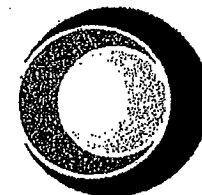


U.S. Department of Labor **Occupational Safety & Health Administration**
Houston South Area Office
17625 El Camino Real Suite 400
Houston, Texas 77058
281/286-0583 Fax:281/286-6352



August 3, 2009

Mr. Keith Casey
Business Unit Leader
BP – Texas City Refinery

Dear Mr. Casey:

OSHA is continuing its review of BP's efforts to comply with the 2005 Settlement Agreement. Based upon our current evaluation, we believe that there are certain areas of concern and want to bring them to your attention.

The 2005 Agreement required BP to retain a PSM expert to conduct a comprehensive PSM audit, with special emphasis on several items including the "adequacy of pressure relief for individual pieces of equipment." OSHA has steadfastly maintained that in order to review the adequacy of pressure relief for individual pieces of equipment, a comprehensive valve study must be completed. Although BP took a contrary position, it did agree in 2008 to conduct an audit of relief systems at the refinery. Specifically, BP retained the ioMosaic Corporation to initially audit the relief systems in the Pipestill 3B and the Ultracracker.

In its report dated December 19, 2008, ioMosaic identified several systemic deviations from industry standards. For example, the ASME Boiler and Pressure Vessel Code, Section VIII and API RP 520, Part II recommend that refineries establish a maximum default rule of 3% inlet pressure loss on spring loaded pressure relief valves. Contrary to these recommendations, BP has allowed a maximum allowable pressure drop of 7% on existing installations. OSHA is unaware of any engineering analyses performed by BP to support this position. Based upon OSHA's review of the ioMosaic report and the underlying calculations, we have found a significant number of valves with inlet pressure drops above 3% and disturbingly, several valves with inlet pressure drops above 7% with some as high as 27%.

We also believe that there are AccuTech Items that have not been fully addressed. Although BP has made some initial determination of what instrumentation needs to be Safety Instrument Systems ("SIS") and non-SIS, it has not fully implemented ISA S84.01-2004 (AcuTech Item Nos. 48 and 49) and has not completed a determination of which interlock, trip and alarm functions in each unit are critical to process safety (AcuTech Item No. 67).

Based upon the information that we have so far, it is our understanding that BP has identified a large number of uncontrolled or unmitigated hazards involving instrumentation that have resulted in substantial "residual risk" in affected systems throughout the refinery. BP appears to have fully implemented SIS for about twenty (20) identified equipment hazard scenarios, but there still exist a large number of identified unmitigated risk scenarios for which BP has not fully implemented ISA



Safety and Health
Add Value

*OSHA's Mission: To assure safe and healthful working conditions
for working men and women.*

S84.01. Our information indicates that for some identified hazards, BP either has not specified or allocated the specific layers of protection needed and for other identified hazards where BP has specified the layers of protection it will use to control the hazards, the specified instrument controls have not been installed or are not operational.

In addition to the items specifically addressed above, we have attached a chart delineating other Acutech Items that have not been completed as of the time of our review. We believe that the failure to correct the issues addressed in this letter or outlined in the enclosed chart by September 23, 2009 would constitute a failure to comply with the terms of the 2005 Settlement Agreement and/or a failure to abate.

We look forward to a prompt response.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark R. Briggs", with a stylized flourish at the end.

Mark R. Briggs, CSP
Area Director
Houston South Area Office
Occupational Safety and Health Administration

Attachments