil products.

The company said net rose 17% to $1.85 billion in the third quarter from $1.58 billion a year ago.

Sales rose to $26.67 billion in the latest quarter from $21.65 billion a year ago.

Excluding special items and inventory-related gains, BP profit grew 72% to $1.96 billion compared with $1.14 billion. The company reported special charges of $750 million from asset sales and costs related to its merger last year with Amoco Corp. In addition, it reported inventory gains of $643 million.

Sir John Browne, BP's chief executive, said BP was planning to buy as much as 10% of its shares to distribute some of the cash it is generating to shareholders. The buyback is subject to approval from shareholders at a meeting in April.

The income announcement and Friday's news that BP had reached an agreement with the government of Alaska on the terms under which that state approved of the company's proposed acquisition of **Atlantic Richfield** Corp. was greeted approvingly by analysts.

At 4 p.m. on the New York Stock Market, BP's American depositary receipts traded at $55.75 up $3.4375, or 6.6%.

Last week, BP shares declined on news that talks between the company and Alaska's government had broken down, making investors skittish about BP's prospects of quickly completing the Arco acquisition.

Analysts figure BP will satisfy the Federal Trade Commission, which may have concerns about the market power of BP when combined with Arco.

Sir John would say only that he would like to complete the acquisition as soon as possible.

Arco's shares rebounded strongly after a sharp fall last week on fears that the acquistion by BP was in trouble.

At 4 p.m. on the New York Stock Exchange, Arco's shares closed at 87.6875 up 5.8125, or 7.1%.

Sir John pointed out that BP was no longer dependent on the price of oil.

Sure, the price of crude oil was about $7 a barrel higher in the latest quarter, compared with a year earlier, helping swell earnings.

But the BP chief noted that about $400 million in income in the latest quarter resulted from lower costs and higher volumes than a year ago, more than offsetting a downturn in refining and marketing operations.

Los Angeles Times
Circ: 1,104,651

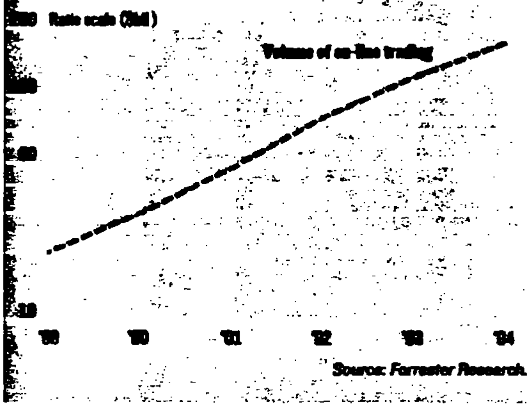
ENERGY C3

BP Amoco's 3rd-Quarter Earnings Jump 72%

BP Amoco posted a 72% jump in profit from operations to $1.96 billion, or 9 cents a share, for the third quarter because of increasing crude oil prices and cost cuts. The results were at the high end of analyst expectations, which ranged from $1.65 billion to $2 billion. Earnings were boosted mainly by cost savings in exploration and production resulting from the $62-billion purchase of Amoco Corp. and oil prices that have doubled this year. Higher prices, which also helped increase profits at BP Amoco's rivals in the U.S. and Europe, should lift the company's performance during the final three months of 1999, Chief Executive John Browne said. "We expect the outlook for markets for the rest of the year to remain broadly positive," Browne said. The company's $33.6-billion purchase of **Atlantic Richfield** Co. will boost profits next year, he said. Delays in U.S. antitrust enforcers granting approval for **Exxon** Corp.'s purchase of **Mobil** Corp. are jeopardizing BP Amoco's aim to finish the Arco buyout this year, said BP Amoco Deputy Chief Executive Rodney Chase. The Federal Trade Commission "is preoccupied with the bigger transaction that Exxon and Mobil have been working on," Chase said. BP Amoco's American depositary receipts rose $3.44 to close at $55.75 on the NYSE. *(Bloomberg News)*

Trading Moves to the Web

Over the next five years electricity and natural gas trading on electronic exchanges is expected to surge to $171 billion.



Source: Forrester Research.

match exchange operated by Bloomberg Financial Markets.

Altra has a fair amount of company in business-to-business e-brokerage. In wholesale chemicals there's CheMatch; in steel there's Esteel; and in science research products there's Chemdex (FORBES, *Aug. 23*). By allowing buyers and sellers to link up electronically, these companies eliminate a costly and inefficient system of telephone brokers and middlemen.

"Spend the money on the front end on technology traders will trust and use."

Right now, for example, the bulk of the natural gas traded in the physical market (as opposed to financial contracts traded on the New York Mercantile Exchange) is still handled by "smile and dial" phone brokers at firms such as Prebon Yamane and Amerex.

Armed with open lines to their best customers, the brokers bark prices into squawk boxes all day, hoping to entice traders into doing a deal.

With Altra, a trader can peruse the entire market on a single computer screen. Says James Jewett, a trader with PG&E in Houston: "With Altra, I can put a trade on and contact all 115 users at once. With the phone, I've got to make 115 calls."

Altra was developed in 1996 by a former trader, E. Russell (Rusty) Braziel, and several others at Williams Cos., a gas pipeline company. Williams combined the operation with a similar effort at Duke Energy Corp. Then the two companies sold the whole thing in 1997 when it became clear that customers were unwilling to post their trading positions on an electronic exchange owned by two of their largest competitors.

Braziel had the good fortune to design the system around the Internet Protocol, so it was easy to shift from a proprietary network to the much less expensive Internet.

Altra now reaches 1,500 computer screens, virtually the entire natural-gas-liquids trading community. If Altra succeeds in the larger natural gas and electricity markets, revenue will explode. Analyst Varda Lief with Forrester Research thinks on-line trading of natural gas and electricity will surge to $171 billion in 2004 from $11 billion this year.

If Altra gets 20% of that, transaction fees will top $150 million. Altra also plans to sell lucrative add-ons such as Bloomberg-style analytical programs. Software already represents a third of Altra's estimated 1999 revenues of $46 million.

For other would-be Internet exchange magnates, Braziel has some advice: Spend the money on the front end to develop technology that traders will trust and use. Keep the contract terms simple—amount, time and place of delivery—so that deals will get done. Then hire some ex-traders and get them to jawbone their friends into using the system.

"Whenever we start on a commodity, we spend as much time on the phone as any broker," Braziel says. "But once a market jumps, it feeds on itself." F

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Whistle-Blowup

A Push for Reform Along Alaska Pipeline Runs Into Resistance

Alyeska CEO Vowed to End Pressure on Employees Who Raise Safety Issues

Fire-System Worries Heat Up

A1

By JIM CARLTON
Staff Reporter of THE WALL STREET JOURNAL

COLDFOOT, Alaska—Bob Malone took over as chief executive officer of Alyeska Pipeline Service Co. in 1996 with one overarching mission: to end what Alyeska had conceded was a practice of sometimes harassing or firing employees who tried to point out safety problems along the trans-Alaska pipeline.

So here Mr. Malone stands above the Arctic Circle in hard hat and safety glasses, cradling a hot cup of coffee against a bracing wind as a group of other hard-hats stop work on a remote stretch of the line to discuss harassment and intimidation. The problems in the past have included everything from falsification of reports to jury-rigged wiring, and many workers aired their complaints as anonymous whistle-blowers to avoid possible reprisal from management.

"A lot of people feel like, by being open, you're putting your neck on the chopping block," says electrician Lou Cardona, shifting nervously as she talks to Mr. Malone. The CEO nods. "If you have any fears, come to me," he says, as a helicopter waits to whisk him off to see other crews near this Alaskan village. "My plan is to finish what I came here to do."

Bob Malone

Mr. Malone has since discovered how far he remains from finishing what he started. The whistles have started blowing again at Alyeska. Loudly.

Alyeska, a consortium owned by BP Amoco, Exxon Corp. and the other big oil companies that work Alaska's North Slope fields, runs the 800-mile trans-Alaska pipeline and the oil-tanker loading terminal at Valdez, Alaska.

In his three years at Alyeska's helm, Mr. Malone has tried to tackle safety and worker-intimidation problems by replacing department heads, setting up an antiharassment program and shifting most jobs out of the Anchorage headquarters. He has embraced some of Alyeska's fiercest critics, including Billie Garde, a lawyer who in the early 1990s represented numerous Alyeska whistle-blowers and whom Mr. Malone hired to help lead the housecleaning effort.

But even as he conducted his fact-finding tour of Coldfoot and other pipeline stops in late summer, a new group of high-ranking Alyeska whistle-blowers was airing allegations of numerous safety violations and continued worker harassment. Mr. Malone had to respond to Congress and other oversight agencies with an internal report that conceded that many of the problems continue.

In recent days, additional whistle-blowers have alleged flaws in important fiber-optic communications lines, accounting irregularities that managers wanted kept quiet, and problems in the tanker terminal's firefighting systems.

Late last week, as Alyeska tested part of the fire system, a plug in a valve on a tank containing firefighting foam blew out, spewing hundreds of gallons of foam on the ground, according to federal regulators. Alyeska says that later, as it was doing routine maintenance, it discovered that the system may not be able to get foam to as many as five of the terminal's 18 giant oil-storage tanks because of clogged pipes. Alyeska says that backup systems can handle most fires and that there is no imminent threat. But it is reviewing its plans for evacuating the terminal in an emergency.

Many organizations run into whistle-blower problems, or have trouble making the transformation to a more open corporate culture. But at Alyeska, the stakes are high: The aging pipeline carries one-fifth of domestic oil production and traverses some of the most ecologically sensitive terrain anywhere. If trouble does erupt, the consequences can be devastating — as shown in the 1989 Exxon Valdez oil spill.

Mr. Malone says that the pipeline remains safe, and Alyeska notes that the pipeline itself has never suffered a major catastrophe in 22 years of operation. But Mr. Malone's critics say the whistle-blowing flare-up shows that Alyeska's problems remain deep-rooted.

"Bob's a nice guy and he's trying hard," says Stan Stephens, a longtime Alyeska critic in Valdez, "but the changes he has been making are happening too slowly."

The problems Mr. Malone came to Alyeska to tackle date back years and first gained wide notice after the Exxon Valdez disaster. Alyeska is also responsible for the initial response to spills, and had stumbled badly during the Exxon Valdez crisis. Whistle-blowers came out of the woodwork; many suffered reprisals. But in the early 1990s, congressional investigations and independent audits spurred by whistle-blowers prompted Alyeska to spend hundreds of millions of dollars fixing problems, many of which it had long denied existed. Still, scattered reports of worker harassment persisted.

Enter Mr. Malone. A charismatic Texan, now 47 years old, Mr. Malone had been a longtime executive of BP Amoco, the biggest player in Alaska's oil fields. He vowed to stamp out what he called at the time a "shoot the messenger" element in Alyeska's corporate culture.

Within months of his arrival in 1996, he shifted about 600 of Alyeska's 800 full-time workers from Anchorage to Fairbanks, nearer to where the pipeline runs. His goal in part was to break up cliques of old-guard employees whom Mr. Malone felt might resist his new approach. He authorized the installation of a $100 million system to control toxic vapors at the Valdez terminal; environmentalists had been pressing for such a system since the 1980s.

He also got Alyeska to buy two high-powered tractor tugboats, at $15 million each, to bolster Alyeska's tanker-escorting capabilities. That came after Mr. Malone found himself sandwiched between two Alyeska critics—Mr. Stephens, a Valdez boat captain, and Dan Lawn, a government pipeline investigator—on a plane from Prudhoe Bay to Anchorage.

"I couldn't escape, so I ended up saying yes," Mr. Malone recalls.

But after a year of Mr. Malone's tenure, the problems wouldn't seem to go away. In late 1997, an Alyeska lawyer ordered technicians to break into confidential computer files kept by Alyeska's employee-concerns program, the very program Mr. Malone had urged employees to turn to with complaints that would be kept anonymous. The lawyer was reprimanded, but some at Alyeska felt she got off too lightly.

In another case, Pat Higgins, a lead investigator for the employee-concerns program, says he was laid off last year after complaining internally since 1996 about

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p-28

The View From Pakistan

WHILE MANY NATIONS CONDEMN THE military takeover in Pakistan, most of us Pakistanis see this as the last glimmer of hope for our poor country ("Another Country on the Brink," NEWS OF THE WEEK, Oct. 25). Over the last decade, corrupt politicians have plundered and destroyed the economic and social fiber of Pakistan. Less than 30 percent of the adult population is literate, and a decently educated person has no chance in an election against the corrupt political warlords. Western leaders should not support these unscrupulous politicians who stole even our nation's hope. The new setup should be given a reasonable chance to restore pride and order to this nuclear nation—because if it fails, our hope will also fade.

PARVEZ UL-HAQ SIDDIQI
KARACHI, PAKISTAN

documented harassers getting little punishment. "Since 1996, I was closing one or two cases per month involving harassment, intimidation and retaliation and I don't recall any disciplinary actions," says Mr. Higgins. He has a whistle-blower suit pending with the Labor Department. Alyeska denies any wrongdoing in that case.

Trust in Alyeska's management was so low by November 1998 that an in-house survey found that half of all users of the employee-concerns program weren't satisfied with its results. Moreover, one in three of the employees questioned reported being fearful of managerial reprisals if they come forward. "I had to drive change, and I had to drive change fast," Mr. Malone says.

He turned to an unlikely ally: Ms. Garde, who had for years been flaying Alyeska in court cases on behalf of Alyeska workers and others—including Charles Hamel, Alyeska's most-persistent critic and a conduit for many other whistle-blowers. A veteran of both oil-industry and nuclear-industry whistle-blower wars, Ms. Garde once called Alyeska "a cesspool of stonewalling and intimidation."

Ms. Garde was skeptical about Mr. Malone, but she came aboard. She says her doubt eased somewhat when she saw how Mr. Malone handled some other whistle-blower cases. An engineer named Keith Pierce, for instance, had become so ostracized for reporting problems such as falsification of technical documents that he worked and ate alone at a pump station near Prudhoe Bay.

"My supervisor told me that if there was an accident, nobody would come get me," recalls Mr. Pierce. Mr. Malone intervened, transferring Mr. Pierce to a new job. A supervisor involved in the harassment was later fired by the company, Alyeska officials say.

Mr. Malone's supporters cite other moves. In October 1998, he shut down a huge project to upgrade or replace dozens of flow-control valves along the pipeline after problems emerged—including numerous reports of harassment.

The so-called BO23 project was restarted in June, after new managers were brought in, including a former Alyeska whistle-blower named Bob Adkins, whom Mr. Malone lured out of retirement to become the project director. "I looked Malone right in the eye and said, 'Before I agree to this, I want to know who is in charge,' " says Mr. Adkins, a burly roughneck. "He said, 'I am.' "

On a recent day, a four-seat helicopter ferries Messrs. Malone and Adkins deep into the wild Brooks Range. The chopper touches down at Remote Gate Valve 40, kicking up dust as a crew of a dozen electricians looks on. This crew has reported problems, including asbestos in facilities that regulate the flow of oil. So far, they say, there has been no backlash. "It seems like we're the only ones who will stand up," Zinn Decker, the crew's union steward, tells Mr. Malone as the Koyukuk River gurgles nearby.

Not the only ones, as evidenced on July 10, when Mr. Hamel publicized a roster of 57 alleged safety problems on the pipeline and at the marine terminal in Valdez. The allegations were made by six anonymous whistle-blowers. Mr. Malone was vacationing at his ranch in Texas when he learned of the allegations in a 2:30 a.m. call from Sir John Browne, chief executive of BP Amoco, which is based in London. "His first question was, 'Is the pipeline safe?' " Mr. Malone recalls. "I told him it was, to the best of my knowledge." Sir John didn't return calls seeking comment.

By late September, Ms. Garde had completed a report that substantiated most of the allegations, including widespread harassment at the Valdez terminal's vapor-recovery system—one of the systems that Mr. Malone had thought to be a model for his progress at Alyeska. Mr. Malone replaced two quality-control managers; neither could be reached to comment. In emotional talks with employees over recent weeks, he has hammered home his message: "If people do not change, they will be asked to leave."

Mr. Malone now says he underestimated the challenge Alyeska presented. "You know, I never realized how difficult it was to change a culture," he says. "Some days, it's like trying to take a quick drink from a fire hydrant."

But what is it about Alyeska's culture that makes it resistant? Many inside Alyeska believe it has to do in part with Alyeska's unusual business mission: It makes its major bottom-line contribution to its oil-company owners by moving oil as cost-effectively as possible. Moreover, Alyeska's top bosses traditionally have been up-and-coming younger executives from the owner companies who came to Alyeska, stayed for a few years and hoped to make a mark that would help them climb the ladder back at their parent companies. One way to ensure that, say Alyeska insiders, was to cut costs, which sometimes encouraged deferring maintenance—and dismissing employee complaints that might increase costs.

Beyond that, there is a core group of managers below the upper echelons who run the pipeline day to day, some of whom have been doing it almost since the pipeline cranked up in 1977. "I have some people who think they can just wait me out" and continue to do things their own way, Mr. Malone says. "For anybody thinking that, don't, because I will be here."

For the moment, though, the pace of the whistle-blowing seems to be building. Regulators are especially concerned by questions raised by whistle-blowers about the tanker terminal's fire-safety system. Among other things, the whistle-blowers warned that some of the system's pipes and valves were cracked or corroded. The whistle-blowers noted that many of these problems—and the fact that some pipes were clogged with sea urchins and jelly fish—had been corroborated years ago by Alyeska internal studies, but nothing had been done about them.

At first, Mr. Malone and other Alyeska officials discounted the allegations. In a letter dated Aug. 12 to various state and federal regulators, John Baldridge, then manager of the tanker terminal, wrote that none of the issues "compromise the operability" of the firefighting system. But in an internal report dated Sept. 7, Alyeska found that the terminal's fire systems in fact had "numerous hardware and maintenance deficiencies" that posed a risk that the systems "will not operate as designed if challenged by fire."

Alyeska officials say that they have fixed some of the problems. But privately, some Alyeska insiders, including some with supervisory roles on fire teams, question that, and worry that any extensive testing itself might damage the system further. Last week, regulators say foam spewed out of a valve during a test. Alyeska later made the discovery that it may not be able to get foam to five storage tanks, apparently because pipes are clogged with sludge.

Regulators are nervous. "There are big question marks about that system," says Jerry Brossia, coordinator of the Joint Pipeline Office, which oversees Alyeska. "There is an added layer of risk. We don't know" if the system could contain a major fire.

Mr. Malone says things at Alyeska would be worse if he gave up, and many agree with him. As for his broader mission, he believes his reforms will eventually win out at Alyeska—but not easily. "When the phone rings at night, my first thought is, 'I hope it's not a problem with my kids,' " he says. "The second is, 'I hope it's not the pipeline.' "

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STEVEN PUMPHREY

Web Powerhouse

By trading oil and natural gas on-line, Altra Energy Technologies is showing the dot.coms how to build a real Internet business.

BY DANIEL FISHER P-132

AMAZON.COM IS EXPECTED TO top \$1.5 billion in revenue this year, for which investors have rewarded the moneylosing Internet retailer with a \$27 billion market capitalization.

Ho-hum. Tiny Altra Energy Technologies in Houston did \$6 billion in on-line business last year and expects to hit \$12 billion this year. What's more, Altra makes money on every transaction—an estimated \$15 million in fees this year—and doesn't have to deal with returned merchandise or warehouses.

So why haven't more people heard about Altra? For one thing, the 300-employee company is still private. And Altra deals in bulk commodities, not consumer goods. It sells propane, natural gas, oil and electricity.

It's not the sort of business to capture the public imagination, but Altra has developed something close to cult status among venture capitalists. By taking an existing market and shifting it to the Internet, Altra has created a profitable business that is much easier to defend than selling books or compact discs.

"It's the ultimate monopoly," says Oliver Curme, general partner of Wellesley, Mass.-based Altra backer Battery Ventures, which has pumped more than \$13 million into the firm. "Once you get all the buyers and sellers in one room, they're never going to go somewhere else."

Think of Altra as an Ebay for commercial traders. Instead of swapping Beanie Babies and baseball cards, Altra's customers trade thousands of gallons of propane and butane at a shot. The average transaction runs to \$85,000, for which we figure they reap about \$125 (Altra won't discuss exact fees). Transactions have soared to 7,000 a month from 1,000 a month two years ago.

Already Altra has shifted 40% of the \$18 billion natural gas liquids market to its system, becoming the de facto exchange where prices are established for those commodities. (Natural gas liquids are hydrocarbons, like propane and butane, that are separated from the methane flowing out of a natural gas deposit.)

Next targets: the \$750 billion wholesale market for electricity and natural gas. Just last month Altra launched an electricity-trading site, hoping to grab a share of an electronic market now dominated by the Power-

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"Get all the buyers and sellers in one room and they'll never go somewhere else."

private nonprofit organization that coordinates Anacostia River restoration projects by inner city youths in Washington, DC, in exchange for providing the youths with stipends, job training and college scholarship opportunities.

The corps was founded in 1992 by Robert H. Nixon and its sponsors include AmeriCorps, the US Fish and Wildlife Service, the US Forest Service, Dept. of Agriculture, National Arboretum, the Dept. of Energy and the DC Mayor's office. Corps members have removed "tons of debris" and "thousands of tires" from the Anacostia since 1992 (John W. Fountain, June 27). -- JD

*21 DC REGION II: PROPOSAL MAY WEAKEN OPPOSITION FOR RESORT

A proposed waterfront redevelopment site in Alexandria, VA, "could prove to be pivotal in weakening the arguments of environmentalists and others who seek to block development of National Harbor" on the other side of the Potomac River in Prince George's County, MD, the Washington Post reports (Greenwire, Apr. 19).

The Alexandria site is less than three miles upstream, and National Harbor critics would "risk being portrayed as hypocrites" if they continue their opposition and do not question the other plan. The National Harbor would be much larger, but because of the developments' waterfront locations, a key issue that must be addressed is their potential environmental impact (Rudolph A. Pyatt Jr., June 28). -- DB

*22 MARYLAND: PANEL RECOMMENDS SMALLER INTERCOUNTY CONNECTOR

In a report to be delivered to Gov. Parris N. Glendening (D) next month, a panel he appointed will recommend that Maryland build a four-lane, east-west road connecting Prince George's and Montgomery counties (Greenwire, Apr. 26).

The Transportation Solutions Group will urge that the proposed intercounty connector be built as a four-lane parkway between Interstates 95 and 270. The original proposal had called for six lanes. The panel majority agreed "the environmental concerns were outweighed by the importance of linking the I-270 business corridor with Baltimore-Washington International Airport, the Baltimore port and Annapolis."

The fate of the proposal rests with Glendening, and it "remains to be seen" whether it can "pass muster with environmental laws that have stymied previous proposals" (Alan Sipress, Washington Post, June 27).

Meanwhile, the Washington Times ran a feature on the debate over the intercounty connector (Timothy Burn, June 28). -- MB

====== WORLDVIEW ======

*23 CLIMATE CHANGE: UK COMPANIES PUSH EMISSIONS TRADING

The UK's top industrial companies "are banding together to launch a greenhouse gas emissions-trading system in an attempt to persuade the government that it should drop plans for a carbon tax."

According to the London Times, the Confederation of British Industry will host a meeting on July 1 at which about 25 companies -- including BP Amoco, Shell and British Airways -- are expected to launch the emissions trading program. The high-level meeting will also be attended by UK Environment Minister Michael Meacher, Energy Minister John Battle and representatives of the International Petroleum Exchange, which is developing its own pilot program.

Charles Nicholson, a senior adviser at BP Amoco, said the emissions-trading system could be set up in six to nine months.

BP Amoco CEO John Browne has "attacked" the proposed carbon tax as likely to be ineffective, while the CBI has said that using the proceeds to reduce national insurance contributions -- as the government proposes -- would amount to a cross-subsidy from the industrial North of England to the service-oriented South (Carl Mortished, London Times, June 28).

Meanwhile, BP Amoco last week selected three accounting and consulting firms -- KPMG, Det Norske Veritas and ICF -- to audit and verify the company's greenhouse gas emissions (Reuters/PlanetArk, June 28). -- DC

*24 OCEANS: REPORT CALLS NOISE A THREAT TO OCEAN SPECIES

Noise from sources such as tankers, oil exploration and military sonar could "fundamentally alter the ocean habitat" by interfering with sea creatures' natural communications systems, a Natural Resources Defense Council report to be released today says.

Though the report offers no conclusive new evidence of widespread harm, it calls for more studies into how noise affects the marine ecosystem. Man-made noise may harm marine mammals, such as whales and porpoises that use their hearing to seek out food, find mates, guard their young and avoid predators. Whales have been known to change direction during migrations to avoid noise.

Joel Reynolds, senior attorney with the NRDC: "We're playing Russian roulette with our oceans, and we can't afford to do that" (Deborah Schoch, Los Angeles Times, June 27). -- MB

*25 GENETIC ENGINEERING: EU SPLITS ON APPROVAL MORATORIUM

European Union environment ministers agreed on June 25 to new rules on authorizing genetically modified foods but "split over demands for a moratorium on new approvals" (David I. Oyama, Wall Street Journal).

Under the proposed system, companies would have to label products if they contain GM products above a certain threshold; products would be authorized a maximum of 10 years; more public consultation would precede licensing; and authorities would have to introduce monitoring systems for products (Greenwire, June 25) (Michael Smith, Financial Times, June 26/27). The requirement for stricter labeling and monitoring standards would apply only to seeds (Barry James, International Herald Tribune, June 26). The ministers were unable to agree on how to handle authorizations until the proposed new rules take effect (Smith, Financial Times).

The action "did little to change the status quo" as the EU has not issued any permits to grow or sell GM plants "for more than a year" (Anne Swardson, Washington Post, June 26). But "putting aside the moratorium, the agreement achieved is remarkable given past fragmentation. The new controls are more reasonable. There is a good chance they will serve to reassure

The "clean fuels" initiative for Paris is part of BP Amoco's worldwide Clean Cities programme for 40 cities - cities where traffic is particularly congested and where BP Amoco will be introducing in the next 2 years cleaner fuels taylored to each specific situation, anticipating widely on existing product specifications.

With London, Paris and the Paris region, are amongst the first cities to be selected for this programme in Europe.

BP. For The Journey Ahead.

For more information on BP Diesel Ecology and on BP Amoco's "cleaner fuels programme" :

- visit our internet site :
www.bpamoco.com/cleanerfuels/France,
- contact us at the following Free-Phone number (in France) : 0 800 505 435

Notes

BP Amoco is committed to reducing greenhouse gases and other pollutants both from the company's own manufacturing operations and from the use of its products particularly in transport fuels

BP Amoco recently targeted a 10% reduction from a 1990 baseline in emissions from its own operations by the year 2010 and started a pilot scheme of emissions trading permits that will be extended to all of its activities in the next 12 months.

BP Amoco announced end January its intention to spend more than 100 million dollars over the next 2 years modifying refining and associated plant, to make cleaner fuels available in more than 40 of the world's major cities most troubled by pollution & smog.

BP Amoco's Clean Cities programme for 40 cities introduces a range of cleaner fuels encompassing unleaded, ULSD, LPG. BP Amoco intends to phase out lead fuels and completely lead-free marketer by 2002.

BP Amoco is also a leading solar activity through BP Solarex and intends to develop this into a 1bn dollar business by [illegible]. BP Amoco has also started a programme to equip 200 of its new retail sites in several countries with solar panels to supply its forecourt activity with solar power.

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To: press@bpamoconews.com, investors@bpamoconews.com
cc: (bcc: Paul Bledsoe/OCO/OS/DOI)
Subject: BP Amoco Press Release: BP Amoco Shareholders Approve Combination with ARCO

BP Amoco Press Release:

BP Amoco Shareholders Approve Combination with ARCO

1st September 1999

BP Amoco shareholders today gave overwhelming approval to the company's proposal to combine with Atlantic Richfield Company (ARCO). Over 800 shareholders who attended an Extraordinary General Meeting (EGM) at the Royal Festival Hall in London, voted conclusively to approve the combination.

In addition, BP Amoco Co-Chairman Peter Sutherland disclosed that proxy votes representing 5,851,637,483 shares backing the combination had already been received, compared with [illegible],933,423 against and 9,730,625 abstentions -- a majority in favour of 99.3 per cent.

More than 60 per cent of the shares in issue were voted. BP Amoco required a simple majority of the votes cast to be in favour in order to secure shareholder approval. Overwhelming majorities in favour were also recorded for other resolutions considered at today's meeting, including a split of BP Amoco shares which will have the effect of doubling the shares in issue.

Sutherland said the voting indicated "overwhelming shareholder support for the ARCO combination". Noting that "since the beginning of 1994 we have added some $75 million a day to the value of the company", he said the share split was "designed to bring our share price more into line with our principal competitors in the UK and the US and hopefully to make our shares more attractive to shareholders both here and in the US".

BP Amoco chief executive Sir John Browne said: "Today's conclusive endorsement by our shareholders is a crucial step in our progress towards closing the transaction. Our discussions with the various regulatory authorities are also moving constructively ahead and our integration plan is ready to be implemented. All of this gives us great confidence that we can meet our target to complete the deal before the end of the year."

ARCO's shareholders also overwhelmingly supported the transaction at a special shareholder meeting on August 30, with 97.36 per cent of the votes cast in favour in a turnout of some 75 per cent.

Notes

The texts of statements to shareholders at today's EGM by BP Amoco Co-Chairmen Peter Sutherland and Larry Fuller and chief executive Sir John Browne can be found on the internet at http://www.bpamoco.com/investors

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BPAmocoNews@bpamoconews.com on 09/01/99 06:19:22 AM

To: press@bpamoconews.com
cc: (bcc: Paul Bledsoe/OCO/OS/DOI)
Subject: BP Amoco Press Release: BP Launches a Clean Fuels Programme in the Paris Region

BP Amoco Press Release:

BP Launches a Clean Fuels Programme in the Paris Region

1st September 1999

BP France launched today 1 September a comprehensive "Clean Fuels" programme for the Paris region, with the introduction of BP Diesel Ecology, a new ultra low sulphur diesel, which anticipates the EU environmental specifications on sulphur set for the year 2005.

BP Diesel Ecology is marketed today in all 40 BP inner-Paris service-stations and will be available in all of BP's 240 Paris region retail network by the end of the year.

BP Diesel Ecology reduces sulphur emissions by 90% on all diesel vehicles compared with other standard diesels; BP Diesel Ecology also decreases particulates and black smoke emissions by up to 30 % without any detriment to performance and at no extra cost.

BP Diesel Ecology is also being marketed to BP's commercial customers such as bus and other transport companies running fleets

With BP Diesel Ecology, BP France is the first oil company in France to market a "cleaner diesel" with a sulphur content 10 times below standards in place today.

With BP Diesel Ecology, motorists and commercial transport customers will be able to play a part in improving air quality in Paris and in the Paris region.

BP France's "Clean Fuels" programme for the Paris region also includes a rapid development of Autogas, one of the cleanest fuels available today : with over 40 outlets in the Paris region, BP France is developing with its partner, Butagaz, one of the largest Autogas networks in the Paris area. At the national level, 100 BP sites will be equipped by end 1999 building-up to an overall network of 150 sites selling Autogas by 2005.

The UK's energy tax proposal could injure the country's economy, according to the UK Parliament's Trade and Industry Committee report released yesterday.

The parliamentary report said it is "imperative" that the plan to cut carbon dioxide emissions make a special provision for energy-intensive industries so they do not lose international competitiveness. The report: "The levy could prove to be a blunt instrument which does considerable damage to sectors of the British economy already struggling to maintain their profitability."

The study cited numbers from the Energy Intensive Users Group showing its members would collectively lose almost $900 million per year if the tax were applied at the full rate, and even if the tax were halved, 28,000 jobs would still be lost. The report recommended the government find ways to exempt electricity generated by renewable technologies from the tax and that the levy be linked to carbon content of fuels (Reuters/PlanetArk, July 20).

Meanwhile, the UK established a $15.5 million research center last week that will study climate change. Its goal is to integrate work by environmental scientists, engineers and economists who are studying the issue. The center will investigate the effects that global warming may have on flooding, erosion of coastal areas, water supply and quality and the increased frequency of extreme weather conditions (Vanessa Houlder, Financial Times, July 20).

In the US, experts are not certain why 1998 carbon dioxide emissions were only 0.4% above 1997 levels, while the economy grew by 3.9% and oil prices hit a 12-year low. Patrick J. Michaels of the CATO Institute believes last year's drop in the emissions curve was a "fluke." But former Assistant Energy Secretary Joseph J. Romm says that the numbers show that emissions can fall without higher energy prices, and predicts that annual reductions in energy intensity of 5% will become commonplace by 2008 to 2012 period (Business Week, July 26 issue). -- DIL

*21 CLIMATE CHANGE II: NEWS ON GLACIER MELTINGS; MORE

An increase in global temperatures has caused the loss of some 12 billion cubic meters of snow from the glaciers of the Peruvian Andes, according to Ramiro Valdivia, a physicist at the Higher U. of San Marcos in Lima, Peru.

Valdivia said the flow of water for urban and agricultural uses has dropped considerably in the same time frame. Benjamin Morales, president of the Andean Institute of Glaciology and Geo-ecology, said the trend could cause drier conditions not only in Peru but also along the entire Andean mountain chain and in the Amazon (Inter Press Service/TerraViva, July 16).

Glaciers have also been reported to be melting in the Himalayas and other parts of the world, a pattern which could disrupt water supplies for millions of people (Greenwire, June 3). The findings are being discussed at a meeting this week of the World Meteorological Organization's commission on snow and ice, in Birmingham, UK (Nick Nuttall, London Times, July 20).

JAPANESE RESEARCH PROVIDES INSIGHTS INTO OCEANS' ROLE

Long-term observations in the northwestern Pacific Ocean by reclaimed water from the plant to the point it could be using for drinking. The concept arose in part as a way to help the city reuse at least half of the water produced by the plant.

But Thomas said he does not expect the same kinds of problems in Escondido because its plant will have a much smaller output. Creating a reclaimed water system, he said, will help Escondido reduce its dependence on imported water.

Lohnes said another advantage Escondido has over San Diego is that retrofitting pipes so that customers can use reclaimed water is accounted for as part of the cost of the project. This will make reclaimed water more attractive for potential customers, he said.

Escondido officials expect the upgrades to the sewage treatment plant and the reclaimed water plant will cost between $90 million and $100 million. The project is being funded by state and federal agencies and the city.

The majority of the work is being paid for with low interest loans from the state Water Resources Control Board's revolving loan program.

City water customers already have seen the cost of the project in their bills, starting with a $1 per month increase last year. Monthly bills will increase an additional $3 over three years.

The Hale Avenue plant handles about 16 million gallons of waste water a day. Of that, about 11.8 million gallons per day comes from Escondido and 3.8 million gallons from Rancho Bernardo. #

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Anchorage Daily News

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BP OKs buying Arco

Permanent Fund stock backs deal

By BEN SPIESS
Daily News reporter

BP Amoco PLC shareholders voted overwhelmingly Wednesday to approve the company's $30 billion acquisition of Atlantic Richfield Co., which will create one of the world's largest energy companies.

The 99 percent vote in favor at a special shareholders' meeting in London's Royal Festival Hall followed 97 percent approval by Arco shareholders who voted in Los Angeles Monday.

In speeches at the London shareholders meeting, BP Amoco officials put cost-cutting on Alaska's North Slope first on the list of benefits to BP. Reduced costs "gives us the potential to extend the remaining resource base in Alaska," chief executive John Browne said. "There's huge potential if we can get the costs right."

Alaska Gov. Tony Knowles said he wants stiff terms on BP before he will approve the takeover. To protect the state, the governor wants BP to sell exploration land and production from oil fields to attract a new company to work on the North Slope.

Ironically, shares of stock Alaska owns in BP and Arco through the Permanent Fund were all voted in favor of the takeover by the Outside companies that manage the fund's stock holdings. Jim Kelly, fund spokesman, said the Permanent Fund owns 2,762,000 BP shares worth $53.4 million and 95,500 Arco shares worth $8.2 million.

"The managers obviously believe the deal will add value to our holdings," Kelly said.

Executives of Arco and BP Amoco agreed last April to the takeover. The U.S. Federal Trade Commission and the European Commission are both investigating the takeover. The FTC has expressed concern about consolidation of oil production and is examining gasoline prices on the West Coast where a combined BP-Arco would provide more than one-third of crude oil for gas. The environmental group Greenpeace opposes the deal. The Alaska Conservation Alliance wants guarantees that BP will clean up contaminated North Slope sites. Attorneys general from California, Washington and Oregon are all studying the takeover. But Alaska officials have taken the toughest stance with BP.

If the takeover goes through, BP will produce 74 percent of Alaska North Slope oil and own 72 percent of the trans-Alaska oil pipeline.

To satisfy state law, BP would have to divest 364,000 acres of Alaska land leased for exploration and development, and Knowles

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has asked for other concessions, including selling producing oil fields and other federal lease acres to preserve competition in the state's oil industry.

BP officials say they are ready to talk with the state about the demands.

Ronnie Chappell, BP spokesman in Anchorage, said negotiations with Alaska officials have begun.

"There are lots of options for meeting the state's concerns while delivering $200 million in savings that we're after," he said.

Beyond Alaska, BP Amoco officials plan to cut $1 billion a year by combining with Arco and laying off 2,000 workers. About 400 people would be laid off in Alaska.

The takeover would make BP Amoco "an even more significant player on the international stage," co-chairman Peter Sutherland said at Wednesday's shareholder meeting.

"We shall become the largest non-state owned oil producer in the world, as well as the largest oil and gas producer in both the United States and the United Kingdom," Sutherland said.

BP officials hope to close the deal sometime after Oct. 1. Arco shareholders will receive 0.82 BP Amoco American depository receipts for every Arco share. BP Amoco American depository receipts closed up $1.65 to $113.50. Arco shares climbed $1.08 to $89.

* The Associated Press contributed to this article. Daily News Reporter Ben Spiess can be reached at bspiess@adn.com

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