



Stephen A. Elbert

Vice Chairman

May 14, 2007

BP America Inc.
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USA

BY HAND DELIVERY

The Honorable John D. Dingell
Chairman of Committee on Energy and Commerce
United States House of Representatives
2328 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Bart Stupak
Chairman of the Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
United States House of Representatives
2125 Rayburn House Office Building
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Dear Chairmen Dingell and Stupak:

I am writing to provide you with responses to several outstanding requests that you have posed to BP America, Inc. ("BPA").

May 11, 2007 Letter

On May 11, 2007, you asked, in a letter addressed to Robert Malone, for information regarding an error identified by Booz Allen Hamilton in its March 2007 report on the 2006 Greater Prudhoe Bay OTL incidents. This error is corrected in a May 10, 2007 letter from Tom Williams to Rick Cape, which we are attaching hereto.

The error concerns the following sentence on page 72 of that report: "Budget pressure eventually led to de-scoping some projects and deferring others. For example, the plan to run a smart pig in the OTL was dropped in 2004 and 2005." Question #1 in your May 11 letter asks why BP believes "that the aforementioned finding in the referenced Booz Allen Hamilton report is in error"

BPA believes that the statement regarding the plan to run a smart pig in the OTL was simply factually mistaken; there was no plan to run a smart pig in the OTL that was dropped in either 2004 or 2005. I am providing to you today, on behalf of BPA, documents that demonstrate that this statement in the Booz Allen report is erroneous. These documents were identified in the iCONNECT document production database, previously described in our April 17, 2007 letter to you, using a series of searches that employed a variety of search terms designed to identify documents on BPXA's planned and executed smart pigging operations for 2004 and 2005:

- An e-mail chain beginning on March 31, 2004 that indicates that BPXA planned to “smart pig” three-phase cross country large diameter flowlines (“LDFs”) in 2004 and 2005, and had no plans to run a smart pig in the 34” oil transit lines (“OTLs”) for the Western Operating Area (“WOA”) or the 34” and 30” OTLs for the Eastern Operating Area (EOA) in 2004 or 2005. This document bears the Bates numbers **BPXA-CEC00018457-59**.
- A series of e-mails and various attachments (some previously produced), which show that, while budget pressures were applied to the CIC group in 2004, this did not lead BPXA to “drop” its LDF smart pigging plans. These documents bear the Bates numbers **BPXA-CEC00007128; BPXA-CEC00007155-56; BPXA-CEC00007133-34; BPXA-CEC0009674-75; and BPCA-CEC00018460-62**.
- Several documents that indicate that BPXA planned and did in fact execute smart pig runs on three-phase cross-country LDFs in 2004 and 2005 (as noted on the pages marked by green tape flags for your reference). These documents are:
 - August 18, 2004 Corrosion Monitoring Review Meet and Confer VIII PowerPoint presentation. This document contains the label **00058062.0001**.
 - December 2004 GBP Lifting Costs Summary. This document contains the label **FARNHAMR-A-028 0149**.
 - 2004 Commitment to Corrosion Monitoring Report. This document contains the label **00021830.0001**.
 - 2005 Commitment to Corrosion Monitoring Report. This document contains the label **00018171.0001**.

We believe that Questions 2-4 of your May 11 letter are questions directed to Booz Allen Hamilton. Accordingly, Booz Allen Hamilton is submitting written responses to those questions in the attached letter from Tom Williams. Booz Allen Hamilton is also providing documents, attached to that letter, that address your requests.

April 30, 2007 Letter

Request 2

Request 2 in your April 30, 2007 letter to Robert Malone poses two questions related to an April 15, 2004 e-mail sent to Messrs. Kip Sprague and Richard Woollam in the CIC Group (BPXA-CEC00007159). BPA respectfully submits the following responses to those questions.

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Assuming that this abbreviation ["GC's"] refers to the Gathering Centers, where within the Gathering Centers was the halting of inhibitor being proposed (regardless of whether such action was ever taken)?

The abbreviation refers to the Gathering Centers in the Western Operating Area. The e-mail's discussion of a proposal to discontinue the use of chemical inhibitor concerned a program that involved injection of corrosion inhibitor into the Produced Water ("PW") lines that run from the Gathering Centers to the well pads. The PW lines are not connected to the Oil Transit Lines ("OTLs"), which are the lines that experienced leaks in March and August 2006. PW lines carry water that has been separated from the oil and gas in the fluid stream at the Gathering Centers, and deliver it back to the well pads, where it is re-injected down the well bore to help maintain pressure in the formation.

Moreover, although the option of discontinuing use of chemical inhibition was discussed in this e-mail, the option was not pursued and the corrosion inhibitor injections into the PW lines were not reduced. Indeed, during 2004, BPXA used more corrosion inhibitor than was used in 2003. In 2003, BP used 2.52 million gallons of corrosion inhibitor (an effective concentration of 147 ppm). In 2004, BP used 2.67 million gallons of chemical (a concentration of 151 ppm). BP also spent more on corrosion inhibitor -- \$23 million in 2004 versus \$22 million in 2003.

In view of the changing composition of crude oil being produced at Prudhoe Bay, would reducing corrosion inhibitor at the Gathering Centers have any impact on "carry over" to the OTLs that leaked?

There was no reduction in corrosion inhibitor at the Gathering Centers. Had the inhibitor been reduced, however, it would not have had any impact on the corrosion inhibition that "carries over" to the OTLs that leaked because there is no connection between the PW lines, which transport water from the Gathering Centers back to the well pads for reinjection, and the OTLs, which transport sales quality crude oil from the Gathering Centers to the Trans-Alaska Pipeline System. In short, the two lines carry different streams in opposite directions from the Gathering Centers; thus, reducing, or even eliminating, chemical inhibition in the PW lines would have had no effect on the OTLs.

Both in 2004 and currently, BPXA's primary corrosion inhibition program consists of injection of chemical corrosion inhibitor at the wellhead. Corrosion inhibitor injected at the wellhead is designed to provide protection throughout the oil transmission system, as it follows the path of the oil stream from the well to the LDF lines, then to the Gathering Centers, and finally on to the OTLs. Corrosion inhibitor injection rates at the wellhead have been progressively increased and, through the late 1990s and into the first years of this century, the observed rate of corrosion actually decreased.

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BPXA's CIC group was concerned, however, that the PW lines, which carry water as described above, were subject to degradation. As a consequence, the CIC group began a program of supplemental injection of chemical corrosion inhibitor directly into the PW lines. The program was deemed "supplemental" because the primary inhibition program was -- and remains today -- the injection of corrosion inhibitor at the wellhead. For a number of years, this supplemental program was limited to only some of the PW lines. Starting in 2005, it was expanded to apply to all of BP's Greater Prudhoe Bay PW lines on the North Slope; this project was completed in January 2007.

Request 3

Finally, we are producing six additional documents that we have identified as potentially responsive to request #4 in the April 30, 2007 letter. These documents bear the Bates numbers **BPXA-CEC00018438** through **BPXA-CEC00018456**.

Because we are providing these documents to you on an expedited basis, as you requested, this production may contain some duplication. We apologize for any inconvenience but wanted to provide the documents to you as quickly as possible.

* * *

This production contains highly sensitive business and financial information. Accordingly, BPA respectfully requests that these documents be maintained confidentially and that, if the Subcommittee wishes to consider whether any of these documents should be made public, BPA and BPXA be given an opportunity to be heard on that question. In addition, please note that, to the extent that any documents produced to the Subcommittee and information contained in this letter are protected by the attorney-client privilege, work product doctrine, or other applicable privilege, such documents and information have been provided at the Subcommittee's request and in response to the Subcommittee's assertion of authority to compel such documents. By providing these documents and information to the Subcommittee, BPA has not waived and does not intend to waive its ability to assert such privileges or confidentiality protections in other fora.

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If the Subcommittee has any questions concerning this request for information or other matters, please feel free to contact me directly. We welcome the opportunity to discuss these matters with you.

Sincerely,

A handwritten signature in black ink that reads "Stephen A. Elbert". The signature is written in a cursive, slightly slanted style.

Stephen A. Elbert

Enclosure

cc: The Honorable Joe Barton, Ranking Member
Committee on Energy and Commerce

The Honorable Ed Whitfield, Ranking Member
Subcommittee on Oversight and Investigations