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FOR IMMEDIATE RELEASE

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TWO PIPELINE COMPANIES AND THREE EMPLOYEES ENTER PLEAS IN CRIMINAL CASE ARISING FROM THE JUNE 1999 GASOLINE PIPELINE RUPTURE IN BELLINGHAM, WASHINGTON

John McKay, United States Attorney for the Western District of Washington, Donald Sims, Acting Special Agent in Charge of the Portland Area Office, Criminal Investigations Division of the United States Environmental Protection Agency (“EPA”), and Kenneth M. Mead Inspector General of the Department of Transportation (“DOT/OIG”), announced that on December 11, 2002, the OLYMPIC PIPELINE COMPANY (“OLYMPIC”), the EQUILON PIPELINE COMPANY LLC (“EQUILON”), former OLYMPIC Manager, FRANK HOPF, JR., age 55, of Woodlands, Texas, and OLYMPIC Supervisor of Product Movement, RONALD DEAN BRENTSON, age 52, of Kent, Washington, pleaded guilty, or in the case of EQUILON, *nolo contendere*, before United States District Judge Barbara Jacobs Rothstein in Seattle to criminal charges arising from rupture of the Olympic petroleum pipeline and subsequent gasoline explosion in Bellingham, Washington on June 10, 1999. OLYMPIC Control Operator, KEVIN SCOTT DYVIG, age 45, of Buckley, Washington is expected to enter his guilty plea to a similar charge today at 2:00 p.m. before Judge Rothstein.

The rupture resulted in the release of approximately 236,000 gallons of gasoline into nearby Hannah Creek and Whatcom Creek, where the gasoline ignited leading to the deaths of two young boys and a young man and causing extensive damage to the waters, shorelines and other natural resources. On September 13, 2001, the Federal Grand Jury in Seattle indicted OLYMPIC, EQUILON, HOPF, JR., BRENTSON, and DYVIG on various charges under the Federal Water Pollution Control Act (“Clean Water Act”) and the Federal Hazardous Liquid Pipeline Safety Act.

The OLYMPIC PIPE LINE COMPANY, through its President, Larry Peck, pleaded guilty to three criminal counts, specifically, (1) Count 6 of the Indictment, charging the company with knowingly and willfully violating a regulation under the Hazardous Liquid Pipeline Safety Act, setting forth minimum safety standards for interstate pipelines carrying hazardous liquids relating to training of its operating personnel, a felony; (2) Count 2 of the Indictment, charging the company with negligently causing the discharge of a harmful quantity of gasoline into a navigable water of the United States, in violation of the Clean Water Act, a misdemeanor; and (3) a new Information, charging the company with unlawfully discharging refuse matter into a navigable water and tributary of a navigable water of the United States without a permit, in violation of Rivers and Harbors Act, a misdemeanor. Each count carries a maximum corporate penalty of either \$500,000, or the greater of twice the pecuniary gain or loss from the offense, and a five year period of corporate probation.

As part of OLYMPIC'S Plea Agreement with the United States, OLYMPIC agreed to pay a criminal fine of \$6 million, along with an additional civil penalty of \$5 million to resolve pending state and federal civil proceedings. OLYMPIC also agreed to be placed on corporate probation for 5 years, and to comply with the terms and conditions of a Consent Decree and an injunctive relief program to be entered in the pending federal civil proceeding. Civil settlement documents in connection with that proceeding are expected to be finalized on or before December 20, 2002. The injunctive relief program will require that OLYMPIC undertake specific inspection and damage prevention measures on OLYMPIC's 400 miles of petroleum pipeline in Washington State. The United States estimates that this injunctive relief program will require over \$15 million in new spending by OLYMPIC, over \$5 million of which is not otherwise required by any regulation.

The EQUILON PIPE LINE COMPANY LLC, through its representative, John Sullivan, of the Shell Pipeline Company LP ("Shell"), EQUILON's successor-in-interest, pleaded *nolo contendere* to two criminal counts, specifically, (1) Count 6 of the Indictment, charging the company with knowingly and willfully violating a regulation under the Hazardous Liquid Pipeline Safety Act, setting forth minimum safety standards for interstate pipelines carrying hazardous liquids relating to training of its operating personnel, a felony; and (2) Count 1 of the Indictment, charging the company with negligently causing the discharge of a harmful quantity of gasoline into a navigable water of the United States, in violation of the Clean Water Act, a misdemeanor. Each count carries a maximum corporate penalty of either \$500,000, or the greater of twice the pecuniary gain or loss from the offense, and a five year period of corporate probation. The *nolo*, or "no contest," plea has the same effect as a guilty plea in the criminal case in which it is entered, although it is generally not admissible in subsequent civil litigation.

As part of EQUILON's Plea Agreement with the United States, EQUILON agreed to pay a criminal fine of \$15 million, along with an additional civil penalty of \$10 million to

resolve pending state and federal civil proceedings. The United States agreed that up to \$5 million of the criminal fine could be applied to appropriate community service projects in the Bellingham area, subject to approval by the United States. EQUILON also agreed to be placed on corporate probation for five years, and to comply with the terms and conditions of a Consent Decree and pipeline integrity/spill mitigation program to be entered in the pending federal civil proceeding. Civil settlement documents in connection with that proceeding are expected to be finalized on or before December 20, 2002. The pipeline integrity/spill mitigation program will require that Shell Pipeline Company LP, as Equilon's successor-in-interest, undertake specific inspection and damage prevention measures on 2100-plus miles of Shell's petroleum products pipelines throughout the United States. The United States estimates that this pipeline integrity/spill mitigation program will mandate over \$61 million in new spending by Shell, more than \$40 million of which is not otherwise required by any regulation.

The combined criminal fines and civil penalties to be paid by the two companies, totaling \$36 million, are the largest total criminal fines and civil penalties ever obtained in a pipeline rupture case.

Former OLYMPIC Manager, FRANK HOPF, JR., and OLYMPIC Supervisor of Product Movement, RONALD DEAN BRENTSON, each pleaded guilty to Count 6 of the Indictment, which charged each of them with knowingly and willfully violating a regulation under the Hazardous Liquid Pipeline Safety Act, setting forth minimum safety standards for interstate pipelines carrying hazardous liquids relating to training Olympic's operating personnel, a felony. HOPF, JR. and BRENTSON each face a maximum statutory penalty of 5 years imprisonment and a \$250,000 fine.

OLYMPIC control operator, KEVIN SCOTT DYVIG, is expected to plead guilty at 2:00 p.m. today to Count 2 of the Indictment, which charged him with negligently causing the discharge of a harmful quantity of gasoline into a navigable water of the United States, in violation of the Clean Water Act, a misdemeanor. Count Two carries a maximum statutory penalty of 1 year imprisonment and a \$100,000 fine.

Sentencing for all defendants is scheduled before United States District Judge Rothstein on Friday, April 11, 2003 at 9:30 a.m.

United States Attorney McKay stated, "Nothing can undo the tragic consequences of the pipeline rupture and explosion suffered by the Bellingham community, and especially the victims and their families, on June 10, 1999. The criminal pleas entered by the companies and individuals involved in those events, however, sends a strong message to operators of hazardous liquid pipelines throughout the United States that they must conduct the type of inspections, maintenance, and training that were lacking at Olympic. Continued vigorous enforcement of federal safety standards and environmental requirements and, where appropriate, criminal sanctions, are essential to ensuring pipeline safety and protection of the public and the environment. Our greatest hope is that these criminal convictions, the significant fines required from the companies, and the pipeline integrity/spill mitigation programs mandated as a part of these criminal

pleas, will prevent another community from suffering a similar disaster in the future.”

DOT Inspector General Kenneth M. Mead said, “We have seen the tragic effects that can result from evasion of federal criminal laws relating to the transportation of hazardous materials. We hope today's action shows the determination of the Justice Department and federal law enforcement agencies to aggressively pursue those who violate the law. I am pleased to have worked closely with the U.S. Attorney's Office and the EPA Criminal Investigations Division on this significant case.”

This case was investigated by Special Agents with United States Environmental Protection Agency and Department of Transportation, Inspector General's Office, along with assistance from the Federal Bureau of Investigation, Washington Department of Ecology, and Bellingham Police Department. The case was prosecuted by Assistant United States

Attorneys Helen J. Brunner and Lawrence Lincoln, and Special Assistant United States Attorney James D. Oesterle, Regional Criminal Enforcement Counsel with the EPA.

For further information, please contact John Hartingh, Executive Assistant United States Attorney, at (206) 553-4110, or Assistant U.S. Attorney Lawrence Lincoln at (206) 553- 4127.

Converted by Andrew Scriven