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Fact Sheet on BP 2009 Monitoring Inspection

The U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) has proposed \$87,430,000 in proposed penalties against BP Products North America, Inc. for 709 alleged failures to comply with the 2005 settlement agreement and citations, and violations of safety and health standards identified during the agency's inspection of the corporation's refinery in Texas City, TX (BPTCR). The inspection of the refinery was conducted from May through October 2009.

BP Texas City Refinery (BPTCR):

- The third largest petroleum refinery in the United States with a refining capacity of 475,000 barrels of crude per day.
- Located on a 1,200-acre facility in Texas City, Texas southeast of Houston in Galveston County.
- 1,200 permanent BP employees and hundreds of additional contractors at the facility

Prior History at BPTCR:

- On March 23, 2005, an explosion and fire in the Isomerization Unit of the **BP Texas City Refinery (BPTCR)** resulted in the death of 15 contractor employees and injury of at least 170 other BP employees and contractors.
 - OSHA initiated safety and health inspections into the March 2005 incident and issued citations and fines totaling over \$21 million, the highest penalty that OSHA had ever issued.
 - *The Report of the BP U.S. Refineries Independent Safety Review Panel (aka Baker Report) issued in January 2007 identified a number of systemic process safety issues at BP refineries in the U.S.*
 - **March 2007, U.S. Chemical Safety and Hazard Investigation Board (CSB) released its report Refinery Explosion and Fire (15 Killed, 180 Injured). CSB found, "The Texas City disaster was caused by organizational and safety deficiencies at all levels of the BP Corporation".**
- OSHA has conducted 17 separate inspections at the refinery in the last 4 years.
 - Prior to the 2005 incident, two employees of BPTCR died due to a breakdown of the company's lockout and tagout program.
 - Since the 2005 incident, four more fatal incidents have occurred at the facility, involving one BPTCR employee and 3 contractors.

2005 Settlement Agreement

- As a result of the March 2005 explosion and subsequent inspection, BP entered into a settlement agreement with OSHA in September 2005
 - BP agreed to pay \$21 million in penalties
 - The agreement required a comprehensive evaluation of BPTCR's Process Safety Management program by an independent auditor.
 - The agreement also required the implementation of all feasible recommendations of the auditor.
 - The agreement also required other abatement actions such as conducting audits and determining the adequacy of pressure relief for individual pieces of equipment

Current 2009 Monitoring Inspection

- Initiated on May 4, 2009 as a comprehensive monitoring inspection
- Resulted in alleged violations and proposed penalties because BPTCR did not comply with the September 2005 agreement to correct the previous citations (270 instances) and other new violations (439 instances) which were cited.

Summary of Alleged Violations and Penalties

439 willful, per-instance citations with total penalties of \$30,730,000 will also be issued for new violations of the PSM standard. A willful violation exists under the Act where an employer has demonstrated either an intentional disregard for the requirements of the Act or plain indifference to employee safety and health.

A Notification of Failure to Abate for violation of two provisions of the 2005 settlement agreement with a penalty of \$56,700,000 will also be issued as a result of 270 separate violations. In order to achieve the necessary deterrent effect, the Area Director exercised his discretion in issuing the highest gravity-based penalty due to the employer's extensive knowledge of the hazards, and OSHA regulations, and past events at the site. The total penalty to be issued to this employer is **\$87,430,000**.

- **Individual Relief Device deficiencies**
 - **411 instances** (New violations)
 - Standard Violated: §1910.119(d)(3)(i) and §1910.119(d)(3)(ii) grouped with §1910.119(j)(5)
 - Classified as Willful Egregious

- Proposed penalties: **\$28,770,000**

■ **Failure to provide operating limits in procedures**

- **28 instances** (New violations)

- Standard Violated: §1910.119(f)(1)(ii)

- Classified as Willful Egregious

- Proposed penalties: **\$1,960,000**

■ **Failure to perform relief device studies**

- **28 instances**

- Did not comply with Settlement Agreement

- Classified as Failure to Abate (FTA)

- Proposed penalties: **\$5,880,000**

■ **Failure to implement International Society of Automation (ISA) S84.00.01 standard for safety instrumented systems**

- **242 instances**

- Did not comply with Settlement Agreement

- Classified as FTA

- Proposed penalties: **\$50,820,000**

Timeline of Events Related to the BPTCR Monitoring Inspection

- March 23, 2005 - Isomerization Unit explosion; 15 workers killed, at least 170 injured.
- June 2005 - Residual Hydrotreater Unit explosion and fire.
- September 22, 2005 - Settlement Agreement with OSHA signed.
- June 2006 - Settlement Agreement's independent auditor study and recommendations. Included in the study are recommendations to BPTCR to implement the ISA S84.00.01 Standard for safety-instrumented-systems.
- July 22, 2006 - an employee of a contractor was fatally injured when he was crushed between a scissor lift and a pipe rack at BPTCR.
- January 2007 - *Baker Report* issued which identified numerous systemic process safety issues at BP U.S. refineries, including BPTCR
- March 2007 - CSB BPTCR investigation report issued
- June 5, 2007 - BPTCR experienced a fatality when an employee of a contractor was electrocuted while working on a light circuit in a process area.
- June 7, 2007 - OSHA launches its National Emphasis Program on Refineries, CPL 03-00-004 *Petroleum Refinery Process Safety Management NEP*.
- Jan. 14, 2008 – The top head blew off a pressure vessel resulting in the death of a BP employee. BP was issued four serious citations related to PSM.
- October 9, 2008 - A contract employee was fatally injured at BPTCR when after being struck by a front end loader the employee was pinned on the ground between a guard rail and the bucket of the loader.
- December 2008 - 3rd Party PSM Consultant report on audit of relief valve study methodology.
- September 22, 2009 – The deadline for BP to complete abatement outlined in the 2005 Settlement Agreement.
- October 29, 2009 - OSHA issues Notification of Failure to Abate and willful citations with proposed penalties of **\$87,430,000**.

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