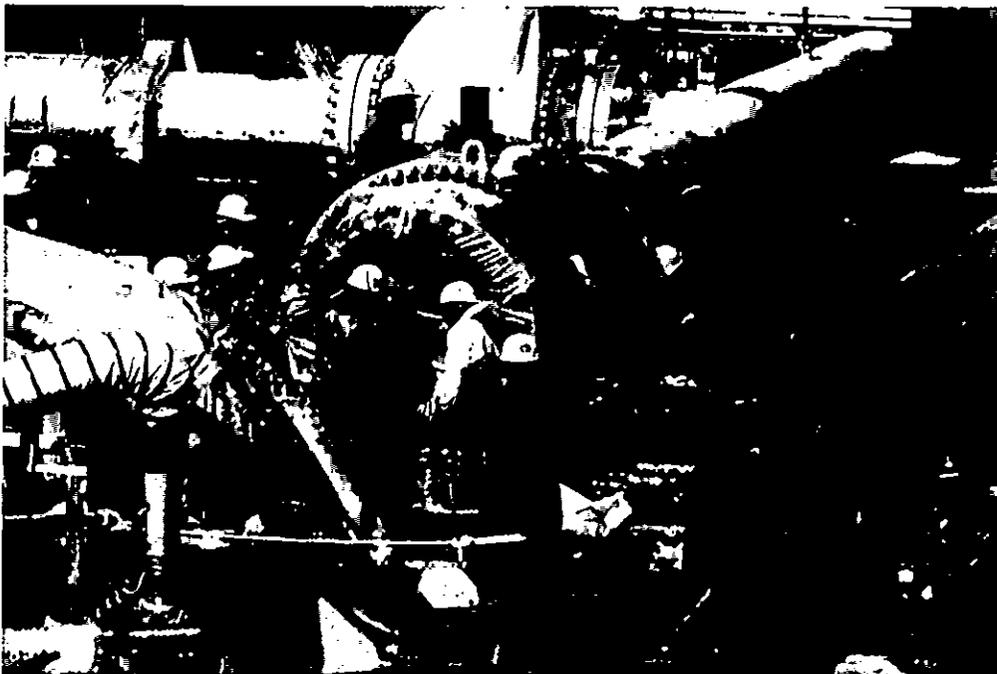




United States Bureau of Land Management



Comprehensive Monitoring Program Report TAPS Employee Concerns Program (ECP)



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Our Message to Stakeholders

TAPS and BLM

The Trans-Alaska Pipeline System (TAPS) transports nearly 19 percent of the nation's domestically produced crude oil through the unique and fragile environment of Alaska. TAPS is critical to the nation's economy and security. Revenues and investment income from crude oil transported by TAPS account for 80 percent of the State of Alaska's general fund. Since start up in 1977, TAPS has safely transported more than 13 billion barrels of crude oil from Prudhoe Bay to Valdez.

BLM's Comprehensive Monitoring Program

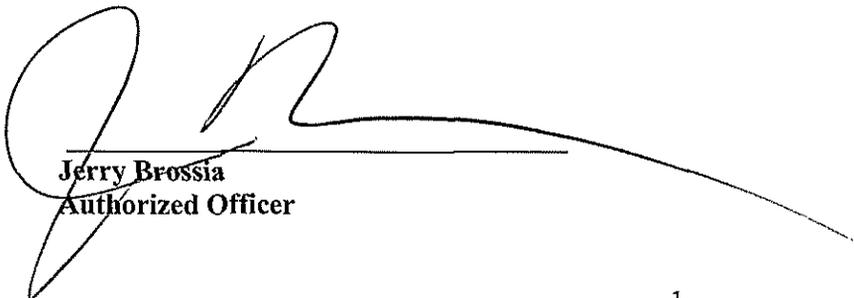
BLM's vision is: *To work proactively with the oil and gas industry in Alaska to achieve safe operation, environmental protection, and continued transportation of oil and gas in compliance with legal requirements.* The Comprehensive Monitoring Program (CMP) is intended to influence continuous improvement in Alyeska Pipeline Service Company's management of TAPS construction, operations and maintenance activities. The CMP process is focused on problem prevention rather than reaction, emergency response, and damage control.

CMP reports periodically communicate to BLM stakeholders summaries of past monitoring efforts. The reports revisit critical TAPS audit deficiencies; incorporate concerns raised by TAPS employees and outside interest groups; address high risk activities; verify compliance with laws, regulations, permit conditions, and Grant/Lease stipulations; verify compliance with important internal Alyeska controls such as the quality, safety and environmental programs; and evaluate causal factors and trends related to recent TAPS incidents. Reports have previously covered one of twelve CMP functional topics:

<ul style="list-style-type: none">• Alaska Native Employment & Training• Environment• Project Performance• Configuration Management• Maintenance	<ul style="list-style-type: none">• Employee Concerns Program• Safety• Risk Management• Project Design• Operations• Quality
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About This Report

The BLM is pleased to present *TAPS Employee Concerns Program (ECP)* to our stakeholders. While the operation of TAPS will never be risk-free, BLM oversight helps minimize environmental risks, maximize compliance with worker safety and pipeline integrity standards, and improve maintenance performance.



Jerry Brossia
Authorized Officer

Executive Summary

BLM's vision is to work proactively with the oil and gas industry in Alaska to achieve safe operation, environmental protection, and continued transportation of oil and gas in compliance with legal requirements. The BLM Comprehensive Monitoring Program (CMP) is intended to influence continuous improvement in Alyeska's management of TAPS construction, operations and maintenance activities. The BLM CMP process is focused on problem prevention rather than reaction, emergency response, and damage control.

The CMP is a tiered process for monitoring TAPS activities and consists of several elements such as surveillances, studies, reviews, assessments and investigations. Investigations and surveillances are the most frequent and routine monitoring functions and are used to verify compliance to the Federal Grant and identify situations that need to be corrected. The results of the investigations and surveillances are identified in assessments, which may include findings for corrective actions. Investigations and assessments are broader in scope than surveillance reports and are the primary tool used to formally issue findings to APSC for corrective actions.

The CMP report is a summary of activities conducted to date to evaluate the fairness and effectiveness of APSC and its contractors Employee Concerns Program.

BLM is concerned with three central issues: Safety, Environmental Protection and Pipeline Integrity. These elements form the cornerstones of the BLM oversight of the Trans-Alaska Pipeline System. Employee concerns related to these areas will always generate keen interest by BLM.

Section 16 of the Agreement and Grant of Right-of-Way requires adherence to all applicable federal laws and regulations. Some of these laws provide specific protections for employees who work in areas covered by them. For example, the Toxic Substances Control Act provides protection from retaliation to persons who report violations of the act. Although BLM has no legal enforcement authority to provide a personal remedy to employees who believe that they have been retaliated against for "blowing the whistle," BLM can and does frequently facilitate communication or filings by concerned employees or employees who believe they have been wronged with the agencies that do have legal authority to order personal redress, i.e., U.S. Department of Labor, Occupational Safety and Health Administration (OSHA) and the Alaska Department of Labor, Division of Occupational Safety and Health Administration (State OSHA). These agencies are not part of the Joint Pipeline Office.

BLM believes the ability of all TAPS employees (including contractors) to freely express concerns is fundamental to the continued safe movement of North Slope Oil to market, and the increased confidence that the pipeline is being maintained and operated safely.

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Chapter 1

Introduction

History

In 1991 the Alyeska Pipeline Service Company (APSC) had been accused publicly of moving oil at the expense of safety. Testimony by former APSC employees and contractors at a 1993 Congressional hearing included reports that important safety related issues existed on TAPS and were not being addressed and employees were regularly subjected to harassment, intimidation and retaliation for reporting concerns. This “kill the messenger” situation was widely believed to have caused a “chilling effect” throughout the company, preventing others from reporting problems that could affect the safety, integrity or environment of TAPS. BLM was criticized at the time for not providing the necessary level of oversight to prevent these problems from occurring.

In response to the hearings, BLM immediately established a toll-free “Hotline” for anyone to report concerns directly to the government. A BLM Employee Concerns Program (ECP) gave the TAPS regulators a mechanism for dealing with employee concerns received through the Hotline or from other avenues. BLM’s goal was to ensure that an open atmosphere existed to express concerns while stressing that BLM’s interest and legal authority remained focused on oversight and resolution of problems affecting safety, integrity, and environment on TAPS.

Purpose

The Comprehensive Monitoring Program was organized to focus on four key oversight areas: Construction, Maintenance, Operations and Culture. One of the sub-areas under Culture is Employee Concerns. This report presents the Joint Pipeline Office’s oversight results in the area of Employee Concerns. This report does not comprehensively include all areas of the Employee Concerns Program on the Trans Alaska Pipeline System. The report summarizes the issues raised by employees that work on TAPS. Close scrutiny was given to allegations raised that could have affected safety, integrity, or environmental functions of TAPS.

Methodology & Scope

The scope of this report includes all the concerns filed with BLM and APSC, on TAPS from January 2003 through December 2006. This report focuses primarily on the concerns raised, the investigations conducted and the conclusions/findings determined from the investigations. The analysis of this report should answer the following questions:

- Does the employee concerns program provide individuals that work on TAPS an avenue to raise concerns that may affect the safety integrity or environment in the operation of TAPS?

- Does the operation of the ECP provide an environment that employees feel free to raise concerns with out fear of intimidation, retaliation or harassment for raising concerns?
- Does the ECP effectively address the allegations raised in concerns?

Chapter 2

Requirements

There are no specific requirements within the Agreement and Grant of Right of Way for an Employee Concerns Program. As explained in the history under the executive summary of this report, the Employee Concerns Program is, in part, the results of the congressional hearings. Due to the uniqueness of this program, there has been a lot of public interest in the program.

Chapter 3

Discussions and Results

January 1, 2003 through December 31, 2003

BLM received a total of three (3) anonymous concerns. Two of those concerns were received through the BLM Hotline and the third was an anonymous letter sent to the BLM Fairbanks Office. Two of the concerns related to employment issues and one issue related to pipeline integrity.

- On one of the issues relating to employment, the individual was informed that their issues were outside the judiciary authority of BLM's Employee Concerns Program, but was referred to the appropriate individual within BLM who may have been able to assist them.
- The other concern relating to employment was withdrawn by the individual once they were contacted. The individual stated that they were simply venting some frustrations, and did not want a response to the concern.
- The concern relating to pipeline integrity involved "intimidation retaliation" and "hostile work environment with a chilling effect". The initial concern was in regards to the striking of the mainline during an integrity dig and it not being properly reported. After questioning APSC's management on the circumstances surrounding the issue of the striking of the mainline, BLM was made aware that APSC had also received a concern on the same issue. APSC was allowed to conduct their own independent investigation with BLM reviewing their results (see APSC Case # 2003-0014).

Review of APSC's investigation determined the allegation was unsubstantiated, yet the statements from several individuals interviewed were personally witness the mainline being struck. BLM's independent investigation into the issue concluded the allegations were substantiated and APSC had failed to properly report the incident.

January 1, 2004 through December 31, 2004

BLM received four (4) concerns. Three of the four concerns were from APSC employees and one was an anonymous caller on the BLM Hotline. Two of the concerns contained several issues that ranged from inadequate documentation, lack of training and qualification, intimidation, retaliation, to mainline valves and maintenance. Several issues in these concerns were substantiated, and some were undetermined.

- The two issues relating to intimidation and retaliation of individuals were referred to the Federal Department of Labor (DOL) because BLM does not have any authority to grant personal relief to individuals. BLM can only enforce the requirements of the Federal Grant and applicable regulation that effect TAPS.

- One concern from an employee raised the issue of providing adequate resources for personal safety. The investigation determined that the resources were adequate because the responsibilities had been combined with another position.
- The one anonymous concern alleged that design changes were not properly approved. An investigation was conducted and the allegations were determined to be unsubstantiated. The design changes had been properly reviewed and approved by the responsible groups.

January 1, 2005 through December 31, 2005

There were no employee concerns filed with BLM during the period of January 1, 2005 through December 31, 2005.

January 1, 2006 through December 31, 2006

BLM received five (5) concerns. One concern was from a contractor's employee, one from an APSC employee and three were anonymous concerns.

- One concern, from a contractor's employee, raised the issue of intimidation and retaliation from the contractor's management after the employee raised safety concerns on the job. Approximately one week after raising the safety concerns, the individual was terminated. The termination notice claimed the individual's work performance was unacceptable.

Upon BLM receipt of the concern, the individual was informed of APSC's Employee Concerns Program. The individual contacted the APSC Employee Concern Representative at which time BLM deferred its investigation of the matter with the consent of the concern individual. APSC's investigation determined that the intimidation allegation was unsubstantiated, but the individual had suffered retaliation from the management.

After review of the investigative report by the BLM representative and discussion with the concern individual, the individual disagreed with the findings of no intimidation, but chose not to seek any additional resolve to the concern. (NOTE: The responsible management official, who terminated the concerned individual, is now an APSC employee.)

- The APSC employee concern raised the issue of intimidation and harassment by their supervisor and manager. Upon contacting the concerned individual, he requested the entire matter be dropped. He requested that all the information he had provided be kept anonymous and that no further action be taken on the matter.

- The three anonymous concerns alleged issues with the Function Checkout (FCO) at PS-9, deficiencies at the Microwave System Sites, and PS-05 Sewage Treatment Plant:
 - The BLM investigation into the PS-09 FCO activity determined the allegation to be unsubstantiated. The concern was received on June 20, 2006, and a site visit was performed on June 26-27, 2006 to review the FCO activity. During the site visit it was verified that no FCO activities were being conducted yet.
 - The concern relating to the Microwave System sites is pending a BLM site visit in the spring of 2007 once conditions are safe for visiting the sites. APSC has pervaded some information on the Microwave sites, but will need verification through the site visits.
 - The investigation into the allegation related to PS-05 Sewage Treatment Plant, was determined to be unsubstantiated. This determination was based on the documented Lab Report Analysis.

Chapter 4

APSC Program Review

To balance the information identified in this report, data from Alyeska Pipeline Service Company (APSC) Employee Concerns Program was reviewed and analyzed.

APSC Business Practice Office (BPO) is responsible for the receipt, processing and disposition of all employee concerns received from TAPS employees. These concerns are processed in accordance with the requirements of APSC EC-163, Alyeska Employee Concerns Program procedure. EC-163 establishes how APSC ECP will work with contractor companies to resolve concerns.

APSC's general policy involves taking in all concerns brought forward by TAPS employees, but not necessarily investigating each and every one of them. Any concerns brought forward in which the event that formed the basis of the allegation ended more than two (2) years earlier were not investigated. The exception to this rule includes allegations concerning significant pipeline integrity deficiencies or significant safety allegations of wrongdoing by current TAPS employees.

EC-163 identifies the importance of all concerns being investigated through a formal or informal investigation process. The formal investigation process would be a documented process of data gathering and reporting with conclusive determination of whether the concern is substantiated or not; or results in an investigation with a finding of facts only. The informal investigation or Informal Issue Resolution (IIR) would be used to resolve a concern when the facts can be determined easily or none of the facts are in dispute.

All concerns are categorized as "Core" and "Non-Core" concerns:

- **Core Concerns:** A concern that alleges conditions are adverse to safety, environmental protection, system integrity related to the operation and maintenance of the pipeline system, or harassment, intimidation, retaliation or discrimination (HIRD) for having engaged in protected activity.
- **Non-Core Concerns:** All other concerns that do not meet the core concerns definition, but not necessary considered of lesser importance.

EC-163 allows the addressing of core and non-core concerns by either the formal or informal process. All concerns are categorized into one of the following disposition areas:

- Fact Finding (Management Assist)
- Substantiated
- Unsubstantiated
- Indeterminate
- Informal Issue Resolution (IIR)
- Cancelled

A review of concerns received was conducted for the periods of January 2003 through December 2006, with no specific data analysis performed for this report. Quarterly reviews are conducted and any noticeable concerns are addressed with APSC at that point. This is raw data identifying only numbers and categories/dispositions.

January 1, 2003 through December 31, 2003

There were eighteen (18) concerns filed with APSC. These concerns consist of one or multiple issues. Each issue of the concern is individually categorized; therefore resulting is more dispositions recorded than the number of concerns filed. There were a total of twenty-six (26) issues raised during this period.

The following is a breakdown of those concerns filed:

- Four (4) of the concerns contained core concerns and fourteen (14) contained non-core concern of which there were eight (8) issues that were core issues and eighteen (18) were non-core issues;
- Four (4) issues were categorized as fact finding (management assist);
- Thirteen (13) issues were categorized as substantiated;
- None were unsubstantiated;
- Seven (7) issues were categorized as indeterminate; and
- Two (2) issues were categorized as informal issue resolution (IIR).

Only one core issue was categorized as substantiated, and the remainder of the core issues, were categorized in one of the other categories.

January 1, 2004 through December 31, 2004

There were seventeen (17) concerns filed with APSC, which consisted of thirty-five (35) issues. Eight (8) of those concerns were core concerns and nine (9) were non-core concerns. The following is a breakdown of those concerns:

- Fourteen (14) of the issues raised in the concerns were core issues and twenty-one (21) were non-core issues;
- One (1) issue was categorized as fact finding (management assist);
- Five (5) were categorized as substantiated;
- None were unsubstantiated;
- Sixteen (16) were categorized as indeterminate;
- Eleven (11) were categorized as informal issue resolution; and
- Two (2) concerns were cancelled.

Only two (2) of the five (5) issues categorized as substantiated were core issues.

January 1, 2005 through December 31, 2005

Seventy-five (75) concerns were filed by TAPS employees with APSC which consisted of eighty-nine (89) issues. Fourteen (14) of the concerns contained core issues and sixty-one (61) contained non-core issues. The following is a breakdown of those concerns:

- Fifteen (15) of the issues raised in the concerns were core issues the other seventy-four (74) were non-core;
- Two (2) issues were categorized as fact finding (management assist);
- Nine (9) issues were categorized as substantiated;
- Fifty-four (54) issues were categorized as unsubstantiated;
- Fourteen (14) issues were categorized as indeterminate;
- Five (5) issues were categorized as informal issue resolution; and
- Five (5) issues were cancelled.

Only two (2) of the nine (9) substantiated issues were core issues in the data provided, but there appears to be some conflict with some of the disposition data provided. There were several issues that were categorized as unsubstantiated or indeterminate, but APSC has taken some form of corrective action to address the noted concern.

January 1, 2006 through December 31, 2006

Fifty-seven (57) concerns were filed by TAPS employees with APSC which consisted of seventy-seven (77) issues. Fourteen (14) of the concerns contained core issues and forty-three (43) contained non-core issues. The following is a breakdown of those concerns:

- Twenty-seven (27) of the issues raised were core issues and the other fifty (50) issues were non-core issues;
- Three (3) of the issues were categorized as fact finding (management assist);
- Seven (7) of the issues were categorized as substantiated;
- Thirty-seven (37) issues were categorized as unsubstantiated;
- Fourteen (14) issues were categorized as indeterminate;
- Fifteen (15) issues were categorized as informal issue resolution; and
- One (1) issue was cancelled.

Only three (3) of the seven (7) issues categorized as substantiated, were core issues. There were issues categorized as unsubstantiated or indeterminate, yet corrective actions were initiated to address the concern.

Chapter 5

Conclusions

Overall assessment of the Employee Concerns Program is that it is providing the avenue for employees to bring forward concerns that may affect the safety, integrity or environment of TAPS. But based on the small number of concerns brought to the attention of BLM, the majority of the employees must feel confident in APSC's program or may not be aware of BLM's program.

There are two trends that were clearly noticeable in this report:

- During the period covered by this report, a majority of the concerns received were anonymous. This is a clear sign that employees do not feel they can bring concerns forward, whether real or perceived, with out fear of retaliation. This gives the appearance there is still a lack of trust in the system or management of both BLM and APSC.
- Employees that have raised concerns are no longer employed by APSC. These employees were well known across the company and many of the current employees were aware of the individuals filing of concerns. The termination of employment of these individuals, regardless of the reasons, has sent a real "Chilling Effect" throughout the company. Because of this "Chilling Effect", individuals will be reluctant to raise concerns, regardless of whether it is with APSC or with BLM.

The latitude provided in APSC's EC-163 Employee Concerns Program Procedure to address core issues through an informal process, could have a negative impact on keeping track of issues that may affect the safety, integrity, environment or operation and maintenance of TAPS. The lack of a traceable documented process could provide the opportunity for functional events to be overlooked. The lack of documentation can not provide the assurance that the issues were properly categorized and corrective action(s) implemented.