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ONE HUNDRED TENTH CONGRESS

U.S. House of Representatives
Committee on Energy and Commerce
Washington, DC 20515-6115

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CHAIRMAN

June 20, 2007

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Mr. Robert A. Malone
Chairman and President
BP America, Inc.
200 Westlake Park Boulevard
Houston, TX 77079

Dear Mr. Malone:

Thank you for appearing before the Subcommittee on Oversight and Investigations on Wednesday, May 16, 2007, at the hearing entitled "2006 Prudhoe Bay Shutdown: Will Recent Regulatory Changes and BP Management Reforms Prevent Future Failures?" We appreciate the time and effort you gave as a witness before the Subcommittee.

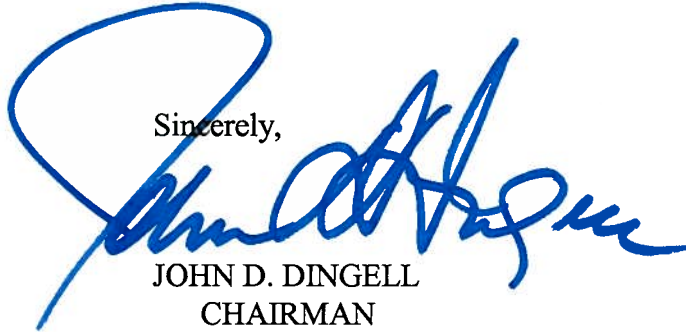
Under the Rules of the Committee on Energy and Commerce, the hearing record remains open to permit Members to submit additional questions to the witnesses. Attached are questions directed to you from certain Members of the Committee. In preparing your answers to these questions, please address your response to the Member who has submitted the question(s) and include the text of the Member's question along with your response.

To facilitate the printing of the hearing record, your responses to these questions should be received no later than the close of business **Friday, July 6, 2007**. Your written responses should be delivered to **316 Ford House Office Building** and faxed to **202-225-5288** to the attention of Kyle Chapman, Legislative Clerk. An electronic version of your response should also be sent by e-mail to Mr. Kyle Chapman at **kyle.chapman@mail.house.gov** in a single Word formatted document.

Mr. Robert A. Malone
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Thank you for your prompt attention to this request. If you need additional information or have other questions, please contact Kyle Chapman at (202) 226-2424.

Sincerely,



JOHN D. DINGELL
CHAIRMAN

Attachment

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

The Honorable Bart Stupak, Chairman
Subcommittee on Oversight and Investigations

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

The Honorable Bart Stupak

1. Mr. Malone, what other companies own the Prudhoe Bay field? What control, if any, do these working interest owners have over BP's budget for operating the field?
2. Do working interest owners have veto power with respect to the budget for maintenance and related capital spending? Have they ever exercised that authority?
3. According to Booz Allen's interview with Bill Hedges, the head of BP's corrosion group in Alaska, the backlog of corrosion related items at the end of 2005 was 2000 items. He said that by 2006, the backlog had grown even further to 3000 items that require visual inspection and follow up. Is this statement correct? What is the backlog on corrosion inspections at Prudhoe Bay today?
4. Is it BP's position that cost cutting pressure and its impact on the decision making environment had no impact whatsoever on BP failing to smart pig the oil "transit" lines that leaked?
5. Is it BP's position that even if the Alaska Corrosion, Inspections, and Chemical Group (CIC) had a larger budget, they would not have smart pigged the oil transit lines that were later found to be so corroded that they leaked?
6. A February 5, 2003 e-mail discusses the approval of a \$1 million study for portable pig launching and receiving facilities in the Eastern Operating Area on cross country and oil transit lines to "detect both internal and external corrosion." Attached to that e-mail is a list entitled "pigging facility priority listing." That document was also placed into the record for this hearing. Why did BP's CIC Group commission this study? What was the cost of this study? Given an environment where discussions were taking place about reducing corrosion inhibitor, why did the CIC group expend scarce resources on the VECO report?
7. On March 12, 2003, VECO Alaska, a contractor to BP, submitted to BP a reconnaissance level estimate report for installing pig launching and receiving facilities at 71 locations identified in the "pigging facility priority listing" mentioned in question #6. That pigging facility priority list included 3 segments of the Eastern Operating Area line—which had not been pigged for 16 years. One of the three lines listed in the "pigging facility priority listing" was an oil transit line, which was severely corroded and found to be leaking in August 2006. Was the VECO report commissioned to identify the cost of installing pig launchers and receivers, which would accommodate the larger "smart pigs?"
8. The VECO report provided a range of estimates from \$164 million to \$643 million to install the 71 pig launchers and receivers. What actions did BP take after receiving this report? Were any budget requests made to install any new pig launchers or receivers mentioned in the VECO report? In what year(s) were budget requests made? Were these budget requests approved? Were any of the pig launchers and receivers actually installed?

The Honorable Bart Stupak (continued)

9. BP has told the Committee that the VECO report had assessed the cost of installing pig launchers and receivers in locations where BP already had pig launchers and receivers. Did the CIC Group commission VECO to prepare cost estimates for potential work that did not need to be done? Was the CIC Group so unaware of the assets under its stewardship that it prepared a “pigging facility priority listing” which contained locations which already had fully functional pig launchers and receivers?
10. What specifically does BP disagree with in the Chemical Safety Board’s (CSB’s) findings on Texas City? Please explain specifically where BP believes the CSB is in error?
11. What specifically does BP disagree with in the CSB’s recommendations regarding Texas City?
12. Has BP implemented all of the Chemical Safety Board recommendations regarding Texas City? If not, which have not been implemented and why?
13. Did the Booz Allen report, the Baker Panel report, the Management Accountability Project, and the Chemical Safety Board find common weaknesses in BP’s management? What are these common weaknesses?
14. Why is the Billy Garde report “Failure to Disclose COBC Documents to Congressional Subcommittee and Other Issues” still not final?
15. What responsibilities did BP’s new CEO, Tony Hayward, have with respect to BP Prudhoe Bay Alaska operations, maintenance, and budgeting between 1998 and 2006?
16. Did Mr. Hayward have any role in approving budget for the BP Alaska CIC Group? Was Mr. Hayward aware of the implications of cost cutting on corrosion protection activities?