

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILE 8672
1626 SCOMM 62. SENATE SPEC. COMM. ON OIL & GAS, 1989-1990 1194

FRIDAY MARCH 24, 1989

Approximate Time

1727 The ECA requests that the VEC contact CIRO to arrange the shipment of diagonal retaining braces for bucket helicopter arms.

1741 It is reported that the road between PS 1 and P's 2 is blocked by snow, delaying the transportation of oil spill response equipment from Prudhoe Bay.

1745 Eighty barrels have been offloaded from the Class VII Skimmer into the PATHFINDER's slop tank.

1800 The initial dispersant test is conducted.

1800 1,000 ft. of fire boom is expected to arrive in Valdez from BP at 2300 on 3/25.

1800 The "A" shift is on duty, as well as twenty-six Price personnel. Of these contractors, 14 are assigned to shore support and 12 are deployed at the spill site.

1800 Boats currently under contract include the M/V CONSTRUCTOR, GLACIER with ODI skimmer, JEFFERY FOSS and barge, and DANIEL FOSS and barge. An ADDSPAC from San Francisco is expected to arrive in Anchorage at 0600. 314 barrels of dispersant are available for mobilization to Anchorage for staging.

1800 The VINCE PEEDE departs for the spill site carrying Sarnacki (Baldrige's relief), his "C" crew, as well as food and clothing.

1805 The VEC is informed that the Exxon group has arrived at the Westmark.

1810 One of the deployed Sea Packs fails when the boom and main cuff are torn.

1813 Two DRA tanks for recovering oil are being staged at Fluor Dock.

1834 Heffernan (ECA) confirms with VEC arrangements to pick up 40 VECO people from Kenai arriving at Valdez airport at 0835 on 3/25.

1843 The VEC is informed that Exxon has made arrangements with the BATTLE BORN to transport 3 of their people to the tanker.

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- 1852 Alyeska receives a FAX from CIRO providing a supplemental list of material and equipment subject to the CIRO/Alyeska use agreement. The equipment includes bladders, skimmers, boom and dispersant and burn equipment.
- 1854 Alyeska is informed that the ADDSPAC from San Francisco is expected to arrive in Anchorage at 0600 on 3/25. The crew must rest until 1600 tomorrow afternoon.
- 1857 The helicopter from the recent dispersant test reports that they could see some separations in the oil.
- 1908 The VEC orders ERA Helicopter 371 EH to be prepared for another flyover at first light tomorrow morning.
- 1910 All recovered oil containers, including those on the Class V and VII and the PATHFINDER slop tanks, are full. Therefore, skimming operations cease until additional storage capacity arrives. Brown requests the USCG's permission to discharge recovered oil into the center tanks of the contingency barge.
- 1919 The USCG states that its preliminary response to VEC's request regarding offloading of oil into the barge is "no".
- 1930 The SEA FLYER proceeds with the EXXON BATON ROUGE towards the EXXON VALDEZ.
- 1955 The CHAMPION is abeam Bligh Reef buoy.
- 1956 The USCG calls the VEC and reports that a Sea Pack is underwater.
- 2000 The CHAMPION prepares to take the torn Sea Pack to shallow water for repair while the PATHFINDER moves another Sea Pack into position for deployment.
- 2009 Baldrige provides the VEC with an update: PATHFINDER full, Class VII full, Class V broken down with belt problems, work boats available, Sea Pack is being repaired; priority is to boom the ship when clearance is granted, although booming cannot be done now because the process of placing fenders and lightering may destroy the boom.

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2025 The ALBA II is being loaded with boom equipment at the Terminal.

2025 Four tanks arrive at the Terminal.

2030 The contract divers arrive at the EXXON VALDEZ.

2030 The CHAMPION finishes deploying two Sea Packs.

2030 The VINCE PEEDE arrives at the spill site with a crew change. Baldrige decides to remain on scene, and he and Sarnacki share supervisory duties on-site. Sarnacki and Baldrige establish three principal objectives for crew: 1) exclusionary booming to protect Bligh Island; 2) diversionary booming from the stern of the EXXON VALDEZ to as close to Bligh Reef buoy as possible to divert spill into deep water; and 3) continued skimming operations.

2030 Bohlmann, a Marine technician, comes out with the crew change and is assigned to the Class V skimmer. When he arrives, mechanics are changing a skimmer belt which had apparently been cut by a metal bar while in operation.

2032 The USCG tells the VEC that "the most visible impact for use of the boom" is to run it along the west side of Bligh Island and put a skimmer at the end. The USCG states that they have not had any "burps" around the ship lately.

2035 The CHAMPION is dispatched to retrieve the sunken Sea Pack.

2039 The VEC is informed that lightering will start in 2-4 hours.

2040 Pugh and others meet with Exxon personnel when they arrive on Friday evening. Exxon personnel are briefed in the VEC about the location of Alyeska equipment and Alyeska activities to date.

2043 The VEC orders Baldrige to run boom from the stern of the EXXON VALDEZ and angle it towards Bligh Reef buoy. The VEC is sending 700 ft. of additional boom. Sea Packs are to be held in reserve.

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2056 Marine Operations gather boom stationed at Berths 1, 4, and 5. The ALBA II will transport the boom to the site.

2056 The USCG relays VEC instructions for the BLUE FOX to proceed to the spill site and assist the PATHFINDER, and for the ITSWOOP to pick up bladders and hose at the Terminal.

2100 The VEC is informed that the USCG Pacific Strike Team and two C-130's will arrive in Valdez in the morning with boom and High Seas Barrier Skimmer, which will be loaded aboard the cutter SEDGE and transported to the site.

2100 The first connex of containment boom is deployed.

2100 Between 2100 and 2340, Howitt provides a status report to George N. Nelson (BP).

2100 Between 2100 and 2340, Rassinier (Exxon) provides Howitt at the ECA with a dispersant report: the Southern Air Transport C-130 is carrying 100 to 150 drums, and is estimated to arrive at 1630 on 3/25; the MarkAir C-130 is carrying an ADDSPAC and a half load of dispersants and is expected to arrive in the morning of 3/26; the USCG C-130 is expected to arrive with the Pacific Strike Team at 0800 on 3/25; the Southern Air 707 from Houston is carrying 140 to 160 drums; the ConAir DC-6 from British Columbia is carrying 800 to 1000 drums; the C-130 from Phoenix is carrying an ADDSPAC and is estimated to arrive at 0600 on 3/25.

2130 One Monarch is deploying a connex of boom off the barge; one Grayling is standing by to deploy more boom; the SEA VIEW is off the bow of the barge for spotlight deployment; one Grayling is shuttling people and supplies to the tanker.

2133 The CHAMPION reports that the Sea Pack that had sunk has resurfaced and is performing properly.

2144 The VEC is informed that a Convair is leaving Kenai at 0845 on 3/25 carrying 40 people from a VECO work crew.

2154 The EXXON BATON ROUGE is all fast alongside the EXXON VALDEZ.

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- 2200 Three tugs are currently in use chasing icebergs that were threatening both the dive boats and the boom.
- 2210 Dave Maiera reports to the VEC that the Mortec MV GLACIER is under contract and has left Homer and will arrive at the spill site at approximately 2300 tomorrow with an ODI skimmer from CIRO.
- 2215 The first lightering hose is connected between the EXXON VALDEZ and the EXXON BATON ROUGE.
- 2215 The barge, which is one-half mile south of Bligh Reef buoy, is under way in tow with the PATHFINDER to Bligh Reef buoy. The Class V and VII skimmers and the Sea Packs are also in tow. The goal is to deploy diversionary boom from the tanker to the buoy.
- 2215 Alyeska sends out additional containment boom from the Terminal on the ALBA II.
- 2225 The barge is stationary. Deployment of the second segment of boom begins. The Yellow Monarch and the Yellow Grayling connect boom from the EXXON VALDEZ to the buoy.
- 2230 The Class V skimmer is repaired.
- 2238 The second lightering hose is connected between the EXXON VALDEZ and the EXXON BATON ROUGE. Before lightering can commence, divers will conduct an underwater damage survey of the hull.
- 2300 R. Smith (Exxon) gives preliminary advice not to allow the EXXON VALDEZ to move from the reef due to fear of capsizing.
- 2300 The Black Monarch deploys the third connex of boom off the barge. The Black Monarch with the GLACIER ISLAND is conducting spotlight detail.
- 2310 The inside connex of boom is deployed by a Black Grayling off the portside of the barge.
- 2316 Howitt and Rassinier (Exxon) coordinate the location, the estimated arrival and the logistics of transporting dispersants to Valdez.
- 2320 The SEA VIEW offloads the last segment of boom from the top of the connex to other segments.

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2345 Pete Sarnacki and his crew deploy diversionary boom.

Offshore Spill Site 1 - 336 Hours After Spill
Spill Size = 75,000,000 Gallons
Typical Winter Wind And Current Conditions



Alaska Emergency Response Efforts
A Comparison of Organizational Strengths and Weaknesses

Dennis M. Dooley
December, 1989

There has been considerable discussion regarding the relative merits of different organizational frameworks and how to best structure an organization to respond to an emergency event. The purpose of this monograph is to examine traits of different organizations to determine if there exists a general model for developing an organizational framework for rapidly deploying an effective field organization to deal with widespread emergencies.

Some attention was given by the Alaska Oil Spill Commission (AOSC) in discussing the framework of developing high reliability organizations. The major points were made by Dr. Todd LaPorte, University of California, in his presentation to the Alaska Oil Spill Commission. Dr. LaPorte's report dealt primarily with technologies and corresponding organizations to prevent a major failure. Additional work performed for the National Science Foundation by Harrald, Marcus and Wallace, The Management of a Maritime Crisis: The integration of Planning, Prevention, and Response, October, 1989 (Harrald) extended still further, considerations of the Commission in its review of organizational capabilities.

NOTE: The following comments are taken almost verbatim from the National Academy Report. Suffice it to say that countless hours of testimony from individuals and communities to the AOSC confirmed the central thesis of the report pertaining to organizational performance.

The Harrald paper described the evolution of society's response to marine casualties--from the days when rescue and salvage organizations first evolved in a professional manner and the development of casualty costs being absorbed by a complex series of underwriters and indemnity clubs. The turning point in history is identified to be March 18, 1967 when the 117,000 DWT super tanker TORREY CANYON stranded. The inability of existing maritime response organizations to deal with the 100,000 tons of escaped crude oil was readily evident. Thus, society realized it must somehow protect itself and the environment from cargo released during a maritime casualty.

The report goes on to indicate that progress in dealing with the problem was slow at best. The National Research Council of the National Academy of Sciences stated that, "little attention has been paid to how government and industry would respond to a major maritime casualty involving hazardous cargo...". In a 1984 Management Science article, the authors stated that "the problem of providing an immediate response (to an oil spill) in areas where major environmental damage may be done in less than 6-12 hours has not been solved or extensively studied. The environmental damage caused by oil spill could be massive and the public interest would be intense. In these areas, the national strategy fails."

The authors of the National Academy study found that decision making in the early hours of the EXXON VALDEZ response effort was constrained by inadequate planning in several ways:

i) the most obvious symptom of inadequate planning was the lack of immediately available response resources;

ii) equally serious was the failure to anticipate the decisions and actions which a major incident would require;

iii) the failure to develop information and decision aids which would support the actions above, and,

iv) decision makers did not have a clear and consistent set of goals.

The report goes on to state that federal, state and corporate organizations which evolved ... did not conform to any organizational structures anticipated in the contingency planning process with the concomitant result of hampering spill response and inter-organizational cooperation. No one anticipated that the affected company would actually direct the pollution response. No one anticipated that the federal on-scene coordinator and the state organization would not become a stable, smoothly functioning organization(s) until well after the opportunity to deal with the free oil had elapsed. No one took seriously the threat of "federalization". Decision making during the incident was reactive rather than proactive -- e.g. mobilization of beach cleaning forces after the oil was ashore.

The nature of the state/federal relationships during a spill has never been resolved by the National Contingency Plan. The tenuous relationships between the federal, state and intra-state stakeholders was acerbated in the EXXON VALDEZ incident. The state response organization did not work smoothly with the federal OSC until well into spill response. Thus, for a variety of reasons, the management Troika of Exxon, Alaska Department of Environmental Conservation and the U.S. Coast Guard were not able to focus their

respective resources in a coordinated approach to solving their main problem -- getting oil out of the water.

The report concludes,

Catastrophic spills have occurred very infrequently, and have historically been geographically distributed throughout the world. Effective risk reduction actions will reduce the probability of their occurrence even further. Government and industry must be ready to deliver hundreds of millions of dollars worth of clean-up services anywhere in the world within hours of an incident. THIS MEANS MORE THAN FLOODING THE AFFECTED AREA WITH PEOPLE AND EQUIPMENT. (emphasis added) It means creating functional organizations, capable of making and implementing decisions and operating according to doctrine.

There were several success stories regarding different aspects and features of the oil spill despite the Troika's inability to focus on immediate goals in the early days. Among these successes were:

1. Exxon's use of its worldwide directory to marshal resources from around the world.
2. The emerging sense of international community response as illustrated by the arrival of a Russian oil skimmer.
3. The arrival and successful utilization of the US Corps of Engineers dredges in retrieving oil from the surface of the Sound.
4. The organizational abilities of the Cordova Fishermen, the Seldovia community, and other local groups, to organize and implement deployment of booms and other devices to protect fish hatcheries and other areas of high local concern independently of the Troika.
5. The telling efforts of the Alaska Incident Command Team in taking a major role in organizing and coordinating the response of state, federal, borough and city agencies from the city of Seward in advance of the oil spill, relying almost exclusively upon local assets and expertise.
6. The Division of Emergency Services responding to housing, communications and logistic needs in advance of the Troika's acknowledgment that such commodities needed attention.

7. The recognition by VECO, the Exxon labor contractor, for the need to provide orientation and training for laborers prior to dispatching them to beach cleanups.

8. The attempt by Exxon to quickly reimburse those individuals most adversely impacted economically -- although this effort suffered from some flaws in administration and guidelines. The company was generally recognized for endeavoring to promptly remedy a wide variety of claims without the benefit of any prevailing governmental guidelines.

9. The lightering and salvage success in preventing an additional 40,000,000 gallons of oil from escaping.

The AOSC examined the activities of the various agencies and their respective goals, concerns, successes and failures. One striking feature was everyone believed their respective area of concern should be first priority for implementation. Such priority concerns included salvage of the ship and the remaining amount of cargo, containment and pollution abatement of the oil at sea, protection of habitat and/or investments in renewable resources, and whose beach should receive treatment and to what degree ("treatment" became the operative term instead of "clean-up")?

While reviewing the adequacy of the tools and techniques for oil spill cleanup, the Commission came to the conclusion there was more than just a trace element of truth to everyone's priority concerns. In order to be successful, salvage operations, pollution abatement and resource protection ALL REQUIRE IMMEDIATE AND INDEPENDENT RESPONSES. Further, the response mechanisms and organizations can, and probably should, be considered independent of one another in developing a regional response plan. It is entirely conceivable given the size, location, weather conditions and proximity of critical habitats, that a conscious decision be made to concentrate primarily upon protection of high value resource areas rather than to pursue pollution abatement at sea.

For instance, the USCG, Exxon and the salvors were able to effect a successful salvage operation with little or no appreciable contribution being made by state or local expertise. On the other hand, local expertise was ignored in many instances by the USCG, Exxon and others with respect to impacts local tides, currents and winds would have upon oil flows and boom strategies. Contests of will, determining equipment utilization for the sole purpose of salvaging the vessel or, to deliver a modicum of resource protection at particular beach sites were a chronic problem in the early days. Problems such as these coupled with a pronounced lack of perception by the Troika that the pollution abatement problem was a dynamic situation requiring a mindset to think and organize resources three days to a week (or more) in advance, contributed

in sending to stakeholders and the public at large the clear message, "We don't know what we are doing, but trust us anyway!"

Once the task was defined -- salvage, pollution abatement or habitat protection -- it was necessary to examine the range of successes and failures various organizations had in coping with their respective missions. Many times there were mixed reviews -- the success in salvaging the Exxon Valdez may have been due in large part to the linear preoccupation of the Coast Guard and Exxon before attempting to realistically deal with pollution abatement at sea. And, pollution abatement activities may have precluded adequate preparation(s) for resource protection in advance of the spill.

Further considerations included:

- * What assets did the respective organizations bring to bear on these problems?
- * Did the organization bring a quality of institutional zeal coupled with real management skills for a tactical exercise?
- * Or, false bravado presented under a veneer of purported expertise?
- * Does the agency possess a real commitment in training personnel for emergency and/or catastrophic events?
- * To what degree, does the agency develop leadership expertise for tactical exercises?
- * Does the agency provide a proven and reliable history of communicating with a variety of stakeholders?
- * What is the agency's past and probable future ability to deal with unscheduled events which will require the marshalling and allocation of myriad resources from a wide variety of public and private agencies?
- * Is the agency involved in an adequate number of unscheduled events to provide the real-life crucible for development of "team management expertise"?

These are a few of the substantive questions to which answers may determine the appropriate designation and allocation of resources to particular agencies.

Seldom is an analysis in the world of preparing a report such as

this, allowed to proceed as a rigorous academic exercise in reviewing organizational approaches. This effort was no exception.

The AOSC, through its public hearing process, became comfortable with the notion(s) that local expertise, given proper goals, was best able to attain those goals. This was true of the fishing captain whose knowledge of local currents, riptides, etc. enabled him to better position himself in advance of the oil for containment and recovery. It was also true of local governments' whose knowledge of the respective strengths and weaknesses within themselves, avoided the problems inherent in stereotyping all communities into a collective group.

Simultaneously, the AOSC was being apprised of requirements for developing high-reliability response teams. Teams which possess a common knowledge of each member's foibles, collected over a history of repetitive shared experiences, are key to mounting effective response to an unscheduled event. How is management to be trained and given the repetitive exercises required to mold such management teams given the infrequency of catastrophic spills? Perhaps the answer lay in utilizing other emergency response systems. e.g. fire and police agencies, Division of Emergency Services.

Inquiries regarding the development of expertise in these groups showed a higher than normal willingness for intense training and incorporating into its responses the experience basis for its management teams. There exists within the organization(s) opportunity for career development while specializing in specific elements concerning emergency response. The individuals in charge know the line organizations under them -- their normal capacities, their unusual strengths and weaknesses. These same individuals know how to best incorporate these assets in a given situation not only because they are in charge, but also because for the most part they have been "through the chairs" in their individual development as leaders. Thus, the line organization through a working familiarity, also know the merits of its leadership.

What expertise is required in the development of a response to an oil spill which is unique from other emergencies? The answer was surprising -- there is nothing in oil spill expertise that distinguishes it from weather expertise, chemical expertise, or unusual architectural expertise when it comes to quickly incorporating such knowledge into a professionally trained and managed emergency corps. Such oil spill expertise cannot be ignored, but for the most part it is not the critical knowledge upon which effective response is built. Rather, it is the effectiveness of preparation and management in dealing with unscheduled events. Most agencies are evaluated upon how well routine events are dealt with a minimum of disturbance. Few

agencies (private or public) are measured for their effectiveness in successfully coping with unusual and/or unexpected occurrences. The cadre of public safety agencies are alone in this regard.

The AOSC then queried whether there existed a framework or discipline which para-response agencies utilized that took advantage of local expertise and/or assets. Did such a system deal with a sufficient number of incidents annually to develop the qualities inherent in team management?

There does appear to be such a system. It is called the Incident Command System (ICS). The ICS had its roots in a group of counties in California that needed a process by which they could augment each other's emergency efforts. The system spread -- ultimately the entire state of California incorporated it as the basis for multi-agency response to emergencies. It is now an integral feature of the Federal Emergency Management System and there is a federal requirement that fire departments receiving federal funds must also have training in the system.

There are at least three organizations in Alaska utilizing the ICS structure when responding to major incidents. The Bureau of Land Management and the Alaska Division of Forestry rely upon ICS as the primary organizational structure for their responsibilities in wildfire protection. The Department of Military Affairs, Division of Emergency Services utilize the ICS methodology as their organizational structure to respond to a wide variety of disaster incidents -- floods, earthquakes, mega-fires and hazardous material accidents. In addition, the ICS system is mimicked throughout the United States. Therefore, in the event an emergency requires additional management resources, teams can be quickly imported to the scene and readily assimilated into the structure without confusion about role definition(s) and/or mission.

ELEMENTS OF AN INCIDENT COMMAND SYSTEM (ICS)

There are three very important components in the ICS approach which allows all agencies to interchange forces and effect a positive managerial and operational control of line and support activities -- organization structure, training, and certification. This system in its various forms has vastly improved the effectiveness of emergency response organizations in a wide variety of activities. It is especially effective in offering a coherent management system to cope with delivering management expertise from diverse sources to immediately bear on solving issues in combating unscheduled calamities.

The standard ICS organizational structure identifies positions which are specific to various duties and identifies the job responsibilities each position will perform in the organization.

The structure utilizes an Incident Commander as the person in charge supported by a staff of section chiefs for Operations (actual line activities), Plans (information and planning), Service (all logistical support, Finance (cost accounting) and Safety (assures operations are safe). When there are large, diverse interests and stakeholders, the system readily incorporates a broad Management Advisory Committee (MAC) composed of representatives from public and private agencies whose primary mission is to provide the ICS team provisional guidance with regard to priorities for action.

The hallmark of the ICS system is the requirement for pre-qualification of individuals to perform specific jobs. The curriculum of courses blends experience with formal training. The basic criteria in each course is standard nationwide with adjustments made for special local area situations.

The training courses, experience, physical fitness and actual performance are evaluated by management. Once the qualifications are determined, each individual is issued a card indicating what jobs that person can perform, nationwide. The employees carry the cards as validation of their qualifications. During interagency mobilization of forces, the receiving agency uses this as valid confirmation of an individual's qualifications.

CONCLUSION

The AOSC determined it is not necessary to create a stand-alone oil spill response organization to effectively cope with major and catastrophic incidents. Rather, it is necessary to ensure that an existing system be augmented in training and development to deal effectively with such oil spill incidents along with responding to a wide variety of emergency incidents. The management talent of responding coherently to emergencies is not created overnight, or even over the span of a couple years. The concept of tactically deploying resources in advance of emerging problems is a skill that is created by individual commitment honed in repetitive group exercises over a long period of time.

The existing system which appears to have a proven capacity to blend local organizations into its responses and to call upon state and federal resources is the Department of Military and Veterans' Affairs through the Division of Emergency Services. The activity schedule appears to be hectic and varied enough to incorporate the frequency of occurrence required for management team development. The institutions are already in place for immediate funding to be warranted and required waivers of personnel and contracting procedures if necessary. It has a demonstrated success in preparing advance contractual support services from the private sector and if necessary can draw upon additional state and private

assets quickly and efficiently. Moreover, the Department of Military and Veterans' Affairs has a proven record of dealing effectively with federal command systems.

The Incident Command System allows for the expertise of the various resource agencies to be readily incorporated into a response effort. This allows all affected agencies to do what they do best: The Department of Fish and Game to provide knowledgeable advice from seasoned biologists in regards to the living resources; The Department of Natural Resources to provide guidance utilizing professional land managers regarding land and park resources; The Department of Environmental Conservation to audit environmental quality standards with professional environmental auditors; The Department of Military Affairs to respond to another emergency, in a wide ranging series of natural and technological calamities, with individuals who bring the zeal of professionalism to the effort - not the ardor of altruism and political expediency. This suggestion appears to minimize disrupting the State agency mantle without encouraging growth of long-standing but little utilized oil spill divisions in different departments of state government.

TESTIMONY TO THE JOINT HEARING
OF THE
ALASKA HOUSE RESOURCES COMMITTEE
ALASKA SENATE RESOURCES COMMITTEE
ALASKA SENATE OIL AND GAS COMMITTEE

BY

WALTER B. PARKER

CHAIRMAN

ALASKA OIL SPILL COMMISSION

JANUARY 24, 1990

The Alaska Legislature charged the Alaska Oil Spill Commission with reporting on the historical record of events leading to the grounding of the Exxon Valdez on March 24, 1989. The Commission began its inquiry with the first planning for moving Prudhoe Bay oil to market in 1968 and concentrated on the period after 1977 when the Valdez terminal opened and began the first shipment of crude oil.

Despite early assurances by the federal government in the period 1968-72, that tanker operations from Valdez would be at the top of the state-of-the-art, including double bottoms, by 1975 it was clear that no special efforts would be made on the Valdez - West coast operations. Replies from the Coast Guard to state inquiries made it clear that the promised improvements would not be mandated.

A task force was formed by Governor Hammond in 1975 to investigate means to insure that Valdez operations would be the best feasible. Two years of concerted effort resulted in agreements that tankers would proceed in designated lanes through Prince William Sound; that they would have tug escorts in the Sound; that a vessel traffic system would monitor tanker traffic in the Sound; that state pilots would be on board while in the Sound; that redundancies in radar and other navigation systems would be on board the tanker; and that ice problems would be handled by slowing to minimum safe maneuvering speed while

remaining in the tanker lanes.

Sea trials were held to check the system in April, 1977 using the Arco Fairbanks. The trials were successful. The key to the system was the tanker lanes which had been designed through the first simulation ever conducted of a North American port. This was done under the auspices of the State of Alaska and was funded by the State under the terms of the TAPS ACT.

Meanwhile, the Alaska Legislature had in 1976 passed SB 406, which established risk charges paid by operators of tank vessels and oil terminals into the Alaska Coastal Protection Fund. The mandates of AS30.20 and AS30.25 established various levels of constructions and operations standards for tankers and terminals, which set up reductions of charges tied to specific improvements. The aim to minimize risk and operations was carried out under this mandate until 1979. The Valdez terminal was operational with a permanent response crew in position and with response vessels and equipment on constant standby.

Tankers with double bottoms were constructed in this period to meet the state's requirements specifically the Bankers Trust Alaska and the Bankers Trust San Diego. The Department of Environmental Conservation set its budget year objectives for FY 1979 to have 10 tankers in the fleet serving Valdez with double bottoms.

But, in 1977 almost as soon as the Valdez terminal opened, the Alyeska owners filed suit against the state to overturn AS30.20 and AS30.25 on the basis that the federal government pre-empted most of the areas the state was attempting to regulate. The suit, Chevron/et.al. vs. Hammond was successful and in 1979, the state's authority was removed. The state appealed parts of the decision but the major elements of the statutes were removed by agreement between the oil companies and the state. Our research indicates that the state took an unnecessarily weak position throughout this case.

After 1979, no new double bottoms were built by the industry. The only new ships, the Exxon Valdez and the Exxon Long Beach, were designed not only with single hulls but with 20% less steel weight than tankers designed in the 1970s for the Valdez trade. These ships were launched in 1986 and after three years operations there are reports of early structural failures.

The Commission wrote to Exxon Shipping asking that they consider refitting the Exxon Valdez with a double bottom while it was in for repairs. No reply was received to this letter. The costs of repairing the Exxon Valdez are reported to be about \$25 million. Our consultants report a double bottom would have cost from \$5 to \$7 million more. The Exxon Valdez will be returned to service without a double bottom.

As our investigations detail, Coast Guard surveillance and enforcement of tanker operations declined rapidly after 1979. Officers who operated the system before 1979 were shocked at how routinely departures from the tanker lanes was accepted in the 1980s.

We also confirmed the general collapse of the oil spill response system after 1979, largely under Aleyska's initiatives, despite constant complaints from the ADEC office at Valdez to Juneau ADEC headquarters about the weakness of the system.

Partly ADEC's lack of action was due to budget constraints imposed by the Legislature, but the record also reveals a lack of strong resolve and focus on the Valdez terminal operations at the higher levels in the Department.

It is also important to note that there is absolutely no indication that either of the federal agencies responsible for the National Contingency Plan, the EPA and the Coast Guard, took any action in the 1980s to insure that the response system at Valdez was adequate.

It is equally important to note that no other elements of the state government made any strong efforts since 1979 to encourage ADEC to a more vigorous position on oil spill response at Valdez.

At least, we could not identify any such efforts.

We investigated Cook Inlet oil spill response and tanker operations, found them deficient and have made recommendations for improvements.

We also investigated Arctic response capability and have found it to be non-existent except in the immediate Prudhoe Bay area, where it is minimal.

The point was made immediately after the wreck of the Exxon Valdez that 8700 transits of Prince William Sound had been made without a disaster. This is not a good record and would result in an unacceptable level of accidents and fatalities if accepted for any other form of transportation.

Many still state that the Exxon Valdez was an aberration, an accident that was a fluke. Our investigations show that the system has been encouraging a catastrophic accident since 1979 by eliminating every safeguard that was put in the system then. The Exxon Valdez went on the rocks because it departed from the tanker lanes at sea speed rather than slowing down to proceed through the ice at reduced speed. Time pressures were put on all tanker masters, some companies putting on greater pressure than others. Both the Torrey Canyon and the Amoco Cadiz disasters were initiated by masters cutting corners to save time.

We are happy to note that tankers are now operating from Valdez in accordance with the original rules laid down and that response capability has been improved dramatically. However, the present response system will only recover 40% of spilled oil under ideal conditions, so improvements can still be made.

However, the ships operating in the system are an aging somewhat decrepit fleet of which 73% are single bottom hulls. Their power plants are aging along with their safety systems. they are below standard compared to both national and international standards in age. Some say the fleet cannot be replaced because Alaska oil production is declining. We say it must be replaced to ensure that another catastrophe does not destroy another vital segment of our Coast line.

**Findings of the Alaska
Oil Spill Commission**

**Presented to the
National Transportation Research Board
Panel on
Oil Transportation Issues**

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January 9, 1990

The seven member Alaska Oil Spill Commission was created by the Alaska Legislature and appointed by the Governor of Alaska to accomplish three major tasks:

To establish a historical record of the events leading to the wreck of the Exxon Valdez.

To recommend ways to prevent future maritime accidents.

To recommend better ways to respond to future oil spills.

At our first meetings we quickly agreed to place our major focus on prevention of maritime accidents and future oil spills. In this we joined the federal administration, the Congress, the American Petroleum Institute and the environmental movement who profess a similar goal on prevention. Therefore, with so much agreement it would seem easy to have our recommendations on prevention adopted. However, the view of prevention from the oil industry may be very different from our view, the view from the federal administration may also be very different.

Our investigation of the events leading to the wreck of the Exxon Valdez revealed one salient theme - that the rules and regulations agreed on between the federal government, the oil industry and the State of Alaska in 1977 when the Valdez terminal was opened were consistently downgraded or ignored after 1979. The event that triggered this decline was the lawsuit launched by the oil industry against the state of Alaska, Chevron, et. al. vs Hammond which challenged the state's rights to be involved in prevention of tanker accidents through maintaining a presence alongside and in cooperation with the Coast Guard. A federal judge found against the state and ruled that the state's actions were pre-empted by the federal government. From then on both the Coast Guard and the oil industry began to weaken the original system more and more. Our historical record is contained in our report by investigator Peter Spivey titled Institutional Influences: The Coast Guard in Valdez. Tankers consistently deviated from the lanes established in 1977 for more and more specious reasons, the main reason being to save time. The same narrow economic views on tanker operations that put the Torrey Canyon on the rocks in 1968, operated again in 1989 to put the Exxon Valdez on Bligh Reef.

Our recommendations for prevention focus on the ships, the crews and the support systems designed to keep ships safe at sea.

We recommend double hulls become the domestic and international standard for oil tank vessels. We also recommend that our aging fleet be replaced on an accelerated basis. The great overbuilding of oil tankers that occurred from 1965 to 1975 is now coming home to roost since so few new tankers have been built in the past decade. We also recommend that strong consideration be given to more redundancy in power plants. Finally, a much closer look should be given to the new standards which lessen steel weight in the newest tankers being built, the Exxon Valdez being an example of a ship built to those standards.

In crews we have found that fatigue is a real factor that promises to become worse as crew size reductions are justified more and more on the basis of greater automation. Not only crew fatigue but system redundancy suffers from these reductions, since when the automated system fails there is often no immediate response available from a crew member to institute manual overrides. Some power plant failures of automated systems in the past two years need much more in depth investigation than has been given them thus far.

We also found that more on going training was necessary and that training varied widely from company to company. Institution of bridge response training on simulators should be pursued and requirements established to ensure that all do it. More stimulator training for engine rooms is also indicated in view of the lengthy start up times that have occurred after some power plant failures.

Our recommendations on support systems focus on much more stringent vessel traffic systems than the present systems. We believe vessel monitoring systems better describe what is necessary for maritime traffic. Ideally through either Loran C retransmits, satellite navigation or other systems, we will provide an electronic display on the bridge and at the vessel traffic centers which will be a display common to both. This will provide greatly expanded and more reliable coverage than radar at lesser cost, while keeping present shipboard and shore based radars in place. The aim again is systems redundancy.

System redundancy in hulls, power plants, navigation systems, manning standards and other areas is one key to prevention. The other is increased training in all assignments to ensure that crews are up to the sophisticated ships that are planned in the future.

Our recommendations on response focus on the use of the federal Incident Command System (ICS) which is used for response to natural disasters and hazard material incidents, for oil spill response. The ICS is a management system which uses the expertise of all federal and state agencies as necessary by using a system of preplanning that assigns roles to appropriate individuals within the agencies and provides them the training for carrying out those roles.

We view this as filling the many organizational gaps that developed in the response to the Exxon Valdez. The National Contingency Plan (NCP) did not operate effectively in this response, indeed in the early stages did not operate at all. Eventually it brought the Navy and other major help into spill clean up.

Generally, our ideal response organization starts with a strong local base in which regional response teams are created through using the ICS structure. These teams will use the resources of private, state and federal organizations in their response area. The spill will be under command of a government official, as designated by the ICS. The Oil Spill Commission strongly urges that there be no future privatization of major spills, a view joined by the Congress and the American Petroleum Institute thus far.

The next level of response is thorough interaction of our recommendations for interstate compacts with the federal regional response organizations. We view a West Coast compact working with the West Coast strike team as providing immediate response as necessary to calls for assistance from the local spill incident commander. Then, if necessary, the federal "czar" that is mandated in present legislation before the Congress and is strongly supported by the industry and the federal administration can be brought into the action to mobilize support nationwide.

Our perception is of an organization mobilizing from a local base outwards while their's is one that mobilizes from the top down. It is an important difference in perception.

We have noted in our record the general lack of federal resources devoted to oil spill response, especially in the areas of research and development. We feel this generally kept the NCP from being an effective instrument and it is imperative that a program to get caught up from a decade of federal passiveness on this issue be launched immediately.

Since we only recover 10% of the oil lost in most spills now, the need for rapid upgrading is clear. This however, in no way should detract from our continued emphasis on prevention, since even the best spill response systems will leave large quantities of oil in the water

SCOMM

62:4

APR 10 1989

William Farrell
4030 Lore Road #1
Anchorage, Alaska 99507
Phone: (907) 522-1376

Files

Dear Ms. Pearce,

The following information concerns a project and issues of utmost importance to Alaska and the rest of the country.

Pacific Texas Pipeline Company in San Pedro, California, has been positioned to build for the last two years a forty-two inch crude oil pipeline from Long Beach, California, to Midland, Texas. It's capacity will be 900,000+ barrels per day and can handle any excess oil on the West Coast that is now transported through the Panamanian pipeline. This project has secured all the permits, financing, contracts, etc. The only ingredient missing are throughput agreements with the major oil companies carrying Alaskan crude.

At the present moment, Exxon and perhaps all oil giants are being questioned about their motives, promises, priorities, guarantees, practices, etc. Their accountability and credibility are at stake. In this light, I present the following issues:

600,000 to 700,000 barrels of Alaskan oil pass through the Panama pipeline daily. Who benefits? General Manuel Noriega does. His profits are in the tens of millions of dollars collected yearly from transportation tariffs. He and his regime are corrupt. Why does the state and the federal government continue tolerating this practice when the aforementioned alternative is available? Why haven't Exxon in particular, and British Petroleum agreed to throughput agreements with Pacific Texas Pipeline which would benefit the entire country by providing many Americans jobs, Alaskans revenue, and a safe and stable means of transporting our oil?

Alaska stands to gain greatly with earnings in the hundreds of millions of dollars annually by shipping the oil through the Long Beach-Midland connection. Since the distance for tanker travel is decreased, the cost would be much less and Alaska would benefit from the change in what is called the well-head price of oil. Lower transportation costs means more royalties for Alaska's treasury. This move could also reduce the over-all price of petroleum products for the U.S. consumer.

Why would "Big Oil" want to preserve the status quo? They may have a huge financial ownership interest in the Panamanian pipeline system. Does their ownership appear under different company names? Would any single oil company discourage others from shipping Alaskan oil from Long Beach harbor? What do the oil companies want us to hear and believe? These are serious questions.

The Panamanian government is soon to receive complete control of the Panama Canal Zone courtesy of the Carter Administration. The oil pipeline in that country is in the Zone. What implications can that have?

My call to you in your official capacity is the promotion of the overall welfare of our state and country by changing this unacceptable scenario.

Pacific Texas Pipeline Company is located at:
1921 N. Gaffey, Suite I
San Pedro, California 90731
Phone: (213) 548-1455

Respectfully,

William A. Farwell
4-7-89

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

TESTIMONY ON ISSUES RELATED TO OIL SPILLS

The Department of Environmental Conservation appreciates the opportunity to comment on the legislation being considered here today.

Before we comment on each specific bill, I would like to describe some of the issues we see as critical to an effective legislative package to address hazardous substance spills. These thoughts and recommendations are preliminary, as most of the department's experts in this area are still in the field. We have not had an opportunity to fully debrief on this incident and to fully develop a position on the remedies necessary to better protect the people of the state and the natural resources of the state. However, we would like to share these thoughts. We have also not yet had an opportunity to provide specific recommendations on each bill.

Structure of contingency planning and response

The relationship between operators, the state, and other interested parties in both preventing and responding to hazardous substance releases needs thorough analysis and possible change. At present, the industry has the lead in both developing plans to respond to spills and in carrying out the actual response. The state is left in a largely reactive posture, and other interested parties such as local communities, fishing groups, and so on, are basically not included at all.

In the event of an inadequate response, the state's recourse under existing statutes is to take over the spill response. At present, DEC's resources to conduct such an operation are extremely minimal. Hence, the practical remedy in existing statute for failure to perform is largely ineffective. We need to look at whether the state needs to have an independent ability to initiate and carry out a meaningful response, without relieving the responsible party of their responsibility for the reaction to the spill. It might be appropriate to consider providing authority to compel a response according to approved contingency plans. A state strike force is another approach.

With regard to contingency planning, all planning is left to

operators of facilities. While cooperative agreements between different operations are possible, they are not required. There is no requirement for participation in a statewide data base and response planning structure.

The major lesson of this spill is that we cannot rely on the structure we have now, and we need to look at ways to improve responsiveness.

Adequate Funding for Prevention and Response Activities

A second concern is the need to adequate funding for spill prevention and response activities. Several bills propose funding sources for a reliable, adequate response fund. There must also be adequate funding for prevention, response planning, and ongoing preparedness. This is a critical portion of an effective solution.

Penalties

The penalties provided in the existing legislation need to be reexamined. The Department supports increases in penalties to reflect more closely actual costs. We also need to review the adequacy of criminal penalties. Current requirements for demonstration of financial responsibility for operators need to be updated to reflect more accurately actual damages. The Department recommends that the Legislature specifically address the problem of derelict vessels abandoned on state tidelands, and consider financial responsibility for salvage. Penalties for failure to comply with the regulations, as well as those for spilling oil into the water, need to be addressed.

Prevention

In the area of prevention, the Legislature might consider a review of the navigation aids that govern tanker traffic in the waters of the state to determine whether enhancements would reduce likelihood of collisions, groundings or other problems. The Department should be given the authority to look at ways to prevent spills, in addition to respond to spills.

Technology

The Department believes that improved technology needs to be identified and developed. Experience in this spill indicates that other countries have technology, such as the Soviet skimmer and Norwegian boom deployment vessels, that is substantially better than what is currently described as the state of the art in this country. It would be important to review this technology and to identify areas where more research and development is needed. We have discussed with Norwegian pollution control authority officials the establishment of a working relationship for technical exchange

and training. A training center for northern climates could be appropriate for Alaska.

Involvement of local residents and experts

In Prince William Sound, the best expertise on how to move vessels and materials on the waters came from the fishermen, without doubt. The fishermen and other residents of the area have provided invaluable guidance and direction for those parts of the cleanup and defensive operations that have been successful. The response plan needs to tap this expertise. Expensive equipment from all over the world is of little value if it cannot be deployed. The use of fully trained volunteers from local communities would be one way to make use of this expertise, and is a method we would support. There may also be others. In Norway, volunteers are trained in each community for spill response, in a way that resembles fire departments here.

A combination of state, local, and industry response capacity, in conjunction with adequate state agency funding and authority, is a promising approach for Alaska.

We will offer comments on the individual bills.

EXXON COMPANY, U.S.A.

P.O. BOX 198601 • ANCHORAGE, ALASKA 99519-6601 • (907) 561-5331

DONALD E. CORNETT
ALASKA COORDINATOR

April 7, 1989

Mr. Hugh Gellert, Director
State of Alaska, Division of Tourism
State Office Building, Ninth Floor
333 Willoughby Avenue
Juneau, Alaska 99801

Dear Mr. Gellert:

I'm deeply concerned about the potential impact of the Valdez oil spill on the Alaskan tourism industry. It is vital to the state economy, now and in the future, that we act immediately to reassure travelers, tour companies and travel agents.

It goes without saying that the scenic beauty of the Prince William Sound and Gulf of Alaska are important assets to Alaskan tourism. While the oil spill is sizeable, much of the Sound has not been affected and we are working very hard to clean up the portion which has. At the same time, we are also very concerned about the thousands of families who depend on tourism for their livelihood. We would like to minimize the economic crisis which could result from a public misimpression about the scenic damage which has occurred.

In this spirit, I am proposing that we work together to protect the immediate and long term future of these families. As a first step, we need your in depth analysis of the potential negative impacts on the tourism industry. Based on this analysis, we would like your recommendations and budget estimate for an appropriate marketing program. The Alaska Tourism Marketing Council would retain control of program implementation and Exxon would underwrite appropriate costs. We are sincerely interested in helping to minimize the negative impacts on Alaskan tourism from this spill.

I would appreciate your prompt attention to this request and look forward to working with you.

Cordially,



DEC:jlp/196

c: Douglas B. Bailey, State Attorney General
Governor Steve Cowper
Alaska Tourism Marketing Council Board
Alaska Visitors Association Board
Alaska State Legislature
The Honorable Ted Stevens
The Honorable Frank Murkowski
The Honorable Don Young

APRIL 11, 1989

VALDEZ, ALASKA

NEWS RELEASE

EXXON HIRES RURAL AFFAIRS CONSULTANT TO ASSESS VILLAGE NEEDS

Exxon has hired Judy Meidinger, an Anchorage-based rural affairs specialist, to work with members of Prince William Sound native villages in assessing their food and supply needs.

Exxon will purchase the supplies requested by the villages and arrange for a contractor to deliver them. Local community centers will manage the distribution to residents.

Meidinger has already contacted leaders of Chenega Bay and Tatitlek, two Prince William Sound villages, and is gathering information on their needs for submission to Exxon officials in Valdez. She is also working with North Pacific Rim, a nonprofit native association, to determine needs of other villages in the region.

Meidinger's preliminary findings indicate needs for food staples in both Chenega Bay and Tatitlek. Meat, vegetables, fresh fruit, milk, flour and eggs have been requested by residents. Paper products, soap and other basic supplies are also needed and will be included in Exxon's shipment to the villages.

Seventy people live in Chenega Bay, 110 in Tatitlek. Both villages have run low on the fuel that powers their school and village generators. Exxon has furnished Chenega Bay with 5,000 gallons of fuel and will be supplying Tatitlek with 7,500 gallons.

"The villagers are grateful for Exxon's immediate response to their needs," said Meidinger. "There is a positive feeling among the people I've talked to, that Exxon is listening and responding."

4-12

APRIL 12, 1969

VALDEZ, ALASKA

NEWS RELEASE

EXXON ADVANCES \$1,000,000 TO AQUACULTURE CORPORATION

Exxon Shipping Company President Frank Iarossi took a business card out of his pocket, wrote on it: "\$1,000,000," signed it, and handed it to Bruce Suzumoto, President of Prince William Sound Aquaculture Corporation.

"This is your guarantee from Exxon," Iarossi said.

By the next day, Exxon had wired \$1,000,000 to the Prince William Sound Aquaculture Corporation as an advance against expenses incurred by the corporation in their efforts to protect the Armin F. Koernig Hatchery in Sawmill Bay.

The Sawmill Bay hatchery holds 117 million salmon fry, and PWSAC members have installed boom materials provided by Exxon around the perimeters of the hatchery to protect the salmon. Six to seven million fry have been transferred to the saltwater pens and are scheduled for release into Prince William Sound during the last week of April through early May.

Fishermen, whose boats are under contract to Exxon, have developed a multi-tiered boom system involving lines of protection stretching from the bay's opening up to and around the hatchery's holding ponds. Over 3,000 feet of 42" Navy boom was shipped yesterday to augment the materials already on hand. Exxon representatives in Valdez and Cordova are in communication with fishermen concerning requests for additional supplies.

A large amount of boom is currently deployed around the hatchery, and additional material is available if needed. Fishermen at Sawmill Bay continue boom maintenance and deployment activities.

EXXON COMPANY, U.S.A.

P.O. BOX 186601 • ANCHORAGE, ALASKA 99518-6601 • (907) 561-6331

DONALD E. CORNETT
ALASKA COORDINATOR

April 7, 1989

Ms. Merry Tuten, Director
Alaska Seafood Marketing Institute
1111 West Eighth
Juneau, Alaska 99801

Dear Ms. Tuten:

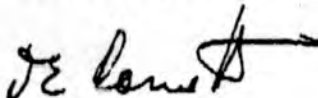
I'm deeply concerned about the potential impact of the Valdez oil spill on Alaskan seafood markets at home and abroad. It is vital to our state economy, now and in the future, that we act immediately to reassure seafood consumers and wholesalers.

I'm certain you agree with me that the Prince William Sound has many valuable fisheries and is a very important source of fish. But, it would only compound the current tragedy if we let consumers and wholesalers believe that the supply or quality of Alaskan seafood will be affected.

I am proposing that we work together to protect the immediate and long-term future of the families that depend upon the Prince William Sound for their livelihood. As a first step, we need your in-depth analysis of the potential negative impact on Alaskan seafood markets. Based on your analysis, we want your recommendations, and budget figures, for an appropriate marketing response. The ASMI would have control of program implementation and Exxon would be willing to provide appropriate funding. We are sincerely interested in helping to protect the future of the fisheries of Prince William Sound.

I would appreciate your prompt attention to this request and look forward to working with you.

Cordially,



DEC:jlp/195

c: Douglas B. Bailey, State Attorney General
Governor Steve Cowper
Alaska Seafood Marketing Institute Board
Alaska State Legislature
The Honorable Ted Stevens
The Honorable Frank Murkowski
The Honorable Don Young

April 13, 1989

Senate Special Committee on Oil and Gas
Statement of Alyeska Pipeline Service Company
Presented by R.I. Shoaf

Madame Chairman and members of the Committee,

My name is Rob Shoaf. I am an employee of Alyeska Pipeline Service Company. My job is government relations. Like every Alaskan, we have been shocked by the results of the Exxon Valdez spill. I share with the management and employees of Alyeska Pipeline the belief that all of us in the oil industry must renew our dedication to preventing occurrence of another tragedy like this.

At least 17 bills have been introduced in the Alaska legislature in reaction to the Exxon Valdez oil spill. Most of the ideas expressed in the proposed legislation are good and can lead to improved protection for the people and environment of Alaska from disasters like the one that recently occurred. Alyeska's goal is to cooperate with the State as it plans and implements new prevention and response techniques for Prince William Sound. We believe that the Alaska Department of Environmental Conservation is the appropriate state agency to direct this effort. We also believe that the communities and hatcheries in Prince William Sound and in the surrounding areas like Resurrection Bay, Kachemak Bay, Cook Inlet, Kodiak and the Alaska Peninsula must participate in the assessment of what happened and in the preparation to prevent and to respond to similar events in the future, if they occur.

We understand the public's desire to make changes immediately so that there will be a different response in the event of another occurrence. Ultimately the best plan to prepare for future events will be based on thorough study of what happened this time. Now

that the state has appropriated the money needed for ongoing response efforts, the number one priority should be to establish an assessment process that will involve all potentially affected groups. Participants in the assessment must be charged with the responsibility to make recommendations to the administration and the legislature. It will be most efficient for the administration and legislature to combine their efforts. Alyeska promises to cooperate with that assessment and requests that one focus of planning for the future be the coordination of industry and private efforts to maximize the protection of Alaska's resources.

In order for you to determine what needs to be done immediately and what should wait for the recommendations produced by the assessment and planning process, you should be aware of the current operating conditions in Valdez as a result of the DEC's emergency order directing immediate changes in the operation of the Valdez Marine Terminal.

Tanker Safety - Accident Prevention.

At the present time, pilots escort tankers out of Valdez past Bligh Reef. Two tugs accompany all outbound tankers in PWS. Alyeska maintains radio or radio/telephone contact with all tankers in PWS. Equipment will be installed to record these radio transmissions. The DEC is evaluating Coast Guard radar procedures and equipment.

Oil Spill Response.

As required by the emergency order, Alyeska booms all vessels upon arrival at the terminal, as we have done since February 1989. The area within these booms is inspected on an hourly basis. All of the core contingency equipment required by the terminal oil spill plan is in place at the terminal and available for use. This equipment may not be used except in response to spills or for training. Alyeska now has an around the clock dedicated 12 man oil spill response crew.

Future equipment and Material.

Alyeska and the DEC are working together to define what additional steps must be taken to satisfy the requirements of the Order.

In light of these events, we believe the legislature should encourage the DEC to take steps that will enhance the response capability existing in Prince William Sound. However, we urge that the ultimate response organization be created only after an evaluation of recent events produces recommendations from the DEC and the local communities. Even decisions on the types and amounts of materials and equipment to be stored in various places in PWS should be made based on careful analysis of the objectives of the public response organization.

To be more specific, we suggest that the legislature direct the DEC to work with the Joint Committee and/or Task Force to analyze what happened and to plan for the future. The DEC should also be given the discretion and resources to purchase and deploy basic equipment and materials, and to create and train a basic PWS response organization, pending further development of detailed plans. These efforts should be under the direction of a State Oil Spill Coordinator, within the DEC.

The immediate focus of the legislature should be on PWS. If a fee on TAPS throughput or an additional severance tax on North Slope production is used to create revenue for a public response organization and for a response fund, uses of the revenue should be limited to those areas and events that might be affected by North Slope production and transportation. If the geographic area or the types of events covered by a fund created by new taxes is expanded beyond this basic responsibility, then the revenue sources should be expanded as well.

If a new revenue source is established, a cap on the fund balance and imposition of the tax is appropriate. Expenditures from the fund that are recovered from responsible parties should be returned to the fund to avoid reimposition of the tax.

Thank you for this opportunity to comment before the Committee.

Testimony of Hugh Motley
Vice President and General Tax Officer, ARCO Alaska, Inc.
to
Senate Oil and Gas Committee
April 13, 1989

Good evening. My name is Hugh Motley, vice president and general tax officer for ARCO Alaska, Inc. I'm here today to testify on behalf of ARCO Alaska on Senate Bill 260, which proposes an additional severance tax to pay expenses incurred by the state in responding to an oil spill or the release of a hazardous substance.

Before addressing the bill, I'd like to say that we at ARCO Alaska are as stunned and dismayed by what has occurred in Prince William Sound as you are. We are horrified by pictures of oiled beaches, dying sea otters and, like you, angered by conflicting reports about the effectiveness of cleanup efforts.

Since it was not our tanker, we know relatively little about the events leading to the grounding of the Exxon Valdez or the containment efforts that followed. The data we have access to is a mixture of fact, rumor and speculation. Although we've offered technical assistance, personnel and provided thousands of feet of boom to Exxon, mopping up the spill is a responsibility which has been assumed by Exxon. We don't want to interfere with or impede their efforts.

We do know that this should never have happened, and that the oil spill contingency plan could have been more effectively executed. Mistakes had to have been made. Determining who made them and why is still an open question.

No one is in a position to accurately point fingers at anyone. For that reason we ask that you wait until a factually accurate record of the events following the March 24 accident is available before acting on legislation that could have sweeping, long term impacts. A complete investigation is a necessary first step in reducing the risk of future spills and improving oil spill cleanup capability in Alaska.

At ARCO Alaska, we've already begun that process. We have reviewed emergency contingency plans at all of our facilities. Risk is inherent in the exploration, production and transportation of oil and gas. We're continually working to reduce that risk. In the process, we're preparing for the worst and impressing upon our employees the need for individual responsibility in the work place. Events in Prince William Sound have shown that a single human error can lead to terrible tragedy and obscure a fine record built by an entire industry.

People will remember this spill for years to come. They have already forgotten that tankers carrying 7 billion barrels of oil have safely traversed Prince William Sound almost 9,000 times over the last 12 years.

We are and will remain good citizens of this state. We've helped bring unparalleled prosperity to Alaska. Everyone here has

benefitted in some way from the dollars we've invested and the oil we've produced. The industry is not going to leave the state while you investigate this spill. We will still be here when all the facts are in and appropriate legislation is enacted.

Exxon has publicly acknowledged full financial responsibility for the spill. Their efforts to cleanup the spill have not been restrained by cost. They've promised to compensate fishermen, processors, cannery workers, tour boat operators and others for the financial losses they've suffered. We believe Exxon will do what they say.

The state already has laws that allow it and other injured parties to collect all of the monetary damages caused by this spill. State laws allow for extensive fines and penalties if punitive action is warranted. The Trans Alaska Pipeline liability fund now contains more than \$248 million. The fund is automatically renewed at the rate of 5 cents a barrel if it drops below \$100 million.

We understand that additional legislation is being demanded by a concerned public. Raising oil taxes and establishing a new cleanup fund is not the answer. Senate Bill 260 only duplicates existing financial safeguards. It does nothing to reduce the risk of a recurrence or improve oil spill response capability.

Senate Bill 260 doesn't ensure that the money collected will be used for oil spill response. It has no provisions for a limit on the tax collected based on estimated cleanup costs. The bill could severely impact economically marginal fields in Cook Inlet and on the North Slope, fields so marginal that they are currently assessed little or no

production tax by the state. For these reasons we oppose the adoption of Senate Bill 260.

No one has had adequate time to assess the short term and long term effects of Senate Bill 260 and other sp^{oil} related bills on state oil revenues, the economy or the oil industry. We urge that you get the facts before you take action on this or any related bill.



Alaska Environmental Lobby, Inc.

P.O. Box 22151

Juneau, Alaska 99802

907-586-2345

AEL ISSUE PAPER: OIL SPILL RELATED BILLS

The Alaska Environmental Lobby supports the intent of all these bills. The top priorities in the wake of the Exxon Valdez oil spill are: ensuring oil industry payment for improved state capability to prevent and respond to oil and hazardous substance release; stronger penalties to prevent future disasters of this type; and adequate DEC funding to upgrade response and monitoring efforts.

REVENUE:

- * All oil production, not just marine transported petroleum, should be taxed to fund prevention and cleanup.
- * Both the \$.05/barrel tax proposed in SB 260, and the \$.02/barrel tax with a \$20 million cap on the fund proposed in SB 266, fail to generate adequate funds to cover the costs of the Exxon Valdez spill, let alone establish an on-going emergency response fund of significant size. The fund will only be effective for future emergency response and cleanup if it is fed by a steady stream of revenue.
- * Provisions to ensure that the legislature does appropriate money to the Fund, as provided in SB 266, are appropriate.
- * Other oil revenue sources to adequately fund prevention and cleanup should be explored.

RESPONSE CORPS/STRIKE FORCE:

- * Any emergency response team must combine trained professional specialists (SB 266) who can provide state-of-the-art technical expertise, with trained local volunteers (SB 264) who are prepared for an emergency cleanup. Local fishermen's response to the Prince William Sound spill has proved how valuable local knowledge is to any cleanup effort.
- * A strike force must not substitute for cleanup by the responsible party. It must serve, instead, as an emergency back-up.
- * Strike force responsibilities should include oversight, monitoring, evaluation, enforcement, and cleanup of all oil and hazardous substance spills.
- * Adequate funding must be available to carry out these duties.

INQUEST:

- * A task force, such as proposed in SB 277, should be established to evaluate the events surrounding the Exxon Valdez discharge disaster, and to make agency, legislative, and industry recommendations on how to prevent similar occurrences in the future.

ALASKA CENTER FOR THE ENVIRONMENT • ALASKA CHAPTER, SIERRA CLUB • JUNEAU GROUP, SIERRA CLUB • SITKA GROUP, SIERRA CLUB
KNIK GROUP, SIERRA CLUB • DENALI GROUP, SIERRA CLUB • ANCHORAGE AUDUBON SOCIETY • ARCTIC AUDUBON SOCIETY
DENALI CITIZENS' COUNCIL • ALASKA FRIENDS OF THE EARTH • JUNEAU AUDUBON SOCIETY • KACHEMAK BAY CONSERVATION SOCIETY
KENAI PENINSULA AUDUBON SOCIETY • KODIAK AUDUBON SOCIETY • LYNN CANAL CONSERVATION • ALASKA WILDLIFE ALLIANCE
SITKA CONSERVATION SOCIETY • NORTHERN ALASKA ENVIRONMENTAL CENTER • SOUTHEAST ALASKA CONSERVATION COUNCIL
KNIK KANGERS AND KAYAKERS

SOUTHEAST CONFERENCE

P.O. Box 22286

Juneau, Alaska 99802

SOUTHEAST CONFERENCE RESOLUTION #89-01

RELATING TO THE PREPARATION OF A SOUTHEAST REGION OIL AND
HAZARDOUS SUBSTANCE DISCHARGE AND PREVENTION PLAN AND
DEMONSTRATION THAT THERE BE IMMEDIATE CAPABILITY TO PROTECT THE
SOUTHEAST COAST AND ITS RESOURCES

WHEREAS, the recent oil spill disaster in Prince William Sound clearly demonstrates the vulnerability of coastal communities; and

WHEREAS, more than 500 super tankers transporting North Slope crude oil pass through the Southeast coastal waters and carry massive quantities of oil; and

WHEREAS, the news recently reported an oil company announcement that a large crack(s) was found in a tanker at Valdez; and

WHEREAS, the recent disastrous oil spill also points out the impact and the reality of possible human errors aboard the tankers; and

WHEREAS, the coastal environment is the primary habitat of our fish and wildlife and the foundation of our economy; and

WHEREAS, tides, currents and winds could put a blanket of oil around our islands and mainland, destroying our salmon, herring, crab, clams, abalone, shrimp, halibut, sable fish, ground fish and other fisheries; and

WHEREAS, a spill of the magnitude of the one in the Prince William Sound would devastate the marine organisms and mammals in Southeast Alaska; and

WHEREAS, the devastation of our coastal environment would cause a collapse of our economy, putting thousands of people out of work; and

WHEREAS, a spill of such magnitude could have long term effects on the propagation of all fisheries and wildlife for decades in Southeast Alaska; and

WHEREAS, a spill accident would have secondary impacts that threaten our eagles, bears, deer and other wildlife that rely on the sea for food sources; and

WHEREAS, the Gulf of Alaska has a known history of violent storms which cause further deterioration of oil tankers that are already aging; and

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

907-586-2345

AEL ISSUE PAPER: OIL SPILL RELATED BILLS

The Alaska Environmental Lobby supports the intent of all these bills. The top priorities in the wake of the Exxon Valdez oil spill are: ensuring oil industry payment for improved state capability to prevent and respond to oil and hazardous substance release; stronger penalties to prevent future disasters of this type; and adequate DEC funding to upgrade response and monitoring efforts.

REVENUE:

- * All oil production, not just marine transported petroleum, should be taxed to fund prevention and cleanup.
- * Both the \$.05/barrel tax proposed in SB 260, and the \$.02/barrel tax with a \$20 million cap on the fund proposed in SB 266, fail to generate adequate funds to cover the costs of the Exxon Valdez spill, let alone establish an on-going emergency response fund of significant size. The fund will only be effective for future emergency response and cleanup if it is fed by a steady stream of revenue.
- * Provisions to ensure that the legislature does appropriate money to the Fund, as provided in SB 266, are appropriate.
- * Other oil revenue sources to adequately fund prevention and cleanup should be explored.

RESPONSE CORPS/STRIKE FORCE:

- * Any emergency response team must combine trained professional specialists (SB 266) who can provide state-of-the-art technical expertise, with trained local volunteers (SB 264) who are prepared for an emergency cleanup. Local fishermen's response to the Prince William Sound spill has proved how valuable local knowledge is to any cleanup effort.
- * A strike force must not substitute for cleanup by the responsible party. It must serve, instead, as an emergency back-up.
- * Strike force responsibilities should include oversight, monitoring, evaluation, enforcement, and cleanup of all oil and hazardous substance spills.
- * Adequate funding must be available to carry out these duties.

INQUEST:

- * A task force, such as proposed in SB 277, should be established to evaluate the events surrounding the Exxon Valdez discharge disaster, and to make agency, legislative, and industry recommendations on how to prevent similar occurrences in the future.

ALASKA CENTER FOR THE ENVIRONMENT • ALASKA CHAPTER, SIERRA CLUB • JUNEAU GROUP, SIERRA CLUB • SITKA GROUP, SIERRA CLUB
KNIK GROUP, SIERRA CLUB • DENALI GROUP, SIERRA CLUB • ANCHORAGE AUDUBON SOCIETY • ARCTIC AUDUBON SOCIETY
DENALI CITIZENS' COUNCIL • ALASKA FRIENDS OF THE EARTH • JUNEAU AUDUBON SOCIETY • KACHEMAK BAY CONSERVATION SOCIETY
KENAI PENINSULA AUDUBON SOCIETY • KODIAK AUDUBON SOCIETY • LYNN CANAL CONSERVATION • ALASKA WILDLIFE ALLIANCE
SITKA CONSERVATION SOCIETY • NORTHERN ALASKA ENVIRONMENTAL CENTER • SOUTHEAST ALASKA CONSERVATION COUNCIL
KNIK KANOERS AND KAYAKERS

* Any task force must be comprised of a broad spectrum of interests, and must employ fully public process.

* The deadline for the final report should be no later than January 1, 1990.

PENALTIES:

* Stronger penalties, as proposed in SB 271, are necessary incentives to the oil industry to better protect our environment and to avoid future catastrophic spills.

* These stronger penalties must include all oil spills, not just crude oil or marine transported petroleum.

* The application of criminal penalties for oil and hazardous substance release needs to be considered.

Coordinated Statewide/Regional Contingency Plans:

* The state needs to take a more proactive approach to protecting the environment and preventing future spill disasters.

* The state's oil spill and hazardous substance release response efforts must be coordinated, as provided for in SB 261. In addition, it is important that the responsibilities of the involved parties are clearly delineated, that local municipalities and communities are properly included in the planning, and that oil and hazardous substance releases are properly evaluated, investigated, and prosecuted.

* To avoid duplication, Superfund Title III activities must be incorporated into this contingency planning.

* Additional funding must be appropriated to DEC to carry out these critical responsibilities.

April 13, 1989

Karen Brewster

SOUTHEAST CONFERENCE
RESOLUTION #89-01

RELATING TO THE PREPARATION OF A SOUTHEAST REGION OIL AND
HAZARDOUS SUBSTANCE DISCHARGE AND PREVENTION PLAN AND
DEMONSTRATION THAT THERE BE IMMEDIATE CAPABILITY TO PROTECT THE
SOUTHEAST COAST AND ITS RESOURCES

WHEREAS, the recent oil spill disaster in Prince William
Sound clearly demonstrates the vulnerability of coastal
communities; and

WHEREAS, more than 500 super tankers transporting North Slope
crude oil pass through the Southeast coastal waters and carry
massive quantities of oil; and

WHEREAS, the news recently reported an oil company
announcement that a large crack(s) was found in a tanker at
Valdez; and

WHEREAS, the recent disastrous oil spill also points out the
impact and the reality of possible human errors aboard the
tankers; and

WHEREAS, the coastal environment is the primary habitat of
our fish and wildlife and the foundation of our economy; and

WHEREAS, tides, currents and winds could put a blanket of oil
around our islands and mainland, destroying our salmon, herring,
crab, clams, abalone, shrimp, halibut, sable fish, ground fish and
other fisheries; and

WHEREAS, a spill of the magnitude of the one in the Prince
William Sound would devastate the marine organisms and mammals in
Southeast Alaska; and

WHEREAS, the devastation of our coastal environment would
cause a collapse of our economy, putting thousands of people out
of work; and

WHEREAS, a spill of such magnitude could have long term
effects on the propagation of all fisheries and wildlife for
decades in Southeast Alaska; and

WHEREAS, a spill accident would have secondary impacts that
threaten our eagles, bears, deer and other wildlife that rely on
the sea for food sources; and

WHEREAS, the Gulf of Alaska has a known history of violent
storms which cause further deterioration of oil tankers that are
already aging; and

RESOLUTION #89-01. P.2

WHEREAS, the people of Southeast Alaska have a right to expect maximum protection, including a demonstration of the capability to prevent, contain, and clean-up, possible oil spills.

NOW THEREFORE BE IT RESOLVED that the Southeast Conference strongly urges the Federal Government, the State, and the oil industry to assure the protection of the people and the environment of Southeast Alaska by preparing a Southeast Region Oil and Hazardous Substance Discharge and Prevention Plan, and demonstrate that there is immediate capability to protect the Southeast Coast and its resources by making available appropriate oil spill containment equipment and supplies in Yakutat, Sitka and Annette Island and any other appropriate locations; and

BE IT FURTHER RESOLVED that the Southeast Conference urgently requests the legislature to immediately pass Senate Bill 261 requiring the Department of Environmental Conservation to prepare a State Master Oil and Hazardous Substance Discharge Plan; and

BE IT FURTHER RESOLVED that the Southeast Conference urges the President, the Governor, and Oil Company Executive Officers to take action immediately.

Adopted by the Southeast Conference Board of Directors this 10th day of April, 1989.



William B. Privett, President

**TESTIMONY
OF
D. E. CORNETT**

**BEFORE THE
SENATE SPECIAL COMMITTEE ON OIL & GAS**

THURSDAY, APRIL 13, 1989

JUNEAU, ALASKA

MADAM CHAIRMAN AND MEMBERS OF THE COMMITTEE, I AM DON CORNETT, ALASKA COORDINATOR FOR EXXON COMPANY, U.S.A. I APPRECIATE THE OPPORTUNITY TO APPEAR THIS EVENING AND COMMENT ON THE LEGISLATIVE ACTIVITY RELATIVE TO THE EXXON VALDEZ OIL SPILL IN PRINCE WILLIAM SOUND. I HAVE NOT HAD A CHANCE TO READ THE VARIOUS BILLS AND AM HERE TO BRING YOU UP TO DATE ON THE ENORMOUS EFFORTS EXXON IS DEVOTING TO THE SPILL IN CONJUNCTION WITH STATE AND FEDERAL AGENCIES--ALL UNDER THE DIRECTION OF THE COAST GUARD. BEFORE YOU DECIDE WHETHER AND WHAT LEGISLATION IS NEED, I URGE THAT YOU GIVE CONSIDERATION TO THE ACTIONS EXXON HAS TAKEN SINCE THE ACCIDENT.

WE CANNOT UNDO WHAT HAPPENED, BUT WE CAN AND HAVE TAKEN STEPS TO MITIGATE THE EFFECTS. I WOULD LIKE TO DESCRIBE FOR YOU SOME OF THE ACTIONS WE HAVE TAKEN:

- **FIRST AND MOST IMPORTANTLY, WE PLACED TOP PRIORITY ON SAFELY RECOVERING THE 1 MILLION BARRELS OF OIL WHICH REMAINED ON THE EXXON VALDEZ AFTER THE SPILL. YOU SHOULD APPRECIATE THAT THIS REQUIRED CONSIDERABLE EXPERTISE AND OUR SUCCESS WAS EXCEEDINGLY IMPORTANT.**

- **REACTING VERY QUICKLY TO THE SPILL, WE BEGAN A MASSIVE BUILDUP OF EQUIPMENT AND PERSONNEL TO FIGHT THE SPILL. MORE THAN 4 MILLION POUNDS OF MATERIAL AND EQUIPMENT HAVE BEEN AIRLIFTED TO THE SITE FROM AS FAR AWAY AS ENGLAND. MORE THAN 200,000 FEET OF BOOM, 41 SIMMERS, AND 210 VESSELS HAVE BEEN DEPLOYED. WE BELIEVE THIS IS PROBABLY THE LARGEST BUILDUP OF MATERIALS EVER ASSEMBLED FOR A SPILL OF THIS TYPE.**
- **TO THIS POINT, IT HAS BEEN ESTIMATED THAT MORE THAN 60% OF THE SPILLED OIL HAS EVAPORATED, BEEN DISPERSED, BIODEGRADED, OR RECOVERED. MUCH OF THE REMAINING OIL HAS MADE ITS WAY INTO THE GULF OF ALASKA, WHERE NATURE WILL DECOMPOSE THE OIL.**
- **IN FIGHTING THE SPILL IN COOPERATION WITH LOCAL EXPERTS, KEY ENVIRONMENTALLY SENSITIVE AREAS WERE IDENTIFIED AND TOP PRIORITY PLACED ON PROTECTION OF THOSE AREAS. OTHERS HAVE CONTRIBUTED TO THE PROTECTION OF THESE AREAS AND EXXON HAS PAID \$1.5 MILLION TO LOCAL GROUPS TO COVER THEIR COSTS IN THE OIL SPILL CONTAINMENT EFFORT. THE PRINCE WILLIAM SOUND AQUACULTURE ASSOCIATION AND THE CORDOVA FISHERMEN UNITED HAVE BEEN ACTIVE PARTICIPANTS.**

- **ATTENTION IN RECENT DAYS HAS BEEN DEVOTED TO SHORELINE CLEANUP UNDER GUIDELINES ESTABLISHED BY THE SHORELINE CLEANUP COMMITTEE. THE COMMITTEE IS COMPRISED OF EXPERTS FROM THE STATE OF ALASKA, THE FEDERAL GOVERNMENT, AND EXXON. WORKING TOGETHER, THESE GROUPS HAVE DEVELOPED AND AGREED UPON CLEANUP PLANS.**
- **NATIVE ALASKAN WORKERS AND CONTRACTORS ARE BEING GIVEN PRIORITY BY EXXON IN ITS OIL SPILL CLEANUP EFFORTS.**
- **IN OUR OVERALL EFFORTS, WE HAVE NOT FORGOTTEN THE IMPACT WHICH THE OIL SPILL HAD ON THE BIRDS AND OTTERS. RESCUE CENTERS WERE CONSTRUCTED IN VALDEZ, ONE IS UNDER CONSTRUCTION IN SEWARD AND A BIRD RESCUE CENTER IS PLANNED FOR CORDOVA.**

WE ALSO KNOW THAT YOU ARE PARTICULARLY CONCERNED ABOUT HOW EXXON WILL REIMBURSE PERSONS FOR DAMAGES RESULTING FROM THE SPILL. SO I WOULD LIKE TO DESCRIBE FOR YOU THE PROCESS AND PROCEDURES WE HAVE PUT INTO PLACE FOR HANDLING CLAIMS FILED BY THOSE WHO HAVE BEEN AFFECTED.

WE INTEND TO PROVIDE FAIR, REASONABLE AND PROMPT SETTLEMENTS TO THOSE WHO WERE DAMAGED BY THE SPILLED OIL. CLAIMS ARISING FROM THE OIL SPILL WILL BE EXPEDITIOUSLY PROCESSED BY OFFICES IN VALDEZ, CORDOVA AND HOMER. WHILE WE ARE HOPEFUL OTHER AREAS WILL NOT BE SIGNIFICANTLY AFFECTED, ADDITIONAL OFFICES WILL BE ESTABLISHED IN KODIAK, SEWARD AND OTHER COMMUNITIES IF NEEDED.

CLAIMS FOR BOTH PROPERTY DAMAGES AND FOR LOSS OF INCOME ARE BEING RECEIVED. LOSS OF INCOME CLAIMS WILL BE PROCESSED FOR INDIVIDUALS AND BUSINESSES THAT LOSE NET INCOME BECAUSE OF THEIR REDUCED ABILITY TO USE THE NATURAL RESOURCES OF PRINCE WILLIAM SOUND AS A DIRECT RESULT OF THE DISCHARGE OF OIL. THESE WILL INCLUDE FISHERMEN, HATCHERIES, CANNERIES AND OTHERS WHO HAVE BEEN DIRECTLY IMPACTED BY THE SPILLED OIL. WE KNOW THERE WILL BE SOME CLAIMS FILED BY A FEW WHO WERE NOT DAMAGED AND WE WILL NOT PAY THOSE. HOWEVER, IT IS OUR INTENT TO REIMBURSE THOSE WHO WERE ACTUALLY AND DIRECTLY DAMAGED BY THE SPILLED OIL.

IN ORDER TO SUPPORT A CLAIM, REASONABLE DOCUMENTATION WILL, OF COURSE, BE REQUIRED. SUCH DOCUMENTATION MAY INCLUDE FEDERAL TAX RETURNS, PERMITS TO

FISH, FISH DELIVERY TICKETS, CONTRACTS WITH PROCESSORS, EMPLOYMENT CERTIFICATION FROM EMPLOYERS, OR OTHER VALID RECORDS WHICH SUPPORT THE AMOUNT CLAIMED.

A THREE STEP PAYMENT PROCEDURE HAS BEEN PLACED INTO OPERATION - ADVANCES, PARTIAL SETTLEMENTS, AND FINAL SETTLEMENTS - TO EXPEDITE THE FLOW OF CASH.

IN ORDER TO PROVIDE PAYMENTS FOR THOSE IN NEED OF IMMEDIATE CASH, A CASH ADVANCE SYSTEM IS IN PLACE. WITH MINIMUM DOCUMENTATION TO ESTABLISH THE VALIDITY OF A CLAIM AND THE NEED FOR IMMEDIATE CASH, ADVANCES ARE BEING MADE WITH A RECEIPT REQUESTED AND THE GRANTING OF THE RIGHT OF OFFSET AGAINST SUBSEQUENT SETTLEMENTS. THE INDIVIDUALS RECEIVING THE ADVANCE GIVE UP NONE OF THEIR RIGHTS BUT RECEIVE PARTIAL PAYMENT TOWARD THE ULTIMATE AMOUNT.

PARTIAL SETTLEMENTS CAN BE EFFECTED TO SETTLE CLAIMS FOR EVENTS THAT HAVE ALREADY OCCURRED SUCH AS THE CLOSING OF THE HERRING SEASON. UNDER THIS PROCEDURE A FINAL SETTLEMENT IS NEGOTIATED, THE FULL AMOUNT IS PAID AND A RELEASE IS OBTAINED ONLY FOR THE EVENT BEING SETTLED. INDIVIDUALS GIVE UP NONE OF THEIR RIGHTS TO CLAIM DAMAGES FROM ANY OTHER EVENTS.

FINAL SETTLEMENTS WILL BE NEGOTIATED AS SOON AS ALL THE FACTORS ARE KNOWN AND DOCUMENTATION CAN BE FINALIZED.

SPECIAL FINANCING ARRANGEMENTS ARE BEING DEVELOPED TO ASSIST IN SOLVING THE CASH FLOW PROBLEM OF BUSINESSES SUCH AS CANNERIES. THE ARRANGEMENTS WILL BE MADE THROUGH ALASKA BANKS TO THE MAXIMUM EXTENT POSSIBLE.

OTHER STEPS SUCH AS MAXIMIZING THE USE OF LOCAL PROCUREMENT, LOCAL HIRING, AND EXPEDITED PAYMENT PROCESSING FOR INVOICES HAVE ALSO BEEN IMPLEMENTED.

ALL OF THE EFFORTS HAVE BEEN PUT IN PLACE TO MITIGATE, TO THE EXTENT POSSIBLE, THE ECONOMIC IMPACT ON THOSE INDIVIDUALS AND COMPANIES DIRECTLY AFFECTED BY THE OIL SPILL.

WE ARE HOPEFUL THAT MOST CAN BE HANDLED TO THE SATISFACTION OF THE CLAIMANT THROUGH THIS PROCESS. HOWEVER, FOR THOSE FEW CASES WHERE AGREEMENT CANNOT BE REACHED, WE SUPPORT VOLUNTARY ARBITRATION BY A PANEL TO BE SELECTED BY EXXON AND THE CLAIMANT. IT IS IMPORTANT THAT THE ARBITRATION ALTERNATIVE BE AGREED BY BOTH PARTIES AND THAT BOTH ARE ASSURED OF A FAIR HEARING BY AN IMPARTIAL GROUP OF ARBITRATORS. WE UNDERSTAND LEGISLATION ALONG THESE LINES WAS INTRODUCED THIS MORNING.

ANYONE HAVING A CLAIM IS ENCOURAGED TO CONTACT THE NEAREST EXXON CLAIMS OFFICE AND WE PROMISE TO GIVE EXPEDITIOUS CONSIDERATION TO THEIR CLAIM.

IN SUMMARY, I REGRET THAT WE CANNOT UNDO THE REGRETFUL ACCIDENT, BUT WE ARE DOING OUR BEST TO CONTAIN THE OIL, CLEANUP THE OIL WHICH REACHES SHORE, AND REIMBURSE THOSE DAMAGED BY THE SPILLED OIL. I BELIEVE THAT OUR CORPORATION HAS REACTED TO THE SPILL IN A RESPONSIBLE WAY. THANK YOU FOR THE OPPORTUNITY TO BRING YOU UP TO DATE ON WHAT WE ARE DOING.



UNITED FISHERMEN OF ALASKA

211 4th Street, Suite 106
Juneau, AK 99801
907-586-2820

April 10, 1989

Dear Legislator:

The oil spill in Prince William Sound is a calamitous event. We, of United Fishermen of Alaska, are deeply concerned over the erosion of state resource agency budgets which left the State essentially unprepared to assert its authority and implement the actions necessary for immediate response to the spill.

From both the Cook Inlet spill of last year and the recent Prince William Sound spill, we have learned that human error is an occurrence to be planned for, that accidents do happen, and that when the responsible party is a business entity, they do not demonstrate the State's best interest as their top priority.

We urge you to reinstate to the resource agencies the capability to implement the enforcement, protection and conservation mandates of their governing statutes. Budget IS policy, and money targeted for implementing onsite compliance with resource management stipulations is imperative. We cannot continue to compartmentalize legislation, which fosters development, from State policy, which fosters natural resource stewardship. This results in irresponsible use of both renewable and nonrenewable State resources.

Industries will continue to profit from Alaska's resources in spite of tough laws. The Legislature must: 1) provide a means for the Administration to ensure that resource development occurs in a balanced manner, and 2) demonstrate concern for those industries utilizing renewable resources, such as tourism, commercial fishing and outdoor recreation.

Following are recommendations for legislative action during this 1989 session:

1) Increase funding for Department of Environmental Conservation, Department of Fish and Game, and Department of Natural Resources. Specify to the appropriate agency that funds are to be used for: a) development, implementation and enforcement of resource protection stipulations, b) development and maintenance of oil spill contingency plans, and c) purchase and maintenance of containment and cleanup equipment and supplies.

2) Increase funding for the Alaska Seafood Marketing Institute (ASMI) as immediate and long term additional marketing campaigns will be necessary to preserve the quality reputation of Alaska's seafood.

3) Pass a resolution supporting a moratorium on the Bristol Bay OCS Lease Sale 92. As the Cook Inlet and Prince William Sound accidents have shown, oil spills in the marine environment cannot be cleaned up. The potential for damage to renewable resources in Bristol Bay far exceeds that in other areas. Ask Congress for immediate action. (HJR 32/SJR 32)

4) Tighten current oil spill liability legislation to ensure victims receive emergency interim funds and final compensation. (HB 68)

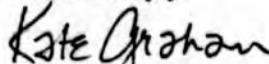
5) Eliminate the \$100,000 ceiling on penalties, as specified in AS 46.03.760 (f), and allow penalty assessment based on value of damages.

6) Review and revise the oil pollution statutes, under AS 46.04 and portions of 46.03 and 45.08, to ensure the State has the authority and funds necessary to protect the public trust.

7) Change the language under AS 46.08.020 regarding funding sources for the "oil and hazardous substance release response fund" from "may" to read: the Legislature "shall" put into the fund any money recovered from the responsible parties for clean-up or penalties.

Time is of essence on these proposed actions. We will be monitoring your actions and support for long term protection and management of Alaska's renewable and nonrenewable resources.

Sincerely,



Kate Graham
Executive Director

Subject: Oil Spill Bills under Consideration

To: Senator Drue Pearce

From: Craig B. Dotson

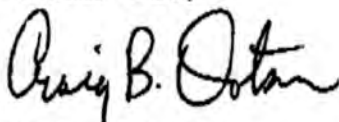
Please distribute to all members at the Legislative Public Hearing.

The recent disaster in Prince William Sound has caused great concern to all the people of Alaska. At first I felt anger over what has happened and now sad as I watch and read the news, I agree we need to take action but level heads need to prevail.

First I agree with Senate Bill No. 277 or in some form creating a task force made up of people to determine what is needed to prevent this from happening again and developing a quicker response team. This task force should be made up of state government, oil industry, Coast Guard, fisherman and environmental people. As far as I am concerned the State Government of Alaska is at fault with the containment and prevention of the oil spill as much as anybody else. Therefore to levy a severance tax (SB 260/266) to put in the general fund for clean up and prevention will not result in any better effort for clean up or prevention, cooperation is needed between all parties. Just recently 20 million dollars was passed through for clean up when the money was approved then we had to figure out how to spend it. This is a problem that needs to be worked out by several different agencies and companies and once you have the task force recommendations then action needs to be taken. Three benefits of the task force are an agreed response by industry and state officials, a better plan of action with all groups cooperating, and a dialog set up that is needed for quick response if this should ever happen again.

I hope level heads prevail and action is taken for the good of the State, we need cooperation between the state and oil industry not more money in the general fund.

Thank You,



Craig B. Dotson

April 14, 1989

Last night Dan Winn was at the Oil and Gas Teleconference in Homer and unable to voice his opinion and requested that we share it with the Committee for the record.

SB 260 - He is in favor of the bill. He also thinks it would be nice if 5¢ per gallon could be designated (and not used for something such as funding DEC).

SB 264 - He is in favor of this bill that will train people for immediate action.

SB 266 - He thinks that rather than having a \$20 million limit, it should perhaps be \$100 million.

SB 261 - He is in favor.

SCR 30 - He is in favor.

SB 271 - He could not hear the arguments on the bill. It sounds good, however, he is leary without more information.

HB 68 - He is not sure if it would help that much in the Glacier Bay incident, but he is basically in favor of the bill.

S 277 - He is opposed to this bill, especially to having a member from Alyeska and Exxon on the panel being paid per diem to discuss the spill. He is afraid it would be another do nothing commission.

He would like to see ELF voted on the Senate floor next week. He hopes that the oil industry will not dominate the hearings in the other committees of referral for these bills and the people get a chance to talk.

Dan Winn
Box 1272
Homer, Alaska 99603

235-8712

SCOMM

62:5

Alaska State Legislature

Senator Drue Pearce, Chair

Senator Tim Kelly
Senator Rick Halford
Senator Paul Fischer
Senator Al Adams



WHILE IN JUNEAU:
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SENATE SPECIAL COMMITTEE ON OIL AND GAS

AGENDA

TUESDAY, JANUARY 30TH AT 3:30 P.M.

SENATE FINANCE - ROOM 518

TAPS Corrosion Overview and Technical Briefing by Alyeska Pipeline Service Company.

**Speakers: Jim Harle
Dave Hackney
Bill Howitt**

Overview by the Department of Law on the State's lawsuit against Alyeska Pipeline Service Company pertaining to the tariffs on the pipeline and \$200 M in corrosion repair.

**Speakers: Bruce M. Botelho
Douglas K. Mertz**

ALYESKA PIPELINE SERVICE COMPANY

CORROSION PROGRAM

Briefing for:
Alaska State Senate Oil and Gas Committee
January 30, 1990

ALYESKA PIPELINE SERVICE COMPANY
CORROSION PROGRAM

The Trans Alaska Pipeline System:

- Mainline Pipe
- Pump Stations
- Fuel Gas Line
- Marine Terminal
- Tankage
- Buildings
- Bridges

ALYESKA PIPELINE SERVICE COMPANY CORROSION PROGRAM

Purpose of Program:

- Assure System Integrity
 - Safety
 - Reliability
 - Throughput
 - Design Life
- Comply with Stipulations, Laws and Regulations
- Environmental Responsibility
 - No Leaks

ALYESKA PIPELINE SERVICE COMPANY CORROSION PROGRAM

Today's Topics:

- Mainline Corrosion Investigations
Corrosion Pig Development
Investigation Results
Repair Procedures
- Atigun Pipe Replacement Project
- Pump Station Piping
- 1990 Corrosion Costs
- Throughput Impacts

ALYESKA PIPELINE SERVICE COMPANY
CORROSION PROGRAM

Mainline Corrosion Investigation: Program Elements

- Corrosion Pig Surveys
- Data Evaluation and Prioritization
- Inspections
- Repairs

ALYESKA PIPELINE SERVICE COMPANY CORROSION PROGRAM

Corrosion Pig: Grading System

- PRIORITY 1: Impacts normal operating pressure
- PRIORITY 2: Impacts maximum allowable pressure
- PRIORITY 3: No impact on operation

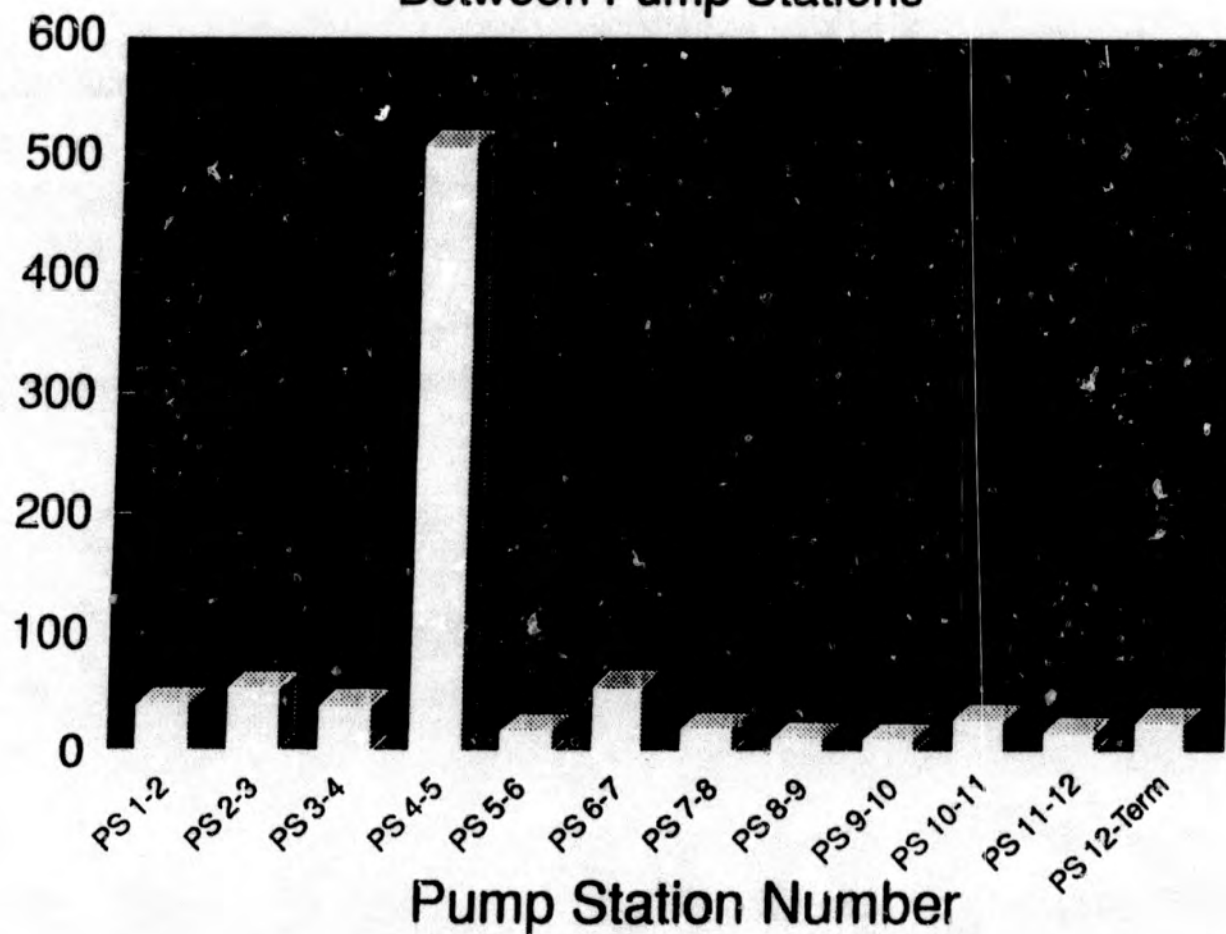
ALYESKA PIPELINE SERVICE COMPANY
CORROSION PROGRAM

Mainline Investigation Status: (January 15, 1990)

	Anomalies	Investigated To Date
Priority 1	116	113
2	195	64
3	<u>516</u>	<u>128</u>
Total	827	305
Repairs required:	30	

ALYESKA PIPELINE SERVICE COMPANY
CORROSION PROGRAM

Anomaly Locations
Between Pump Stations



ALYESKA PIPELINE SERVICE COMPANY
CORROSION PROGRAM

Mainline Investigation / Repair Procedure
(continued)

- Sleeve installed if necessary
- Corrosion protection system re-established
 - Epoxy coating system applied
 - Tape wrapped
 - Additional anodes installed
- Stability monitoring established
- Evacuation backfilled per engineered plan

ALYESKA PIPELINE SERVICE COMPANY
CORROSION PROGRAM

Atigun Floodplain Pipe Repair Project

- Majority of anomalies and repairs in segment
- Corrosion result of coating system failure
- Design and routing correct
- Repair options:
 - Recondition existing pipe
 - Install new pipe
- Probable schedule:

Engineering design	1989-90
Procure materials	1990
Construction	1991