

Parnell absolves future owners of North Pole refinery of liability for groundwater contamination

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JUNEAU—Gov. Sean Parnell has decided that the state won't consider a new owner of the Flint Hills refinery in North Pole liable for the groundwater contamination stemming from years of chemical spills at the site. A company official, meanwhile, indicated a number of parties are reportedly looking to buy the soon-to-close plant.

Parnell's announcement was heralded as good news for the Interior economy but left questions about the long-term environmental clean up and mitigation of soil and groundwater contamination in the North Pole area unanswered.

Earlier this week, Flint Hills spokesman Jeff Cook sent a letter to Interior lawmakers saying that the company has had “a number of inquiries from parties interested in purchasing our North Pole Refinery and keeping it in operation” but said he needed assurances from the state that a prospective buyer won't have to pay for the clean up.

“These conditions will require a dedicated and timely effort by Governor Parnell and his administration, along with encouragement and support from all those interested in seeing the refinery continue in operation,” Cook wrote in the letter.

Among the conditions, Flint Hills notes “a buyer needs certainty that it won't be assuming liability for off-site contamination that it didn't cause.”

Parnell responded Thursday afternoon with a post on his official Facebook page, saying that in the interest of “tackling the important issue of refinery capacity in our state” that a new buyer won't need to worry about the cleanup costs.

“Today, I agreed the state would be willing to absolve a third-party purchaser of the Flint Hills Refinery from environmental liability to the state relating to historic spills at the site,” he wrote.

The announcement drew a barrage of mostly negative Facebook comments from people concerned whether or not the sulfolane that leaked into the North Pole area's soil and groundwater would be addressed.

Parnell responded Friday morning that he will still be holding Flint Hills and the previous owner, Williams Alaska, under which most of the spills are believed to have occurred, liable.

Flint Hills announced the closure of its plant earlier this year, with a planned decommissioning to begin on May 1. Company officials cited the sulfolane spill as a key factor in its decision. The plant closure would eliminate about 90 local jobs and bring a steep decline in freight revenue for the Alaska Railroad.

Lawmakers and the state have struggled with determining who's ultimately responsible for the cleanup. Flint Hills has paid \$75 million to date, \$25 million of which was not from insurance, according to Cook's letter. Flint Hills has also been unable in court to hold Williams Alaska responsible because the statute of limitations has expired.

Some lawmakers have also wondered if the state is responsible because it owned the refinery land during part of Williams' operations, a point that Cook mentioned in his letter.

Parnell spokeswoman Sharon Leighow said in an email statement that Parnell will soon be filing a legal complaint to try to settle the issue of who's responsible for the cleanup.

"Governor Parnell is exploring all options to ensure a healthy instate refining industry while also making sure Alaskans are healthy. The Department of Law is preparing to file a complaint to determine ultimate responsibility amongst the potentially responsible parties for the contamination," she wrote. "We expect that to be filed in the next couple of weeks."

In an update to the Legislature last week, the Department of Environmental Conservation said it's pursuing Williams Alaska in addition to Flint Hills for the cleanup. It said that Flint Hills would be responsible for continuing to provide clean water to the affected properties if the company finds it's impossible to clean up the spill.

Cook's letter mentions that Flint Hills would be willing to put up 10 percent of the cost for a public water system, up to a maximum of \$25 million.

Alaska Department of Environmental Conservation Deputy Commissioner Lynn Kent said the state is still pursuing cleanup efforts and that Parnell's announcement doesn't affect the state's efforts.

"The cleanup of the contamination doesn't change because property changes hands," she said.

Kent added that it's too early to say whether a piped water system is the correct answer to the spill. Whether or not it's feasible to clean up the spill is unknown, she said.

"Flint Hills doesn't independently decide the feasibility, but sometimes it's not practicable to chase a groundwater plume," she said. "The department's biggest concern is making sure that people aren't exposed to the contamination with groundwater at their source. Flint Hills has provided bottled water to residents; that's one method of ensuring that people get clean water. A piped water system would be another."