

**STATE OF ALASKA**  
**ALASKA OIL AND GAS CONSERVATION COMMISSION**  
**333 West Seventh Avenue, Suite 100**  
**Anchorage Alaska 99501-3539**

Re: BPXA Enforcement Action regarding )  
Safety Valve System performance )

AOGCC Order No. 35  
August 8, 2005

**DECISION AND ORDER**

On March 8, 2002 the Alaska Oil and Gas Conservation Commission issued a Notice of Proposed Enforcement Action (“Notice”) under 20 AAC 25.535(b), finding that BP Exploration (Alaska) Inc. (“BPXA”) apparently failed to ensure the proper working condition of well safety valve systems (“SVS”) on six Prudhoe Bay pads. The Notice proposed requiring BPXA to perform specific corrective actions designed to bring SVS performance at Prudhoe Bay into compliance with Commission rules. BPXA responded to the Notice in writing on March 20, 2002 stating that it agreed to perform the Commission required actions.

A. Summary of Proposed Enforcement Action

In its Notice, the Commission identified an apparent violation by BPXA, specifically of 20 AAC 25.265(c) and (d) and of Rule 5 of Conservation Order 341D. The violation consisted of BPXA’s failure to respond to high component failure rates in the SVS of six proximate pads within the western operating area of Prudhoe Bay.

The Commission proposed to order the following corrective actions by BPXA:

- (1) By June 1, 2002 require the full implementation of the Greater Prudhoe Bay Safety Valve Management System (“GPB SVMS”) as described in BPXA’s March 1, 2002 correspondence.
- (2) Beginning June 1, 2002 require BPXA to provide quarterly status reports of the GPB SVMS to the Commission.

B. SVS Requirements

Pursuant to its statutory authority under AS 31.05.030, the AOGCC has adopted regulations concerning automatic shutdown equipment for production operations. Conservation Order 341D establishes automatic shutdown equipment requirements specific to the Prudhoe Bay field, mandating all wells be “equipped with a Commission approved fail-safe automatic surface safety valve system capable of preventing uncontrolled flow by shutting off flow at the wellhead and shutting down any artificial lift system where an over pressure of equipment may occur.” Moreover, “the SVS must be maintained in working condition at all times unless the well is shut in and secured.” The Commission requires testing of the SVS for all wells on a pad every 6 months unless a shorter period of time is designated. Testing is based on industry standard procedures consistent with American Petroleum Institute Recommended Practice 14H, “*Recommended Practice for Installation, Maintenance, and Repair of Surface Safety Valves and Underwater Safety Valves Offshore.*” Commission Inspectors randomly witness scheduled SVS tests and periodically require unscheduled SVS tests. If a pad’s component failure rate exceeds 10 percent, surveillance is increased on the pad and the operator is required to test SVS for all pad wells every 90 days.

C. Violation

The Commission's investigation found 6 BPXA-operated pads within the Prudhoe Bay field with high SVS component failure rates (exceeding 10 percent) during the first quarter of 2001.<sup>1</sup> Four of these pads experienced consecutive component failure rates greater than 10 percent.<sup>2</sup> The consecutive high failure rates on four Prudhoe Bay pads was evidence of BPXA's failure to maintain the SVS on each pad in proper working condition.

D. Corrective Actions

In its letter dated March 20, 2002 BPXA accepted the Commission's proposed enforcement action. Corrective actions have been implemented. Work continues to refine the GPB SVMS and improve SVS performance. Ongoing efforts by BPXA include root cause analysis of equipment failures, equipment modifications, and efforts focused at freezing concerns for well hydraulic control systems. The Commission is tracking performance.

E. Findings and Conclusions

For the reasons stated above, the Commission finds that BPXA violated SVS maintenance requirements, and concludes that the proposed corrective actions were appropriate to bring BPXA operations at Prudhoe Bay into compliance with Commission regulations and

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<sup>1</sup> PBU C, F, G, H, K and Z pads

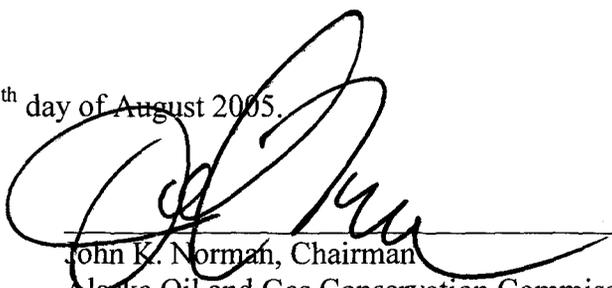
<sup>2</sup> PBU F, G, K and Z pads each experienced consecutive component failure rates exceeding 10 percent between September 2000 and April 2001

orders. BPXA has completed the first corrective action and has continued to implement the second corrective action.

**NOW THEREFORE IT IS ORDERED THAT:**

Until further notice from the Commission, BPXA shall continue to provide the Commission with quarterly status reports on the Greater Prudhoe Bay Safety Valve Management System.

Done at Anchorage, Alaska this 8<sup>th</sup> day of August 2005.

  
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John K. Norman, Chairman  
Alaska Oil and Gas Conservation Commission

  
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Daniel T. Seamount, Jr., Commissioner  
Alaska Oil and Gas Conservation Commission

  
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Cathy P. Foerster, Commissioner  
Alaska Oil and Gas Conservation Commission

