

H J R

91

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: Oil Spill Equipment Depot
For Alaska
 Sponsor: Resources Committee
 Requestor: House Resources Committee

Agency Affected: All Agencies
 BRU: _____
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

Prepared by: _____ Resources Committee
 Division: _____ ative Curt Menard

Phone: 465-4944
 Date: 3/19/90

Approved by Commissioner: [Signature]
 Agency: _____

Date: _____

Distribution (by preparer) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Alaska State Legislature



Representative Mike Navarre

March 19, 1990

MEMORANDUM

TO: Rep. Curt Menard, Co-Chair
Rep. Cliff Davidson, Co-Chair
All Members, House Resource Committee

FROM: Rep. Mike Navarre *Mike*

SUBJECT: HJR 91, relating to an oil spill equipment depot for Alaska

As you know, state agencies, the legislature, and industry are all working together toward the ultimate goal of preventing any future spills. That's as it should be.

However, since no one can guarantee complete success in attaining this goal, a practical, efficient, and reliable method of response must be in place, in case future spills do occur. Part of that system must include readily available response equipment. The Exxon Valdez disaster made it apparent that adequate oil spill response equipment located in Alaska is sorely lacking. HJR 91 stresses the importance of an Alaskan based depot for such equipment.

Some have suggested that the City of Kenai, located in my district, as a potential site for such a depot. Certainly, if PIRO planned on locating the depot in Kenai, I would support it.

I want to make it clear, however, that my purpose in proposing this resolution is not parochial. The purpose is this: **an equipment depot must be situated in Alaska at a site where a spill response can be carried out in a timely manner.**

I respectfully urge the committee's favorable consideration of HJR 91.

Statement of
Jim Butler, Special Assistant to the Mayor
Kenai Peninsula Borough
before the Alaska Senate Resource Committee
SJR No. 80
Juneau, Alaska

March 16, 1990

Madam Chair and committee members. My name is Jim Butler and I work as a special assistant to Mayor Don Gilman of the Kenai Peninsula Borough. Since the grounding of the Exxon Valdez nearly one year ago, the Kenai Peninsula Borough has been actively involved in responding to and dealing with the impact of oil on the communities of the Kenai Peninsula Borough.

Because of the many issues that surfaced as a result to the spill, Mayor Gilman brought me on board his staff. For the past year I have coordinated the borough's activities associated with the ongoing response effort. I have also begun to work closely with the local oil industry in Cook Inlet, along with the Alaska Department of Conservation, to look for new ways to prevent and respond more effectively to oil spills in Cook Inlet.

Previously, I have worked as a U.S. Senate staffer in Washington D.C. on transportation, fisheries and commerce issues of importance to Alaska. During my staff work in Washington, D.C. I continued to return home and work in the local Kenai congressional district office in the summer, as well as commercial fish. My background in Cook Inlet includes 12 years as a commercial salmon and halibut fisherman, the past 7 yrs. running my own fishing boat. I also participated in the 1987 Glacier Bay oil spill incident by acting as a liaison to the Alaskan Congressional Delegation.

Today I would like to address your committee on SJR 80, a resolution encouraging the American Petroleum Institute, Petroleum Industry Response Organization (PIRO) to locate a oil spill response equipment cache in Alaska.

As you are probably aware, after the grounding of the Exxon Valdez, it became painfully obvious that a lack of oil spill response equipment in Alaska contributed significantly to the delayed mobilization of an adequate oil control, containment and recovery effort. Many familiar with Cook Inlet also remember the same frustration of equipment shortages from the 1987 response to the Glacier Bay oil spill in Cook Inlet.

While it is clear that the Alaskan oil industry should be better prepared to respond to medium and large size oil spills in Alaska, and in fact they are becoming better prepared, the costs associated with the initial capitalization of large inventories of equipment which are likely to be used seldomly, often run so high many operators simply cannot afford it.

Initial attack oil spill equipment may be available in the area of a spill but if the spill is larger than local resources can handle, valuable time is wasted while equipment is mobilized from the lower 48 to help the cleanup effort. All the variables of the logistical equation of moving big equipment far distances must add up just right or you end up with a tragically slow response and a far greater likelihood of major environmental impact.

The American oil industry has recognized the need to pool the cost of acquiring and holding major oil spill response equipment in regional centers so it might be readily available to local response co-ops that are faced with a spill that over taxes their response capabilities. With the lessons of the Exxon Valdez fresh in the collective national industry mind,

the API has begun to explore how through the Petroleum Industry Response Organization Inc, or PIRO, the oil industry might develop equipment caches with response experts in regional centers around the nation. Unfortunately, Alaska has not been identified at this point as a location for such a response center.

While the API and PIRO have made great strides in developing a concept that addresses acquiring and holding regional inventories of major oil spill response equipment using many of the lessons of the Exxon Valdez to support their positions, it seems rather short sighted to exclude Alaska from their plan. Given the role Alaska plays in the production and transportation of a large part of the nations oil and the likelihood of major oil spills in remote locations associated with this activity, the Kenai Peninsula Borough agrees that a closer examination of the needs of the Alaska oil production region is in order.

The Kenai Peninsula Borough has felt the impacts of oil spills on its environment and economy in two of the last three years and we continue to experience impacts of the most recent oil spill. We know to well that all to often valuable time is lost during the critical first few hours and

days of a oil spill searching for more equipment as local initial attack equipment is overtaxed.

We recognize that much of the Cook Inlet field is in decline and facing narrowing operating margins. We also recognize that more and more fields in Alaska are in decline and that it is these marginal fields that will continue to employ Alaskans and contribute significantly to our economic base. A centralized inventory of large spill equipment that can be mobilized throughout the state when needed will help industry better afford the new cost of higher levels of oil spill response preparedness and hopefully, keep them economically viable and employing Alaskans longer.

More importantly, the citizens and communities that face the highest risk of environmental and economic impact in the areas of potential oil spills will benefit if response equipment can be rapidly deployed from an Alaskan based location.

With the still developing local response corps integrated with regional response plans, Alaska should be able to provide a system that can effectively utilize a central major oil spill equipment cache. Alaskans

should not have to wait for equipment from the west coast to be mobilized to Alaska by suppliers unfamiliar with Alaska's unique logistical challenges.

On behalf of the Kenai Peninsula Borough, I would like to thank your committee for considering SJR 80 and would encourage you to support it. This positive statement from the Alaska State Legislature will send a clear message to the nations oil spill planners.

With the nations most promising prospects for future oil exploration and development in Alaska, the State of Alaska and its citizens will continue to bear the frontline risk of oil spills. By encouraging the API and PIRO to take a closer look at Alaska's contribution to the nations oil consumption and the role Alaska could play in the PIRO strategy, we believe you are doing a service not only for the citizens of the Kenai Peninsula Borough but for the citizens of the State of Alaska as well.

That concludes my comments and I would be glad to answer any questions that the committee might have.

DRAFT

WHY ALASKA:

National attention is focused on Alaska

+ 25% of U.S. oil is produced in and shipped from Alaska

A structure will exist for PIRo to integrate equipment into

The oil industry expects to explore and develop major oil fields in Alaska

The Alaska location could be a trial program for the rest of the country

There is no liability associated with locating equipment in Alaska

A Seattle location is too distant; Alaska needs are unique, not like WA. state

WHY LOCATE P.I.R.O. IN KENAI

Kenai is located to a high oil traffic, complex oil industry activity

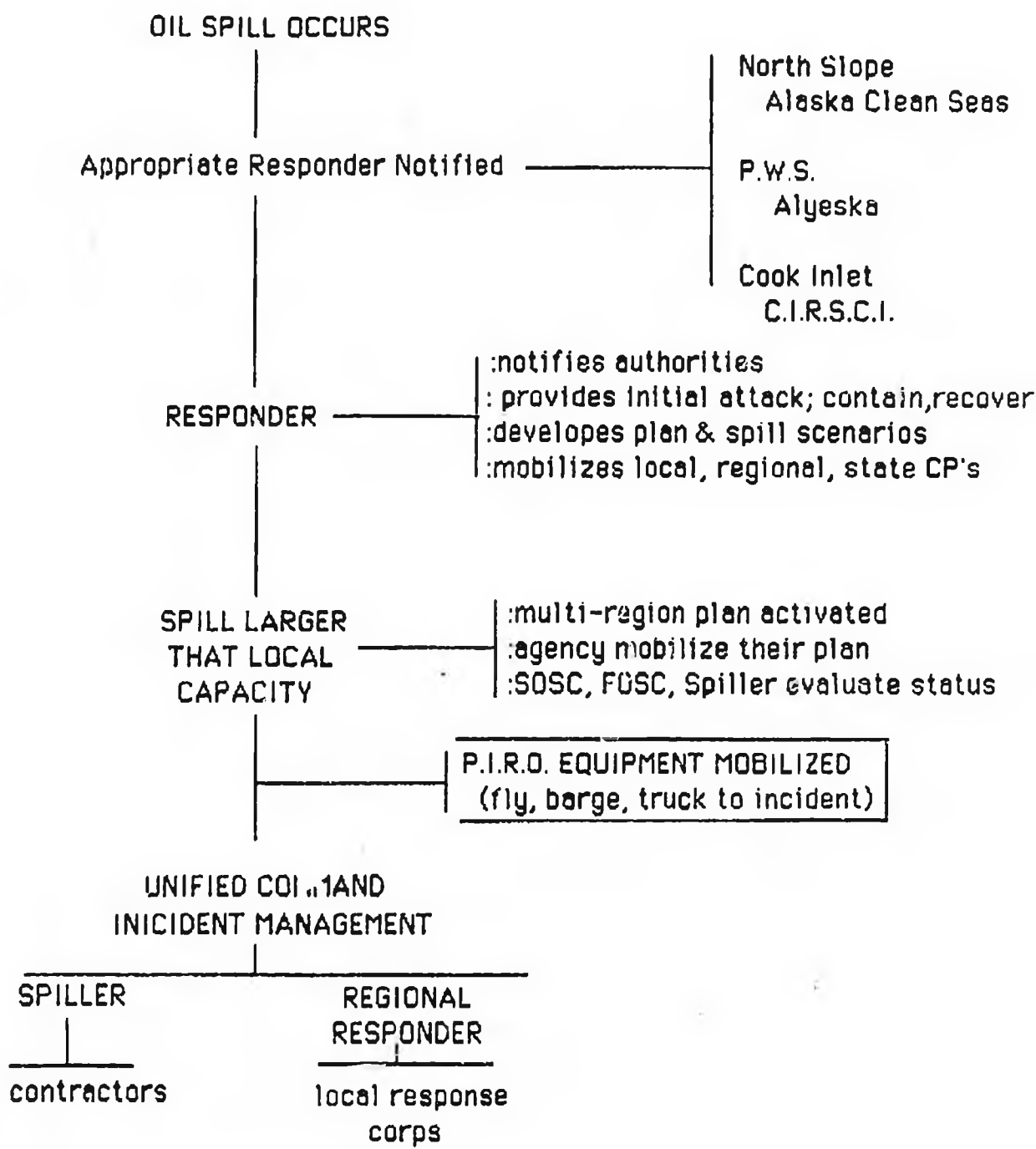
Oil spill training is available through the Mining and Petroleum Training Service

Kenai has an airport that will accommodate large cargo transport planes

Kenai has docks close by that would allow equipment to be loaded on barges

Kenai is centrally located and equipment could be mobilized statewide rapidly

PIRO Interface to Alaska Oil Spill Response Structure



DRAFT: Jim Butler
 Kenai Peninsula Borough
 262-4441

DRAFT

-TESTIMONY-

BEFORE THE HOUSE RESOURCE COMMITTEE

MARCH 19, 1990

*By Tim Robertson
Seldovia*

HELLO, MY NAME IS TIM ROBERTSON I AM REPRESENTING THE REGIONAL CITIZENS ADVISORY COMMITTEE FOR PRINCE WILLIAM SOUND (RCAC). THANK YOU FOR THE OPPORTUNITY TO SPEAK TO YOU SUPPORTING HJR 91, REQUESTING PIRO TO LOCATE ADDITIONAL OIL SPILL EQUIPMENT IN ALASKA.

THE REGIONAL CITIZENS ADVISORY COMMITTEE STRONGLY SUPPORTS THE LOCATION OF ADDITIONAL OIL SPILL EQUIPMENT IN ALASKA. WE ARE COMPLETING A REVIEW OF THE "ALYESKA TANKER OIL SPILL PREVENTION AND RESPONSE PLAN". ONE ITEM THAT IS VERY APPARENT IS ALYESKA DOES NOT HAVE ADEQUATE SPILL RESPONSE EQUIPMENT OUTSIDE PRINCE WILLIAM SOUND. IN FACT THEY HAVE NO SPILL RESPONSE OUTSIDE PRINCE WILLIAM SOUND. YET, IN THE SAME PLAN THEY ACKNOWLEDGE THAT THEY CAN NOT CONTAIN AND REMOVE A SPILL OF OVER 2,000 BARRELS.

MY PERSONAL EXPERIENCE WITH THE EXXON VALDEZ OIL SPILL WAS FROM MY HOME IN SELDOVIA. WE HAD TO SEND CREWS INTO THE WOODS TO CUT TREES AND DIG FISHING GEAR OUT OF THE SNOW TO MAKE BOOM TO PROTECT OUR OWN FROM THE APPROACHING OIL. AS I SIT HERE TODAY, THERE IS STILL NO SPILL RESPONSE EQUIPMENT WITHIN 12 HRS. OF OUR COMMUNITY. THANK YOU FOR THE OPPORTUNITY TO COMMENT.

March 20, 1990

Senate Conferees
Senate Bill 686
U.S. Senate
Washington, D.C. 20510

Dear Senate Conferee,

The Alaska State Legislature is currently working on legislation to create a Citizen's Oversight Council on Oil and Hazardous Substances. In testimony before the House Resources Committee there has been some discussion that this legislation may duplicate provisions in Title 8 of HR 1465/S 686. We do not believe this to be the case. In fact, we believe that federal and state legislation will complement each other to provide the highest degree of citizen oversight possible.

House Bill 578 was introduced in the Alaska State Legislature at the request of the Alaska Oil Spill Commission. After eight months work, the Commission identified citizen oversight as an essential component of any oil spill prevention program. Our legislation creates a five member state council primarily to oversee and monitor state and federal regulatory agencies. As currently written, the Citizen's Oversight Council will be an arm of the Alaska State Legislature.

The role of the Council will be to ensure vigilance on the part of government. As a statewide entity, it will also have a role in coordinating among any regional citizen councils created by state federal or local governments.

Both the federal and the state government have a compelling interest in ensuring that a disaster such as the Exxon Valdez never again occurs. We encourage you to continue with your efforts to create strong regional citizen's groups in Cook Inlet and Prince William Sound.

Thank you for your efforts.

Sincerely,

Representative Cliff Davidson
Co-Chair

Representative Curt Menard
Co-Chair