

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILE 8672

1639 SCOMM 62 SENATE SPEC. COMM. ON OIL & GAS, 1989-1990

Revised: March 22, 1990

BRIX MARITIME (KNAPPTON CORPORATION)

PALMER	286528	1927	6,000 (OIL) bbl 6,000 (caustic)
SITKA	628255	2506	21,750

*Technical info not in c-plan

MOODY'S SEA LIGHTERAGE, INC.

SEALITE I	648341	194	2,976 bbl
ST 20	269612	380	5,476

KUGKAKTLIKE LIMITED (Kipnuk Fuel Services)

CHALIN	611099	206	3,600 bbl
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WHITE PASS TRANSPORTATION

ALASKA SPIRIT	659615	1767	12,828 bbl
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DELTA WESTERN

DW 282 (ex MLC 282)	596502	3365	50,000 bbl
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SMITH LIGHTERAGE CO., INC.

SKIP I	(c-plan coming)	98	1,768 bbl
RAY 'SONS			

The following companies listed barges are included in their financial responsibility documents, but we do not have them listed in the company's contingency plans. Companies listed below only do not have any contingency plan for barge operations.

CROWLEY MARITIME CORP.

Revised: March 22, 1990

250-10
 UT-10
 SATCO 10
 SATCO 20
 SATCO 21
 S.T. 22
 S.T. 23
 NAPAMUTE
 EEK
 ORCA #2
 OIL #1
 14
 17
 450-10
 500-2
 16
 18
 254
 DB 300

UNITED MARINE TUG AND BARGE, INC

MLC 332	648909
MLC 333	653764

SEASpan INTERNATIONAL

SEASpan 822	1765	31,000 bbl
SEASpan 824	2124	37,000
SEASpan 870	2945	52,000

TRIDENT SEAFOODS CORP.

NC-S-1
 J-S-1

TEXACO MARINE SERVICES, INC.

PENNSYLVANIA
 TEXAS

EXXON CORPORATION

EXXON BARGE #502

SAMSON TUG & BARGE

Revised: March 22, 1990

ANAHOOTZ

BOYER TOWING INC.

CALLAPOOYA
KOOTZNAHOO

1,192	21,000 bbl
312	5,000

KUGKAKTLIKE LIMITED (Kipnuk Fuel Services)

KANGITSUK

BERING MARINE CORPORATION

KC-4
KC-251

BERING SEA FISHERIES, INC.

KING SALMON

BRICE INC.

OBS-4000

SUMMARY:

There are a total of 115 individual barges covered by financial responsibility requirements for state operations through June, 1990. 78 are listed in company contingency plans, 37 are not. 9 companies have no contingency plans on file.

STATE OF ALASKA THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 6, 1990

SUBJECT: Inspection of Tankers by DEC
(SSSB 504)

TO: Senator Drue Pearce, Chair
Senate Special Committee on Oil & Gas

FROM: Terri Lauterbach *TL*
Legislative Counsel

You have asked for a discussion of the scope and legality of the power of the Department of Environmental Conservation to inspect tank vessels and oil barges under AS 46.04.060, as amended in SSSB 504.

As amended in SSSB 504, AS 46.04.060 empowers DEC to

at reasonable times enter and inspect...tank vessels and oil barges within the territorial jurisdiction of the state in order to

- (1) ensure compliance with the provisions of [AS 46.04]; or
- (2) examine the structural integrity of tank vessels and oil barges.

As noted in the language underlined above, DEC's inspection power is not an unqualified or unlimited power. It is limited to "reasonable times" and applies only to vessels "within the territorial jurisdiction of the state." Furthermore, an inspection must be for one of the two specified purposes.

In addition to the limitations contained in AS 46.04.060, there are further limitations contained in AS 46.04.070, which is not amended in SSSB 504. AS 46.04.070 provides:

The department shall adopt regulations which are necessary to carry out the purposes of this chapter and which do not conflict with and are not preempted by federal law or regulations.

In my opinion, the requirement of AS 46.04.070 that the department adopt implementing regulations that are not in conflict with or preempted by federal law applies to the regulations that the department may adopt to implement its inspection power under AS 46.04.060. Thus, the provisions of AS 46.04.070 ensure that AS 46.04.060 is not intended to violate the supremacy clause of the United States Constitution or any federal statutory law.

In addition to the constraints contained within the language of AS 46.04.060 and 46.04.070, it should also be noted what language is not contained in AS 46.04.060. There is no language that requires the owner or operator of a vessel to submit to inspection. There is no penalty for failure to allow inspection. There is no requirement that a vessel have a state certificate of inspection in order to operate. Even if an inspection is consented to, the statute does not describe any consequences that attach to the outcome of the inspection authorized under AS 46.04.060(2).

Given the qualifications contained in the language of AS 46.04.060, as amended in SSSB 504, the limiting instruction contained in AS 46.04.070, and the absence of enforcement language describing any consequences that attach to the inspections, I have no grounds for doubting the legality of the inspection power that is granted in SSSB 504.

The actual scope of the inspection power will be determined as DEC develops the regulations to implement the section. When developing the regulations, DEC will be guided by the instruction in AS 46.04.070 to avoid conflict with federal law and to avoid exercising powers preempted by federal law.

In my review of federal laws, I have found no laws prohibiting state inspection of vessels. If there is a limitation on the state's power in this area, it would have to come from an inference of federal preemption.

This brings us to a discussion of the parameters of DEC's inspection power under the supremacy clause of the United States Constitution. The key judicial opinions in this area are Ray v. Atlantic Richfield Co., 435 U.S. 151 (1978) and Chevron U.S.A., Inc. v. Hammond, 726 F.2d 483 (1984).

Under the precepts of the Ray case, it is clear that DEC inspection of vessels could not be for the purpose of enforcing state design or construction specifications.

After discussing federal laws relating to inspection of vessels, the Ray court concluded that

This statutory pattern shows that Congress, insofar as design characteristics are concerned, has entrusted to the Secretary the duty of determining which oil tankers are sufficiently safe to be allowed to proceed in the navigable waters of the United States. This indicates to us that Congress intended uniform national standards for design and construction of tankers that would foreclose the imposition of different or more stringent state requirements. In particular, as we see it, Congress did not anticipate that a vessel found to be in compliance with the Secretary's design and construction regulations and holding a Secretary's permit, or its equivalent, to carry the relevant cargo would nevertheless be barred by state law from operating in the navigable waters of the United States on the ground that its design characteristics constituted an undue hazard. Ray, at 163 - 164.

In light of Ray, it is clear that DEC could not inspect vessels for the purpose of imposing state design or construction standards. However, the type of inspection authorized under SSSB 504 does not imply the enforcement of state design or construction standards. SSSB 504 only authorizes inspections to enforce AS 46.04, which does not impose design or construction standards, and to examine the structural integrity of the vessels. While examinations of structural integrity could involve design and construction standards, there are no such standards in SSSB 504, nor could there be such standards in DEC's regulations because of the limitations of AS 46.04.070. I do not know the purpose of the examinations of structural integrity contemplated under AS 46.04.060, but their purpose clearly is not to enforce design and construction standards, so they don't appear to be prohibited under Ray.

The Ray court acknowledged that states could have other purposes for regulating vessels and that these purposes were not foreclosed by its holding pertaining to design and construction standards. After its strong language on design and construction standards (quoted above), the Ray court went on to state

We do not question in the slightest the prior cases holding that enrolled and registered vessels must con-

form to "reasonable, nondiscriminatory conservation and environmental protection measures..." imposed by a State. (Citations omitted.) Similarly, the mere fact that a vessel has been inspected and found to comply with the Secretary's vessel safety regulations does not prevent a State or city from enforcing local laws having other purposes, such as a local smoke abatement law. Ray, at 164.

Under this aspect of Ray, it appears that DEC inspections to enforce AS 46.04 are authorized because the inspections would be for a purpose other than to enforce design and construction standards. And as long as the examinations of structural integrity are not for the purpose of imposing design or construction standards, they are not prohibited under Ray either.

The idea in Ray that there is still room for state regulation relating to vessels, notwithstanding the fact that there is federal regulation of vessels, was further underscored in the second case cited above, the Chevron case. In that case, the Ninth Circuit upheld Alaska's ballast water discharge law even though there are also federal laws relating to ballast water discharges.

The Chevron court found that Congress did not intend complete occupation of the field of regulating pollution from oil tankers within a state's territorial waters and that, "for the most part local environmental regulations can co-exist...with federal regulations without impinging on the exclusively federal concerns of vessel design and traffic safety." Chevron at 493. It also noted that a chief aim of the Ports and Waterway Safety Act was to prevent pollution and that the court would be reluctant to infer preemption when state regulations were designed to achieve that purpose. Chevron, at 496 and 497. Since it was not impossible to comply with both the federal and state law relating to ballast water discharge and there was no state attempt to interfere with design or construction of the tankers themselves, the court found that, as an environmental regulation, Alaska's ballast water discharge requirements were valid.

The inspection power of DEC under SSSB 504 is not as clearly an environmental regulation as Alaska's ballast water discharge statute. As mentioned above, there is no stated purpose for the inspection of structural integrity of the

Senator Drue Pearce
Page 5
April 6, 1990

vessels. However, it would not be difficult for the state to argue that inspection of structural integrity would be used to prevent pollution from flawed vessels, or to give information to the state to help plan for responses to discharges, or for some other reason relating to environmental protection. So long as the inspection authority is implemented in a way that does not make it impossible to comply with federal inspection requirements or other federal laws, such as those relating to traffic safety, the inspection authority would probably be upheld under Chevron.

Taking both Ray and Chevron into account, I conclude that AS 46.04.060, as amended in SSSB 504, and as limited by AS 46.04.070, is designed to be an inspection power that will survive scrutiny under Ray and Chevron. It is limited to vessels in state waters. It is limited to reasonable times. It is not coupled with design or construction standards. And there are no penalties either for failure to allow an inspection or for failing to "pass" an inspection. While the purpose of the inspections is unclear, it does not seem to be a purpose that would invalidate the inspection power. The actual scope of the inspection power will be determined by DEC regulations that implement the section within the constraints of AS 46.04.070.

I hope you find this discussion helpful. Please let me know if I can be of further assistance.

TML:lmb
L10/052

503-501 J2 - bill files

**DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DIVISION OF ENVIRONMENTAL QUALITY**

**OIL AND HAZARDOUS SUBSTANCE SPILL PREVENTION
AND RESPONSE PROGRAM**

PREVENTION

PREPAREDNESS

RESPONSE

**DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DIVISION OF ENVIRONMENTAL QUALITY**

**OIL AND HAZARDOUS SUBSTANCE SPILL PREVENTION
AND RESPONSE PROGRAM**

PREVENTION

VESSEL TRAFFIC SYSTEMS

TANKER DESIGN AND CONSTRUCTION

MANNING STANDARDS

IMPROVED RADAR

PILOTS

SUBSTANCE ABUSE TESTING

VESSEL ESCORTS

UNLIMITED LIABILITY

RESTRICT MOVEMENTS DURING BAD WEATHER

PENALTIES THAT PROVIDE INCENTIVES

**DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DIVISION OF ENVIRONMENTAL QUALITY**

**OIL AND HAZARDOUS SUBSTANCE SPILL PREVENTION
AND RESPONSE PROGRAM**

PREPAREDNESS

STATE EMERGENCY RESPONSE COMMISSION

LOCAL EMERGENCY PLANNING COMMITTEES

INTERSTATE COMPACTS

RESPONSE PLANNING

TRAINING

DRILLS

INSPECTIONS

FINANCIAL RESPONSIBILITY

RESPONSE FUNDING

RESPONSE CORPS

RESPONSE DEPOTS

LOCAL AGREEMENTS

OIL DISCHARGE CONTINGENCY PLANS

STATE EMERGENCY RESPONSE PLANNING ORGANIZATION

Role:

(1) Develop State and
Regional Oil and Hazardous
Substance Discharge
Contingency Plans

(2) Implement the federal
Emergency Planning and
Community Right to Know
Act (SARA Title III)
-fact sheet attached

(3) Preparedness

STATE EMERGENCY RESPONSE COMMISSION (SERC)

Chair - DEC
Vice-chair - DES

Members:

DPS
DOT&PF
DHSS
DCRA
Oil Industry Representative
Municipality of Anchorage
Kenai Peninsula Borough
Fairbanks N.S. Borough
Alaska Fire Chiefs Ass'n.
Rural Representatives
Public Interest Group
DNR*
ADF&G*
DOL*

Role:

(1) Develop Local
Emergency Response
Plans

(2) Spill Response
Preparedness

LOCAL EMERGENCY PLANNING COMMITTEE

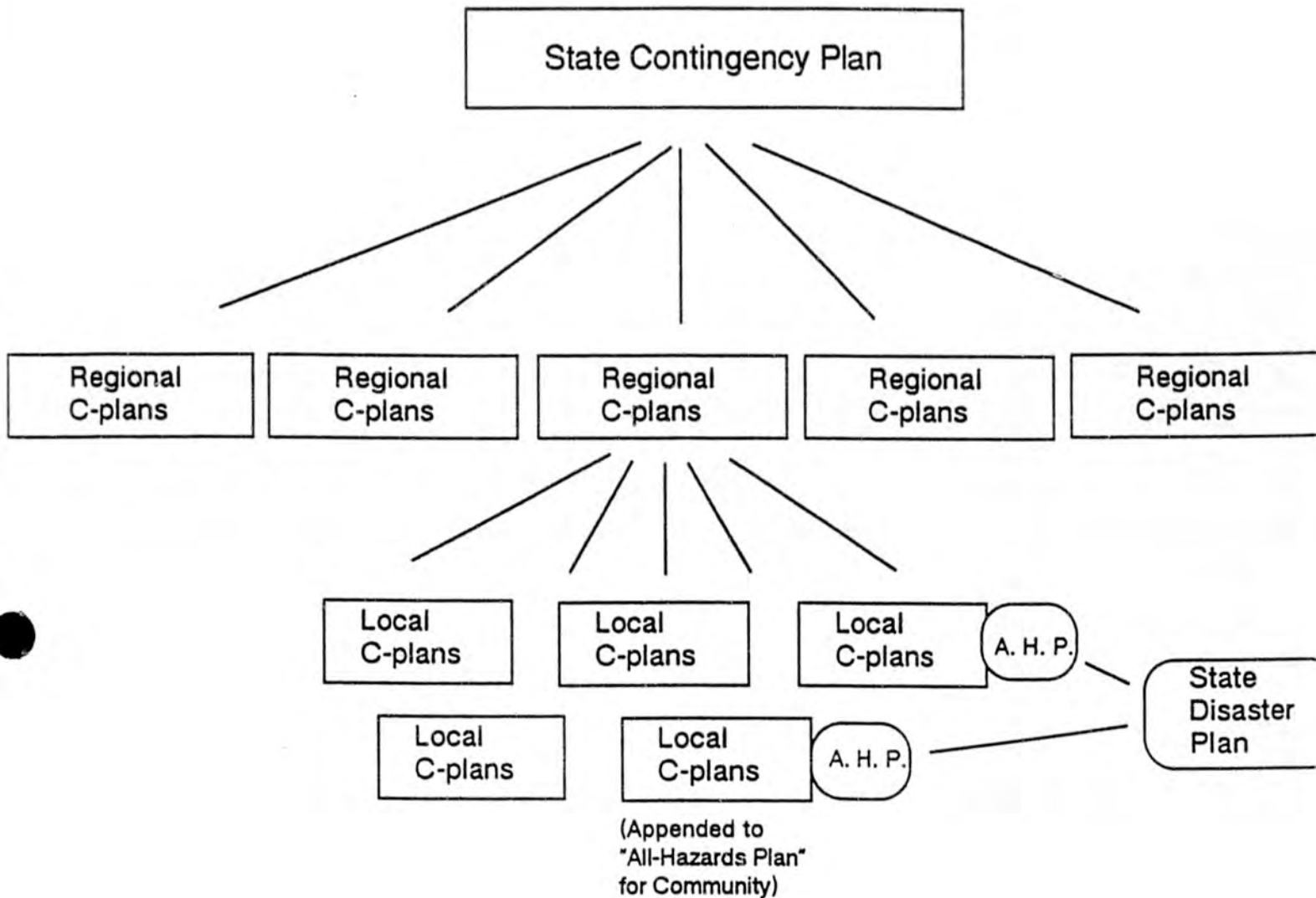
Chair: Elected Official

Members:

Law Enforcement
Civil Defense /
Emergency Management
Firefighting
First Aid
Health
Hospital
Local Environmental
Transportation Personnel
Broadcast and Print Media
Community Groups
Owners / Operators of
Applicable Facilities
Other

* To be added to the SERC

CONTINGENCY PLANS



- (1) Local plans are appended to the regional oil and hazardous substances contingency plans
- (2) Regional oil and hazardous substances plans are appended to the state oil and hazardous substances contingency plan
- (3) Community "All Hazards" plans are appended to the State Disaster Plan

**DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DIVISION OF ENVIRONMENTAL QUALITY**

**OIL AND HAZARDOUS SUBSTANCE SPILL PREVENTION
AND RESPONSE PROGRAM**

RESPONSE

DEC-STATE ON SCENE COORDINATOR

INCIDENT COMMAND SYSTEM

UNIFIED COMMAND STRUCTURE

SAFETY

PUBLIC INFORMATION

RESPONSE DEPOTS

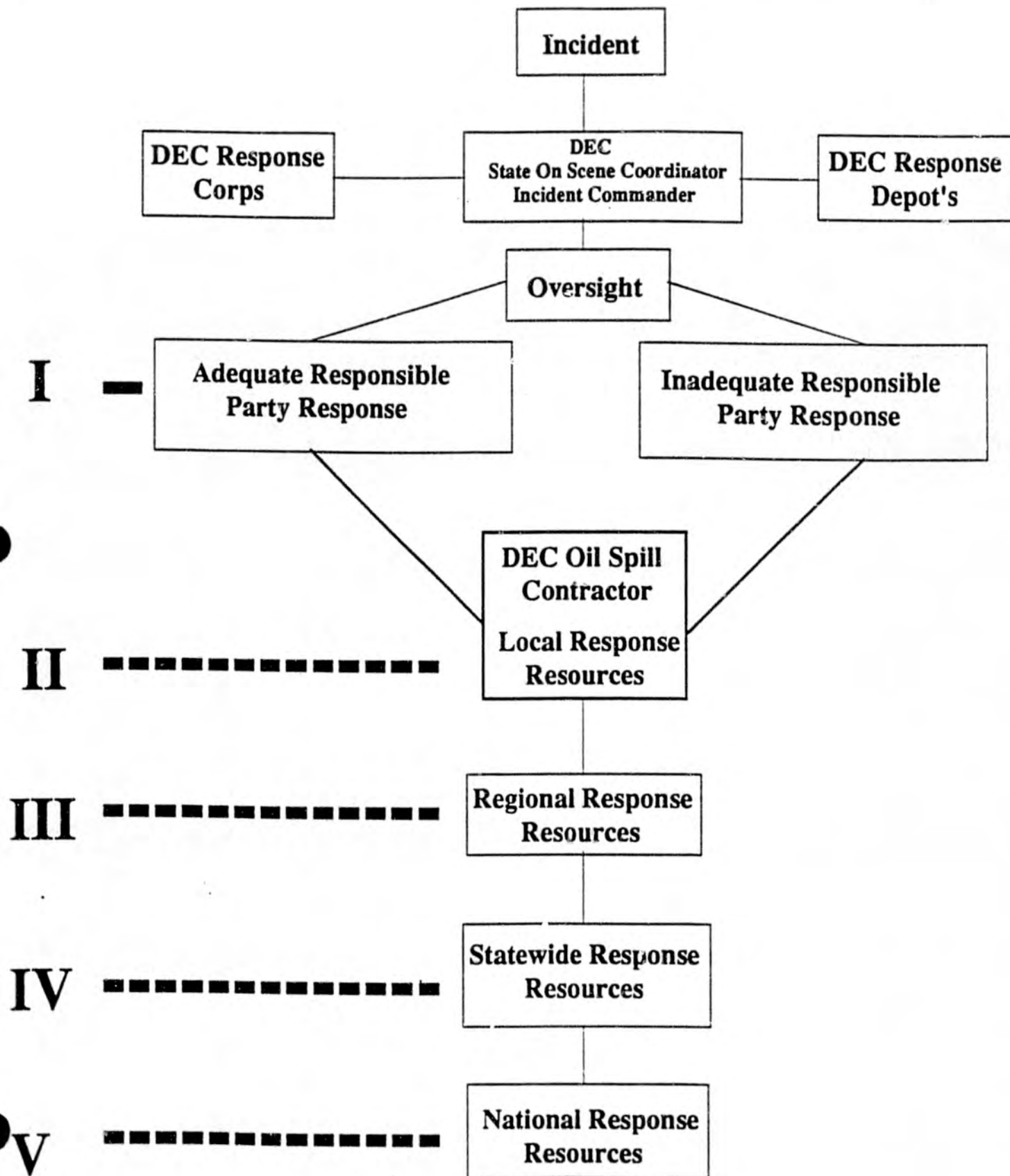
DEC RESPONSE OFFICE

OIL AND HAZARDOUS SUBSTANCE RESPONSE CORPS

**COORDINATION WITH LOCAL, REGIONAL, STATE, FEDERAL
AND PRIVATE PARTIES**

DEC CONTRACTOR MOBILIZATION

DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DIVISION OF ENVIRONMENTAL QUALITY



**DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DIVISION OF ENVIRONMENTAL QUALITY**

**OIL AND HAZARDOUS SUBSTANCE SPILL PREVENTION
AND RESPONSE PROGRAM**

LAWS PERTAINING TO PREVENTION

Prior to 1989

- o Oil pollution prohibited
- o Ballast water discharge prohibited
- o Criminal penalties
- o Civil penalties for discharge of oil
 > 18,000 gallons...up to \$10/gallons
 five times multiplier for negligence
- o Liability limit of 100,000,000 for oil
- o Strict Liability
- o Recovery of costs to state for oversight,
 cleanup, damages, restoration
- o Detention of vessels as security for damages
- o Emergency powers
- o Injunctive powers

1989

- o Increased civil penalties for crude oil spills
 > 18,000 gallons...\$8 for first 420,000 gallons
 \$12.50 > 420,000 gallons
 Four times multiplier for negligence
 Credit applied for amount of oil recovered
 in first 36 hours
- o Liability limit of \$500,000 for crude oil spills

1990

- o Strengthen financial responsibility requirements

**DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DIVISION OF ENVIRONMENTAL QUALITY**

**OIL AND HAZARDOUS SUBSTANCE SPILL PREVENTION
AND RESPONSE PROGRAM**

LAWS PERTAINING TO PREPAREDNESS

Prior to 1989

- o Oil Discharge contingency plans required
 - Terminals > 10,000 bbls
 - Offshore exploration or production facilities
 - Tank vessels
 - Oil Barges
- o Proof of Financial Responsibility
- o Inspection Authority
- o Compacts authorized
- o Contracting Authority
- o Perform DES role in declared disaster emergencies

1989

- o State Master Oil and Hazardous Substance Discharge and Prevention Contingency Plan
- o Regional Master Oil and Hazardous Subsurface Discharge and Prevention Contingency Plan
- o Unannounced spill drills
- o Spill technology research
- o Response corps training

1990

- o Use of response fund during declared disaster emergencies.
- o Expand role of Division of Emergency Services
- o Establish State Emergency Response Commission and Local Emergency Planning Districts and Committees
- o Extend the requirement for Contingency Plans
- o Strengthen inspection authority to include structural integrity of tank vessels

**DEPARTMENT OF ENVIRONMENTAL CONSERVATION
DIVISION OF ENVIRONMENTAL QUALITY**

**OIL AND HAZARDOUS SUBSTANCE SPILL PREVENTION
AND RESPONSE PROGRAM**

LAWS PERTAINING TO RESPONSE

Prior to 1989

- o Discharge notification required
- o Provide for containment and cleanup of discharges of unknown origin
- o Require maximum practicable use of private services and resources
- o Ensure cleanup is initiated and adequate
- o Identify source, cause and responsible party

1989

- o Established response office for spills that present a grave and substantial threat
- o Established response corps
- o Established response depot

1990

- o Define "realistic maximum oil discharge"

U.S. Department
of Transportation

United States
Coast Guard



Commander
Seventeenth
Coast Guard District

P.O. Box 3-5000
Juneau, AK 99802-1217
Phone: (907) 586-7689
Staff Symbol: m

16711
10 Apr 90

The Honorable Drue Pearce
Alaska Senate
P.O. Box V
Juneau, Alaska 99811

Dear Ms. Pearce:

Thank you for your invitation to address the Senate Special Committee on Oil & Gas on Tuesday, April 10. I regret to inform you that there will not be a Coast Guard representative at the meeting. However, I will try to answer the questions, concerning the inspection of vessels, contained in your letter of April 6, 1990.

Before answering your questions I feel it is appropriate to give you a brief overview of the Coast Guard marine inspection program. Every vessel that carries a Coast Guard Certificate of Inspection (COI) is followed by the Coast Guard from cradle to grave. Beginning with plan review, the Coast Guard is involved at every stage of construction of a vessel. Coast Guard inspectors are present during the construction of the vessel, witness the testing of critical systems and accompany the vessel on sea trials. These inspectors make sure that the vessel is constructed in accordance with the Coast Guard approved plans, that critical systems are installed and operate properly and that the vessel as a whole operates as designed. The Coast Guard also establishes the manning level of the vessel using the vessel manning regulations. The officers and seaman that operate the vessel obtain their documents and licences from the Coast Guard and action against those licenses and documents can be initiated by the Coast Guard if warranted.

After the vessel begins operating the Coast Guard inspection program follows the vessel for the rest of its life. Routine inspections ensure the continued safe operation of the vessel. Any repairs made to the vessel must be approved and witnessed by Coast Guard inspectors.

The following information is in response to the questions contained in your letter. The information provided is basic and not all inclusive. There are many variables when inspecting a vessel such as how much time the vessel spends in fresh versus salt water, the type of construction and the route of the vessel. Therefore, I have tried to provide you with information that would generally apply to vessels operating in Alaska.

Your first question asks which Coast Guard Department/Division is in charge of actual compliance with the Coast Guard inspection program. Beginning with Headquarters in Washington, the Merchant Vessel Inspection and Documentation Division heads up the inspection program. It is here that regulations are developed and nationwide policy is formulated. The next level in the marine inspection program is at each Coast Guard district office. The Marine Safety Division in each district office is headed up by a senior Coast Guard officer with an extensive background in all phases of the marine safety program. The final level is the individual Marine Safety Offices. These are the field units that are responsible for actually carrying out the various inspections on commercial vessels.

Your second question asks who inspects the non-crude oil carrying commercial vessels in Alaskan waters. The same people who inspect the tank ships and tank barges also inspect the other commercial vessels that are required to have Coast Guard inspections. These are the Marine Inspection personnel attached to each Marine Safety Office (MSO) and Marine Safety Detachments (MSDs) (a sub-unit of a MSO).

Your third question asks what are the inspection schedules for these vessels. This is a very broad question as there are many types of inspections conducted on the vessels you mentioned. A detailed discussion of each inspection would be very confusing, so I will try to touch briefly on each type of vessel you mentioned and hopefully this will provide you with a basic understanding of the inspection program.

Small Passenger Vessels: This category of vessel is broken down into two groups. These are S and L vessels. S vessels are those that admeasure less than 100 gross tons (GT), are less than 65 feet in length and carry more than 6 passengers. L vessels admeasure less than 100 GT, are over 65 feet long and carry more than 6 passengers. Both S and L vessels that carry more than 150 passengers are subject to additional regulations, similar to that found on the Alaska Marine Highway System vessels. S vessels are issued a new (COI) triennially and reinspected annually. L vessels are inspected and issued a COI every year. These vessels also have drydock inspections every 18 months.

Cruise Ships: The cruise ships in Alaska are without exception foreign passenger vessels. The Coast Guard conducts annual Control Verification examinations on these vessels to ensure that they are in compliance with the International Convention on the Safety of Life at Sea, International Convention on the Prevention of Pollution from ships and certain Coast Guard regulations (for instance, marine sanitation device and oil pollution prevention regulations). These vessels are also examined quarterly to update their control verification inspection and ensure continued compliance with all applicable conventions and regulations.

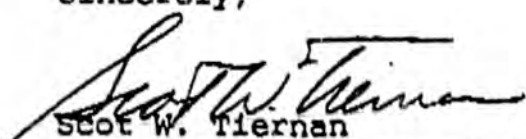
Passenger Vessels: These are passenger carrying vessels that are more than 100 GT. You did not specifically mention this type of vessel but I have included it since this class of vessel includes the Alaska Marine Highway vessels. These vessels are inspected annually and reinspected quarterly. They are drydocked twice in five years with no more than 36 months between drydock inspections. Vessels over 20 years of age and that have accommodations for overnight passengers are required to be drydocked every 18 months. Additionally, if the passenger vessel engages in international voyages, the vessel is drydocked annually.

Fuel Barges: Fuel barges are on a biennial inspection schedule. They receive a new COI every two years and a reinspection between the 10th and 14th month after receiving the COI. They are also drydocked on either a 2 1/2 year or 5 year cycle. The construction of the barge determines when drydocking occurs. If the barge is single skinned, it is drydocked and an internal inspection is conducted every 2 1/2 years. If the barge has a double hull and is internally or externally framed, the drydocking interval is 5 years. If the barge is internally framed, the framing members are on the interior of the cargo tank walls, the barge has an internal inspection every 2 1/2 years, including the interior of the cargo tanks. Double hulled tank barges with external framing, framing members are on the exterior of the cargo tanks, have the area between the two hulls examined every 2 1/2 years and the internal structure of the cargo tanks examined every 10 years. There are minor variations to this inspection schedule for certain cargos, e.g. asphalt, that extend the period between internal examinations. There are also some different drydocking and internal inspection requirements for single hulled barges that carry cargo in independent tanks.

Finally you asked if the work is done by Coast Guard personnel. All Coast Guard inspections are conducted by Coast Guard personnel. These are generally military personnel but there are a few civilian employees of the Coast Guard who conduct inspections. These civilian personnel, for the most part, are ex-military marine inspectors who have chosen to resign or retire from the Coast Guard and have been hired as civilian marine inspectors.

If I can be of any further assistance, or if you need additional questions answered please call me.

Sincerely,



Scott W. Tiernan

Commander, U. S. Coast Guard
Regional Response Team Coordinator
By direction of the District Commander

ALYESKA - HOW MUCH MORE?

CURRENT: 15,000 BBL/HR SKIMMING CAPACITY

CURRENT: 1,080,000 BBL IN 72 HR

HB 567: 1,800,000 BBL IN 72 HR

HOW MUCH MORE SKIMMING CAPACITY? 40 PERCENT

CONCLUSION: THESE COMPANIES DO BUSINESS IN BOTH NORTHERN EUROPE AND ALYESKA - BP, EXXON, AMOCO, MOBIL, PHILLIPS. THEY CAN AFFORD TO OPERATE AT HIGHER STANDARDS AND WITH MORE CLEAN UP EQUIPMENT IN NORTHERN EUROPE.

WHY NOT IN ALASKA?

Financial Responsibility Requirements

TYPE OF FACILITY	CURRENT FINANCIAL RESPONSIBILITY REQUIREMENTS	HB 567 (Resources)	HB 567 (Finance) Proposed CS
Crude Oil Terminals			
> 10,000 bbl.	\$1 million up to \$50 million @ \$10/bbl. capacity	\$50 million	\$50 million
5 - 10,000 bbl.	None	\$50 million	\$50 million
Non-Crude Terminals			
> 10,000 bbl.	\$1 million up to \$50 million @ \$10/bbl. capacity	\$1 million up to \$50 million @ \$25/bbl. capacity	Same as the Resources version
5 to 10,000 bbl.	None	None	None
Offshore exploration and production facilities			
	\$35 million	\$50 million	\$50 million
Onshore exploration and production facilities			
	None	\$20 million	\$20 million
Crude Oil Tank Vessels and Barges			
	TAPS = \$14 million, Non-TAPS = \$20 million. TAPS covered for an additional \$86 million per vessel.	\$500 million	\$100 million + @ \$300/bbl. capacity
Non-Crude Oil Tank Vessels and Barges			
	Tank Vessels = \$20 million, Barges = \$1 million	\$1 million up to \$35 million @ \$100/bbl. capacity	Same as the Resources version

CORRECTION

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

ALYESKA - HOW MUCH MORE?

CURRENT: 15,000 BBL/HR SKIMMING CAPACITY

CURRENT: 1,080,000 BBL IN 72 HR

HB 567: 1,800,000 BBL IN 72 HR

HOW MUCH MORE SKIMMING CAPACITY? 40 PERCENT

CONCLUSION: THESE COMPANIES DO BUSINESS IN BOTH NORTHERN EUROPE AND ALYESKA - BP, EXXON, AMOCO, MOBIL, PHILLIPS. THEY CAN AFFORD TO OPERATE AT HIGHER STANDARDS AND WITH MORE CLEAN UP EQUIPMENT IN NORTHERN EUROPE.

WHY NOT IN ALASKA?

AT RISK --

NORTHERN EUROPE VERSUS ALASKA

	<u>SCOTLAND</u>	<u>NORWAY</u>	<u>ALASKA</u>
NO. TANKERS	1 / 2	1 / 3	1 (900 / YR)
STORAGE (BBL)	1	1	1 (9 MILLION)
THROUGHPUT BBL/HR	1 / 2	1 / 3	1 (2 MILLION)

CONCLUSION: ALASKA PUMPING OIL TWO TO THREE TIMES FASTER THAN MAJOR TERMINALS IN NORTHERN EUROPE.

	<u>NORTHERN EUROPE</u>	<u>ALASKA</u>
SKIMMING CAPACITY BBL/HR	500,000	15,000
DEPOTS	40	2
LARGEST SKIMMER BBL/HR	13,000	25,000 PROPOSED

CONCLUSION: IN A GEOGRAPHIC AREA THE EQUIVALENT ALASKA, NORTHERN EUROPE HAS 35 TIMES MORE CLEAN UP EQUIPMENT ON HAND THAN ALASKA.

Financial Responsibility Requirements

TYPE OF FACILITY	CURRENT FINANCIAL RESPONSIBILITY REQUIREMENTS	HB 567 (Resources)	HB 567 (Finance) Proposed CS
Crude Oil Terminals			
> 10,000 bbl.	\$1 million up to \$50 million @ \$10/bbl. capacity	\$50 million	\$50 million
5 - 10,000 bbl.	None	\$50 million	\$50 million
Non-Crude Terminals			
> 10,000 bbl.	\$1 million up to \$50 million @ \$10/bbl. capacity	\$1 million up to \$50 million @ \$25/bbl. capacity	Same as the Resources version
5 to 10,000 bbl.	None	None	None
Offshore exploration and production facilities			
	\$35 million	\$50 million	\$50 million
Onshore exploration and production facilities			
	None	\$20 million	\$20 million
Crude Oil Tank Vessels and Barges			
	TAPS = \$14 million, Non-TAPS = \$20 million. TAPS covered for an additional \$86 million per vessel.	\$500 million	\$100 million + @ \$300/bbl. capacity
Non-Crude Oil Tank Vessels and Barges			
	Tank Vessels = \$20 million, Barges = \$1 million	\$1 million up to \$35 million @ \$100/bbl. capacity	Same as the Resources version

EXAMPLE OF EFFECT OF HB 567/SB504 ON DEMONSTRATION OF FINANCIAL RESPONSIBILITY

1. CURRENT STATUS:

1. Financial responsibility met via self-insurance evidenced by corporate assets.
2. Also maintains primary and excess liability insurance coverage in excess of the statutory requirements with insurance pool consisting of 15 underwriters and over 100 insurance entities.
3. Provisions of AS 46.04.040(e) [regarding requirement for insurance companies providing party evidence of financial responsibility to be subject to "direct action" in Alaska courts, appoint an agent in Alaska, and be authorized by the Division of Insurance] have not been of concern to due to the self-insurance.

2. PROPOSED STATUS:

1. Tesoro expects to carry as much as \$200 Million to cover largest tanker that may be chartered for transport of ANS royalty crude oil.
2. Tesoro can not self insure to the level of \$200 Million.
3. The insurance industry registered in Alaska does not have the capacity to underwrite \$200 Million in pollution liability requiring the majority (projected to be all amounts in excess of \$25 Million) to be obtained via the insurance pools whose members will not register for service in Alaska or any other state.
4. In the absence of a waiver, or little change in the level of financial responsibility requirements it is unlikely that Tesoro Alaska's insurance coverage will meet the requirements called for in these bills.
5. Compliance with this statute is a prerequisite to maintaining a permit to operate.

*Example of Tesoro Alaska Petroleum Company

 **SORIERO &
SEFFENS** INC.

April 18, 1990

Mr. Gene Burden
Tesoro Alaska Petroleum Company

Re: Insurance Companies admitted in Alaska

Dear Gene:

In light of recent proposed legislation in Alaska that may require evidencing financial responsibility for Pollution Liability we discussed the following:

1. Number of separate underwriters required on a given account;
2. Number of insurance companies licensed to conduct business in Alaska; and
3. Direct action by Alaskan government against underwriters.

We previously discussed the number of underwriters on any given large commercial account. Please refer to my letter of April 12, 1990, wherein I advised that a substantial number of underwriters are required in order to subscribe to any account needing high levels of insurance protection.

The main theme behind this letter is to focus on if Alaska requires evidence of financial responsibility which could be addressed by the procurement of insurance, whether the subscribing underwriters are admitted in Alaska, and would accept direct action against them.

As respects the number of insurers that are "admitted", which effectively means licensed to conduct business in Alaska, I consulted A.M. Best Company's Key Rating Guide for Property-Casualty Insurers and can confirm that there are a substantial number (over one hundred) of companies licensed in Alaska. Most of these are standard stock companies underwriting Automobile Liability, Workers Compensation and General Liability Insurance subject to Insurance Services Organization (ISO) forms. ISO is a national firm designed to promote uniformity in rating and policy wordings between states and insurers. Most companies subscribe to their rating structure and policy wordings as these have been tried and tested in court and provide a common ground for comparison.

Pollution Liability would be considered a coverage afforded under a General Liability placement but, unfortunately, the ISO form has a specific exclusion whereby coverage for Pollution incidents is virtually excluded. As such, this impedes our ability to obtain Pollution coverage from the standard stock companies.

Some companies, though, may delete this exclusion subject to an additional premium but then we are back to the dilemma of obtaining adequate capacity. I would suspect that sole use of these carriers would enable an insurance buyer to purchase only 25 Million in coverage. Consequently, the buyer would be required to access "non-admitted insurers". These underwriters offer abundant capacity but would not be amenable to direct action by the state.

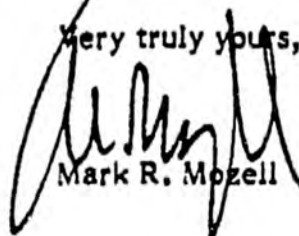


Mr. Gene Burden
April 18, 1990
Page 2

A direct action statute would be onerous for the buyer because underwriters typically will not agree to this since liability policies are written on an indemnity basis. In other words, the underwriters will reimburse the Assured once the Assured has paid the claim. By having direct action the underwriters effectively take the place of the insured and this violates the principal of indemnification. Ultimately, a direct action statute will reduce the number of underwriters that a buyer can access for Pollution Liability whereas to the contrary, if there is no direct action statute, adequate capacity for Pollution Liability will exist.

Gene, the above is a brief summary of the difficulties involved in obtaining Pollution coverage and agreement from underwriters for direct action. If you or any members of the House committee would like to discuss this further, I would welcome the opportunity to meet with you or them, or at least call them to hear their concerns.

Very truly yours,



Mark R. Mozell

MRM:dg

MRM-1727

EXXON COMPANY, U.S.A.

POST OFFICE BOX 196601 • ANCHORAGE, ALASKA 99519-6601

March 26, 1990

The Honorable Drue Pearce, Chair
Senate Special Committee on Oil and Gas
P. O. Box V
Juneau, Alaska 99801

Dear Senator Pearce:

This is in response to your recent request for information on vessel structural inspection procedures employed by Exxon Shipping Company (ESC), the U.S. Coast Guard, and the American Bureau of Shipping (ABS). The following information was provided by ESC.

The Coast Guard requires drydocking of tankers twice every five years, at which time all tanks are gas-freed and internal structural inspections made. These inspections are conducted by Coast Guard officers, ABS surveyors, and ESC and shipyard inspectors. The inspectors and surveyors are professionals, most with extensive structural inspection experience.

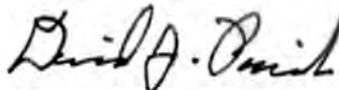
Between drydockings, the Coast Guard and ABS also require annual inspections, at which time a few critical tanks may be designated for inspection. If warranted by the findings in examined tanks, additional tanks are also inspected.

More frequent inspections are made by ESC inspectors who document any deficiencies found and have any necessary repairs made. Individual tanks are opened and gas freed for inspection. The tanks are filled with water at varying levels, and inspectors use a raft to inspect the internals. This is done on the U.S. West Coast, usually when other repairs on the vessel are being accomplished and where shoreside craftsmen with the necessary repair skills are available. Coast Guard inspectors and ABS surveyors frequently participate in these inspections.

Ship officers also inspect for structural problems when tanks are entered for other purposes.

These vessel inspection procedures are conducted by professionals and have proven to be very satisfactory. We believe the U.S. Coast Guard and the American Bureau of Shipping are in the best position to determine the type and frequency of inspections, particularly in view of their broad knowledge acquired in the inspection of thousands of vessels, both U.S. flag and foreign. If the state has concerns about the structural integrity of vessels, we strongly recommend they be resolved in cooperation with the Coast Guard, and not through an independent and costly effort by the state.

Sincerely,



David J. Parish

COMMENTS OF EXXON COMPANY, U.S.A.

TO

SENATE SPECIAL OIL & GAS COMMITTEE

ON

SB 503 AND SB 504

MARCH 6, 1990

GOOD EVENING. MY NAME IS MICHAEL SMITH AND I AM THE ALASKA AREA ATTORNEY FOR EXXON'S ALASKA OPERATIONS. I WELCOME THE OPPORTUNITY TO PROVIDE EXXON'S COMMENTS TONIGHT REGARDING SB 503 AND SB 504. ALTHOUGH THESE BILLS ARE BOTH PART OF THE ADMINISTRATION'S PACKAGE, THEY ARE IN REALITY QUITE DIFFERENT FROM ONE ANOTHER IN PURPOSE AND EFFECT. EXXON SUPPORTS REASONABLE LEGISLATION AIMED AT PREVENTION OF OIL SPILLS. WE ALSO SUPPORT IMPROVING THE STATE'S ABILITY TO EFFICIENTLY RESPOND TO ANY EMERGENCY.

THE ALASKA OIL SPILL COMMISSION STATED, IN ITS FINAL REPORT, THAT THE STATE'S RESPONSE TO THE EXXON VALDEZ ACCIDENT WAS MARRED BY BUREAUCRATIC CONFUSION. SENATE BILL 503 APPEARS INTENDED TO IMPLEMENT SOME OF THE COMMISSION'S RECOMMENDATIONS TO CORRECT THIS.

SB 503 PROPOSES CHANGES IN THREE MAIN AREAS: GIVING THE GOVERNOR SPENDING AUTHORITY OVER THE HAZARDOUS SUBSTANCE RELEASE FUND, GIVING THE DEC THE LEAD ROLE IN RESPONDING TO EMERGENCIES, AND STATUTORILY AUTHORIZING THE ALASKA STATE EMERGENCY RESPONSE COMMISSION.

WHILE THESE ARE OBJECTIVES THAT MAY NEED TO BE ADDRESSED, SB 503 IN ITS PRESENT FORM RAISES SOME QUESTIONS. OUR MAJOR CONCERN WITH THE BILL IS THAT IT UNFORTUNATELY LEAVES CONSIDERABLE ROOM FOR CONFUSION AS TO THE RESPECTIVE ROLES OF THE DEC AND THE DEPARTMENT OF MILITARY AFFAIRS, DIVISION OF EMERGENCY SERVICES. IN AN EMERGENCY, IT IS CRITICAL THAT ALL OF THE PARTIES INVOLVED, BOTH PUBLIC AND PRIVATE, UNDERSTAND WHO IS IN CHARGE OF WHICH ASPECTS OF THE RESPONSE EFFORT. THE OIL SPILL COMMISSION INVESTIGATION AND OTHER SOURCES HAVE DISCUSSED THE CONFUSION, AND TENSION THAT EXISTED BETWEEN DEC AND DES DURING THE VALDEZ EMERGENCY. THE

COMMISSION RECOMMENDS THAT DES, UNDER THE DEPARTMENT OF MILITARY AFFAIRS, HAVE THE CLEAR LEAD AUTHORITY IN THESE MATTERS. UNFORTUNATELY THE CURRENT LANGUAGE IN SECTIONS 3 AND 5 OF SB 503 RAISES A QUESTION AS TO "WHO'S ON FIRST?" HERE. SECTION 3 OF THE BILL SEEMS TO MAKE THE DEC LEAD AGENCY, YET THE LANGUAGE IN SECTION 5 APPEARS TO PRESERVE A SOMEWHAT INDEPENDENT ROLE FOR DES AND STATES THAT THE DEC SHALL COORDINATE ITS RESPONSE TO A CATASTROPHIC OIL DISCHARGE WITH THE DES EMERGENCY RESPONSE. THERE ARE NO GUIDELINES AS TO HOW DEC AND DES SHALL "CONSULT AND COORDINATE" IN EMERGENCY SITUATIONS. THUS, THERE IS STILL THE POTENTIAL CONFLICT BETWEEN THESE AGENCIES. EXXON BELIEVES THAT A CLEARLY DEFINED SINGLE LEAD STATE AGENCY OPERATING UNDER THE DIRECTION OF THE GOVERNOR IS THE APPROPRIATE METHOD TO DIRECT THE RESPONSE OF THE STATE TO AN EMERGENCY. IF IT IS AN ENVIRONMENTAL MATTER, THE DEC WOULD CERTAINLY HAVE A ROLE AS A SCIENTIFIC ADVISOR.

WITH REGARD TO THE GOVERNOR'S AUTHORITY OVER THE HAZARDOUS SUBSTANCE RELEASE FUND, THERE IS NO INDICATION IN SB 503 AS TO WHAT ROLE, IF ANY, THE LEGISLATURE SHOULD PLAY IN AUTHORIZING OR REVIEWING THE USE OF FUNDS. WE MERELY RAISE THIS POINT AS AN AREA WHICH THE COMMITTEE MAY WISH TO ADDRESS.

OVERALL SB 503 PRESENTS QUESTIONS WHICH ARE CRITICAL TO THE PROPER MANAGEMENT OF AN EMERGENCY. WITH SOME THOUGHTFUL CHANGES THIS LEGISLATION COULD SIGNIFICANTLY ENHANCE THE STATE'S RESPONSE CAPABILITY AND ALLOW IT TO WORK CONSTRUCTIVELY WITH ALL OTHER PARTIES INVOLVED. AS WRITTEN IT WOULD ONLY MAKE EMERGENCIES MORE DIFFICULT.

UNFORTUNATELY, SB 504 WILL NOT BE AS EASY TO REPAIR. THE APPROACH ADOPTED IN SB 504 IS FUNDAMENTALLY FLAWED. THE AVOWED GOAL IS PREVENTION OF POLLUTION, HOWEVER, IN REALITY THE ONLY WAY THAT THIS BILL MIGHT REDUCE THE RISK OF OIL SPILLS IN ALASKA IS BY DRIVING SOME OPERATORS WHO HANDLE OIL TO FORSAKE THE OPPORTUNITY TO DO BUSINESS IN THIS STATE. TAKEN AS A WHOLE, THIS BILL IS ENTIRELY UNREALISTIC. WHILE WE RECOGNIZE THE NEED FOR REASONABLE OVERSIGHT AND ENFORCEMENT AUTHORITY TO PROTECT THE ENVIRONMENT, SB 504 IS PATENTLY EXCESSIVE. EVEN THE LARGEST OPERATORS WILL BE UNABLE TO COMPLY WITH SOME OF THE PROPOSED REQUIREMENTS. IN ADDITION, OTHER SMALLER COMPANIES THAT PROVIDE VITAL SERVICES TO MANY OF THE STATE'S COMMUNITIES COULD FIND IT FINANCIALLY IMPOSSIBLE TO CONTINUE OPERATIONS.

WE HAVE FOUR SPECIFIC AREAS OF MAJOR CONCERN WITH SB 504. THE FIRST IS WITH THE VAGUENESS OF ITS LANGUAGE AND THE LACK OF MEANINGFUL DEFINITIONS IN THE BILL. THE SECOND IS THE SWEEPING POWER HANDED TO DEC WITHOUT EITHER LIMITS OR CLEAR LEGISLATIVE GUIDANCE. THIRD, IT SETS UNREALISTIC GOALS WHICH ARE VIRTUALLY IMPOSSIBLE TO ATTAIN, AND FINALLY, IT CONTAINS FINANCIAL RESPONSIBILITY REQUIREMENTS UNRELATED TO RELATIVE RISKS WHICH WOULD BE IMPOSSIBLE FOR MANY CURRENT SHIPPERS AND SUPPLIERS TO PROVIDE. WITH YOUR INDULGENCE, I WOULD LIKE TO TAKE THIS OPPORTUNITY TO BRIEFLY POINT OUT SOME OF THE PARTICULARLY TROUBLESOME PROVISIONS.

THE BILL WILL REQUIRE THAT ALL OPERATORS MAINTAIN ON HAND SUFFICIENT CLEANUP AND RESPONSE EQUIPMENT TO "RAPIDLY CONTAIN A REALISTIC MAXIMUM OIL DISCHARGE AND TO REMOVE THAT DISCHARGE WITHIN THE SHORTEST POSSIBLE TIME."

"MAXIMUM DISCHARGE" IS CAPABLE OF BEING VERY BROADLY DEFINED. FOR EXAMPLE, UNDER THE PROPOSED LANGUAGE THE DEC COULD DETERMINE THAT A REALISTIC MAXIMUM DISCHARGE FOR THE VALDEZ TERMINAL, FOR EXAMPLE, WOULD BE TEN OR MORE TIMES GREATER THAN THAT WHICH OCCURRED LAST YEAR. THERE IS SIMPLY NOT ENOUGH OIL SPILL RESPONSE EQUIPMENT IN THE ENTIRE WORLD TO SATISFY THAT REQUIREMENT. MOREOVER, EVEN IF THERE WAS THAT MUCH EQUIPMENT IN THE WORLD OR IF YOU DETERMINE THERE SHOULD BE, IT IS UNREALISTIC TO REQUIRE A STOCKPILE OF SUCH MAGNITUDE AT EVERY POINT WHERE SUCH A SPILL MIGHT OCCUR. THIS BILL WOULD REQUIRE THAT.

THE PROPOSED STANDARD IS MORE THAN UNREALISTIC; IT SIMPLY CANNOT BE ACHIEVED. WORST CASE SITUATIONS CAN ALWAYS BE ENVISIONED, AND SHOULD BE REASONABLY PLANNED FOR, BUT SOCIETY COULD NOT FUNCTION IF REQUIREMENTS SUCH AS THESE WERE IMPOSED IN EVERY ASPECT OF OUR LIVES. THE OIL SPILL COMMISSION FOUND THAT "PREVENTION IS THE ONLY WAY TO PROTECT THE OCEANS AND COASTLINES FROM OIL SPILLS." THE PROPOSED BILL CONTRIBUTES ABSOLUTELY NOTHING TOWARD THE GOAL OF PREVENTING AN OIL SPILL, INSTEAD IT DEMANDS CLEANUP AND RESPONSE CAPABILITIES WHICH CANNOT BE MAINTAINED. OTHER ASPECTS OF THE BILL ARE SIMILARLY FLAWED. THE DEC ALREADY HAS MORE THAN AMPLE AUTHORITY REGARDING THE APPROVAL AND MONITORING OF CONTINGENCY PLANS, INCLUDING THE AUTHORITY TO REVOKE APPROVED PLANS UNDER APPROPRIATE CIRCUMSTANCES. WE SUGGEST THAT ATTENTION SHOULD BE DIRECTED TOWARD ENCOURAGING AND ASSISTING DEC IN THE PERFORMANCE OF ITS EXISTING DUTIES, NOT GRANTING IT ADDITIONAL UNWIELDY AND VIRTUALLY UNLIMITED POWER AS SECTION 1 OF THE BILL WOULD DO.

THE LOGIC BEHIND THIS PROPOSAL IN SECTION 4 THAT THE DEC BE GIVEN AUTHORITY TO INSPECT TANK VESSELS FOR "STRUCTURAL INTEGRITY" IS DIFFICULT TO UNDERSTAND. THE DEC HAS NO CAPABILITY OR EXPERTISE IN THIS AREA. IT WOULD HAVE TO HIRE SEVERAL ADDITIONAL EXPERTS, INCLUDING STRUCTURAL ENGINEERS AND NAVAL ARCHITECTS. A MEANINGFUL INSPECTION PROGRAM FOR THE STRUCTURAL INTEGRITY OF TANKERS, FOR EXAMPLE, ALSO WOULD REQUIRE DRYDOCK FACILITIES WHICH CURRENTLY DO NOT EXIST IN ALASKA. PERHAPS MORE SIGNIFICANTLY, AS REGARDS TANKERS, THIS AREA IS CURRENTLY WITHIN THE EXCLUSIVE JURISDICTION OF THE UNITED STATES COAST GUARD. THE COAST GUARD DOES HAVE THE NECESSARY EXPERTISE. MOREOVER, THIS INSPECTION BY DEC, WHILE IT WOULD BE COSTLY, LARGELY REDUNDANT, DISRUPTIVE AND TIME CONSUMING, WOULD CONTRIBUTE NOTHING TOWARD PREVENTING OIL SPILLS.

FINALLY, THE FINANCIAL RESPONSIBILITY REQUIREMENTS PROPOSED IN SECTION 2 DO NOTHING FOR PREVENTION, AND THE COSTS COULD BE PROHIBITIVE FOR CERTAIN SHIPPERS, CARGO OWNERS, AS WELL AS THE LOCAL SUPPLIERS AND BARGE OPERATORS THAT PROVIDE CRITICAL SUPPLIES TO MOST ALASKAN COMMUNITIES.

THESE ARE BUT A FEW OF THE MORE NOTABLE REASONS WHY SB 504 SHOULD NOT BE PASSED INTO LAW. TAKEN AS A WHOLE, THE BILL OFFERS NOTHING WHICH WOULD ACCOMPLISH THE PRIMARY GOAL IDENTIFIED BY THE OIL SPILL COMMISSION - PREVENTION. EXXON AGREES WITH THE COMMISSION THAT PREVENTION IS THE BEST AND MOST REALISTIC WAY TO AVOID ENVIRONMENTAL DISASTERS. WE ARE WILLING TO WORK WITH ALL APPROPRIATE GOVERNMENTAL AUTHORITIES TO ACHIEVE THAT COMMON GOAL.

1-23-90 Testimony of Daniel Lawn
Before the House Resources Committee

Mr. Chairman

In 1973 I received a Bachelor of Science degree in environmental resources engineering from the University of California at Humboldt.

In the fall of 1973, I joined Fluor Engineers and Constructors, the prime design and engineering management contractor for the Valdez Marine Terminal. After spending a year in the civil design and project engineering section in the LA area, I was one of the 1st two people Fluor sent to Valdez as their construction start up team.

From May 4, 1974 to March 1977, I was a field engineer/civil supervisor for Fluor at the Valdez Marine Terminal. My primary responsibilities included oversight of construction activities of the prime Earth work contractor.

I joined the Department of Environmental Conservation as an Environmental Engineer III in August of 1977, shortly after oil began flowing through the Trans-Alaska Pipeline System.

As requested; I am prepared to give you my impression from a field perspective of the Valdez Office's role in the oversight of

the Alyeska Marine Terminal. Our basic experience has been that the harder we worked, the more we found, the more difficult access to the terminal became. But let me first give you some background.

In the early days, my chief duties were the development and implementation of the field activities as they related to the Tanker Inspection Program at Valdez. In addition, I responded to most of the oil spills at the Valdez Marine Terminal, where I observed Alyeska's Contingency plan in action. I documented, analyzed and reported on the adequacy of their response.

At that time, the Prince William Sound District Office was a regional office with as many as 5 field positions and 1 clerical position.

As I recall, two positions were sole Alyeska oversight with reimbursable funding. Two other positions covered other Departmental programs and the regional supervisor's position which primarily interfaced with Alyeska Management, the several community leaders in Prince William Sound area, and other department oil program development, management and administrative functions.

In 1979 with the demise of Alaska's tanker safety program some planned positions for Valdez never became a reality. The Prince

William Sound Regional Office was downgraded to a District Office and one position was transferred to Anchorage; and the other was never filled.

Since that time, the Valdez District Office has had 3 field and one clerical position.

In addition, funding sources changed and all the positions started working in all program areas (DW, WW, AQ, SAN, OIL, etc). There was no position dedicated solely to Alyeska oversight, so oversight of Alyeska suffered and became almost non-existent or cursory at best.

In 1981 I was appointed the District Engineer/District Supervisor which was an additional work load.

In 1982 during an Alyeska Contingency Plan review, field staff used the first 5 years of oil spill response and clean up observations to say Alyeska's cleanup response was inadequate and their skimmer capacity highly overrated.

In 1984, I wrote two memos which described in some detail a general "disemboweling" of the Alyeska trained cleanup team and documented broken down clean up equipment.

From 1977 up to this period, 1984, Valdez field staff had

relative easy access to the Terminal although not enough time or energy to spend much time there.

In 1985 the Department began responding to allegations that there were serious problems at the Valdez Marine Terminal.

A good portion of the Valdez Field staff's workload was reassigned and increased so that we had an increased presence at the Terminal. I became the Department's principal investigator in Valdez.

This investigation has taken place over several years and covered many topics. One of which was a monumental undertaking of reviewing thousands of pages of reports and documents concerning the ballast treatment plant. The Valdez field office staff's knowledge and understanding of the system allowed us to evaluate some of these reports. Our work helped the Department set new discharge limits in the NPDES permit.

Also during this time the Department undertook another review of the Alyeska Contingency Plan. This review was hampered by the resistance of Alyeska to make changes in their plan and to drastically improve implementation of the plan. This delaying and resistance turned a few week process into an 18 month exercise.

Since 1983 when the Department began to investigate these several allegations, it seemed to all the Valdez field staff that the harder we worked, the more we found, the more we found, the more difficult access to the terminal became. The restricted access delayed entry onto the terminal to a point that on some occasions field staff were unable to carry out inspections.

I can give you some examples:

In 1986, Valdez field staff documented access problems over a 16 day period. During that time the staff made over 70 phone calls to Alyeska to schedule the 28 trips to the terminal. About 1/3 of the trips were for unannounced compliance sampling, 1/3 for spill response, and 1/3 related to oversight of the Ballast Water Treatment Tank cleaning sludge removal process.

Department staff lost almost two man days trying to contact Alyeska to schedule visits. After the visits were scheduled, we lost 1/2 day waiting at the gate. We lost another 1 1/2 days being taken or directed to go somewhere other than where we needed to go.

In addition, on several occasions we were prevented from inspecting certain activities for several hours (2-4) and in one case that delay was over 20 hours. On more than one occasion the delay actually prevented the inspection due to other commitments.



SENATOR FRED F. ZHAROFF
ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:

P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

17 April, 1990

MEMORANDUM:

TO: Senator Drue Pearce, Chair
Senate Oil and Gas Committee

FROM: Senator Fred Zharoff *FZ/P.T.*

I have recently spoken with a number of oil terminal facility operators who have very serious concerns about the financial responsibility requirements contained within SSSB 504. As your committee continues its deliberation on this measure, I trust you will consider the potential financial burdens this bill, as presently written, would impose on the industry. For your review I have included a copy of a fax I recently received from Nushagak Electric Cooperative explaining their perspective on this proposal.

Thank you for your consideration of this matter.

**ALASKA****NUSHAGAK ELECTRIC CO-OPERATIVE, INC.**

P.O. BOX 350
DILLINGHAM, ALASKA 99576

TELEPHONE (907) 842-5251
TELECOPIER (907) 842-2799

TO: Senate Oil and Gas Committee

FR: *David F. Bouker*
David F. Bouker, General Manager

DT: April 9, 1990

RE: SSSB-504

My name is David F. Bouker. I am the general manager of Nushagak Electric Cooperative, Inc., a small non-profit electric utility serving the Bristol Bay communities of Dillingham and Aleknagik.

The part of this bill that gives cause for concern is that section which modifies AS 46.04.040 titled, "Proof of Financial Responsibility."

At this time, an oil terminal operator of a facility with 10,000 barrels of storage, or greater, is required to show ability to self insure or to have an insurance policy of \$1 million to indicate proof of financial responsibility for a spill during transfer operations. Our plant capacity is 25,333 barrels. The policy vehicle we currently have in force is written by Lloyds of London and costs us over \$21,000 per year.

The proposed bill would increase the required coverage from \$1 million to \$10 million. An increase of tenfold. We had extreme difficulty in obtaining the existing policy because no U.S. carrier would touch it. Our net worth is less than \$2 million, and I do not believe that we are insurable for anything over that amount.

We are located north of Dutch Harbor and this means that we can only receive fuel during the summer months. Therefore, we have to have the storage capacity to carry us through from September to May or June. Other communities such as Naknek, Bethel, Nome, and Kotzebue are in much the same position. This bill would also impact the local wholesale distributors. If the insurance coverage requirements increase tenfold, you can be assured that the attendant costs of that insurance will mean substantial increases in cost of power (which the state may help finance through Power Cost Equalization), heating fuel, and gasoline to those rural communities already beset by extremely high cost of living standards relative to the railbelt area.

Senate Oil and Gas Committee Memo
David F. Bouker
Page 2
April 9, 1990

I would like to propose several alternatives:

1. Keep the financial responsibility requirements at their present level for small isolated communities. They have not contributed to the Prince William Sound spill but are seemingly being penalized for it.
2. Increase the exemption or floor to 50,000 barrels of refined products so that the impact of increased financial responsibility on rural areas could be minimized.
3. Establish a state-run financial responsibility pool whereby all terminal operators would have to contribute, and this would help to mitigate impact of increased costs to small communities while building a reserve to cover emergencies. This would seem to make a lot more sense than requiring local communities to put up substantial sums of cash in order to purchase insurance from some foreign entity.

Last, but not least, SSSB-504 requires (lines 24, page 5) that each barge carrying from 10,000 to 49,999 barrels of non-crude oil carry \$1 million of financial responsibility insurance. What this means is that the local communities are required to go out and purchase ten times the insurance that is required of the barges that bring us our fuel. We get two barges a year and the greatest amount of exposure is limited to the transfer operations from the barges to our tanks. From our perspective, it does not appear that the \$10 million insurance requirement is really equitable.

Therefore, we would appreciate your critical review of this bill.

Thank you.

(lwb:reports\SB504)

504 file w/ Jones' memo

TO: Senator Pearce, Chair
Special Committee on Oil & Gas

FROM: Walter B. Parker, Chairman
Alaska Oil Spill Commission

SUBJECT: Letter to Senator Jones from Boyer Towing
of March 9, 1990 on SB504 and SB432

In reference to the comments on SB504 the administration failed to interpret our recommendation 14 correctly. We call for the state to "renew and strengthen its authority to conduct inspections and spill response drills in vessels calling at Alaska ports and marine terminals." The administration focussed on structural integrity for reasons not known to me. We intended that the state would have the right to inspect vessels as necessary as they did in the period 1977-79. This is to back up Coast Guard inadequacies in those areas as we point out in our explanation.

Structural inspections are a part of this which it may or may not be necessary to implement, but it is necessary for the state to have that right. Our record indicates as I have submitted in oral and written testimony to your committee a dismal failure on the part of the coast Guard on the Valdez traffic for many reasons. Our perception is that the industry is substantially underregulated and under inspected and has been since 1982.

This item is the single most important part of all three of the Governor's bills. Everything we found in the record since 1977 substantiates this. It is intended to focus on Valdez where 95% of the oil movement in the state is located. The other 5% can be left to the normal workings of the Coast Guard and DEC for now. It is not the problem. We need the four inspectors back in place in Valdez. I would look to early retirees from the Coast Guard or the Merchant Marine for initial recruitment.

Regarding SB432 I do not recall us making any recommendations that address the freezing of assets in the event of a spill. The nearest we came is probably recommendation 21 which would require insurance policies to name the State of Alaska as an additional insured or named beneficiary.

ALASKA STATE LEGISLATURE

MAR 19 1990

While in Ketchikan
352 Front Street
Ketchikan, AK 99901
907-225-9675



While in Juneau
P.O. Box V
Juneau, AK 99811
907-465-3743

Senator Lloyd Jones

MEMORANDUM

FROM: Senator Jones *LJ*

TO: Senator Pearce, Chair, Special Committee on Oil & Gas
Senator Fahrenkamp, Chair, Resources Committee
Senator Faiks, Chair, Judiciary Committee
Senator Uehling, Co-Chair, Finance Committee
Senator Binkley, Co-Chair, Finance Committee

DATE: March 16, 1990

RE: A letter with information on SB 504 and SB 432.

Enclosed is a letter with a few important points regarding two pieces of "oil spill" legislation. Boyer Towing is a maritime transportation company with a good reputation for service in Southeast Alaska and I hope that you will consider this letter when deliberating on this legislation.

BOYER TOWING INC.
P.O. BOX 8000
KETCHIKAN, ALASKA
99901
907-225-2090

March 5, 1990

Senator Lloyd Jones
P.O. Box V
Juneau, AK 99811

Dear Senator Jones

I have recently reviewed several pieces of pending legislation related to oil spills, spill contingency planning, spill liabilities, etc., to determine how they will impact our company. In reviewing these proposals, I find myself taking particular exception to SB 432 in it's entirety and to a provision of SB 504 which would assign authority to a state agency to "examine the structural integrity of tank vessels and oil barges."

I will speak first to SB 504. My specific objections to state agencies being allowed to "examine" oil vessels for structural integrity are that it is patently unfair to one segment of the marine industry, and it exposes one type of already heavily inspected and regulated watercraft to the dubious expertise of state inspectors, while ignoring the potential for environmental disaster from other maritime sources.

As you may know, tank vessels and barges under the U.S. flag are currently one of the most heavily regulated and thoroughly inspected classes of vessels in the world. For example, Boyer Towing owns and operates two relatively small tank barges hauling refined oil products. Both of these barges are inspected by the U.S. Coast Guard and the American Bureau of Shipping at least annually. Frequently, because of the myriad of rules governing these vessels, they end up being examined by these two entities on a more frequent than annual basis. As part of the regulatory processes established by these organizations, our oil barges are under continuous technical evaluation as to their structural integrity and operational condition.

The single sentence establishing the examination requirement in SB 504 will, of necessity, require the state to hire new personnel with the professional competence to make judgements as to naval architecture, naval engineering, and vessel dynamic stability. With the exception of a few employees of the Marine Highway, none of the above currently exist in any state agency, and especially not within the Department of Environmental Conservation.

Both the Coast Guard and American Bureau of Shipping use inspectors with these kinds of qualifications, yet both encounter difficulty in attracting and retaining people with these credentials despite their ability to provide broad experience, a wide variety of work locations, and highly refined technical support and training. It is laughable to think that the State of Alaska, with its ever declining resources, would be able to attract and retain inspectors with equal or greater competence to those in the Coast Guard and ABS. Consequently the State of Alaska would saddle industry with inspection personnel of lower competence than those already inspecting our vessels, with a net lack of any gain in vessel safety or reliability.

Additionally, this requirement will mandate that the state expend ever reducing revenues to create entirely new regulations for the guidance of both "inspectors" and industry. It will also require establishing procedures and logistics for conducting these "examinations".

I believe that there are significant threats to the environment posed by other vessels which are not proposed to be "examined". To illustrate, let me compare one of these classes of vessel to our barges. The ~~foreign flag passenger vessel~~ **ROTTERDAM** travels upon the territorial waters of Alaska at least as frequently as our oil barges. Unlike our barges, the ROTTERDAM's activities are concentrated during the seasons of highest marine traffic activity when the risk of collision and grounding is highest.

The **ROTTERDAM** carries more oil onboard than both of our barges combined. The ROTTERDAM carries huge quantities of "heavy marine fuel oil". This oil is environmentally more dangerous than the diesel oils and gasoline carried aboard our barges. The crew of ROTTERDAM is made up of a small nucleus of highly skilled Dutch officers who oversee a very large number of low skilled, poorly trained, and poorly paid crew members, most of whom are from third world nations, many of whom cannot speak English. ROTTERDAM, like all foreign flag vessels, is not subject to standards of inspection equal to those applied to U.S. flag vessels. Finally, ROTTERDAM is operated by the same company and in the same manner as another famous Alaska maritime disaster, the PRINCENDAM, which would have become an environmental disaster had the owners succeeded in its badgering the Coast Guard for permission to tow the sinking hulk into Sitka Sound.

In my professional opinion, foreign flag cruise vessels carrying thousands of barrels each of heavy fuel and other oils, operated by foreign interests using marginally competent crews, pose a much larger threat to the environment than any of our barges.

In spite of the obvious threat to the environment posed by foreign flag cruise ships, as well as other classes of vessels such as the rapidly growing fleet of unregulated and uninspected large fishing ships using our waters, the state proposes "examining" only tank vessels and oil barges. This targeting of one class of watercraft completely ignores the potential serious threats posed by other types of vessels, and is an obviously short sighted "knee-jerk" reaction to the EXXON VALDEZ disaster.

I would be the last person to trivialize the dangers posed by tank vessels. I have seen enough during my career in the maritime industries to be fully aware of the health, safety, and environmental threats inherent in transportation of oil. However, establishing "examinations of the structural integrity" of tank vessels by state agencies is discriminatory, expensive, impractical, and a needless attempt to usurp the existing responsibilities of other organizations legally charged with establishing standards for maritime safety.

It makes no sense to me that the state would waste so much time and treasury in order to accomplished only an impediment to one segment of maritime commerce with virtually no reduction in the total threat to the environment posed by the industry as a whole.

In speaking to SB 432, I can't quite comprehend how this measure would be fairly applied in the event of an accident, especially, given the current belligerent attitude of elected and appointed state officials toward those of us transporting oil products by sea.

I believe that if SB 432 were currently law and our company were to suffer an accidental oil spill, the present ~~administration would very quickly move to freeze our assets~~ with little if any justification or logic, and no regard for potential impacts to our customers or our ability to continue in business. This may not be the case under a different administration, but I believe that this proposal would only serve as a weapon to be wielded wildly by the current administration.

Being a realist and recognizing that accidents can happen, I have to assume that our company may eventually experience an accident resulting in a discharge of oil. This being said, I must also state that our company is a good corporate citizen of this state which does not shirk it's obligations. We take precautions to prevent accidents, maintain our vessels in excellent condition, employ the most reliable people we can find, comply with requirements for contingency planning, and impose very conservative operating restrictions on our vessels, with a view toward safety rather than speed.

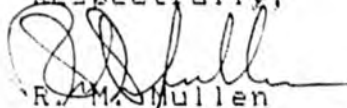
Unfortunately, the political atmosphere in this state is such that if we were to suffer an accidental release of oil, I have no doubt that ~~we would be treated as criminals~~ regardless of any actions we have taken to prevent accidents, from happening or any actions we would take in mitigating the effects of an oil spill.

With all of the other increases in penalties, fines, prohibitions, and insurance levels contained in the other pending legislation I have reviewed, SB 432 conveys the impression that the state is establishing a punishment system which will get the attention of the oil companies. However in it's attempts to send a message to the "big bad oil companies" the state is removing all incentive for a company like ours to continue providing our traditional oil delivery service. Additionally, the state is removing incentives we may have had to upgrade our existing fleet with newer and more sophisticated oil barges.

Simply said, we are receiving the message that the State of Alaska seems to be sending. That anyone engaged in the transportation of oil should automatically be considered as a criminal before the fact so that circumstances surrounding an oil spill will not get in the way of predetermined punishment.

~~I encourage you to seek the removal of the "examination" provision of SB 504 and to work toward the defeat of SB 432.~~

Respectfully,



R. M. Mullen
Marine Superintendent

OIL SPILL RESPONSE PLANNING

OIL SPILL RESPONSE PLANNING

1. What Standard of Performance Should be used for Spill Response Planning?

The State of Alaska is preparing a standard that would require ports and facilities throughout the state to have available enough equipment to remove the total contents of a vessel or tanker, from the water within 72 hours.

This paper demonstrates, by comparing Alaska's proposed requirements with those established in Norway, that these proposed standards would place a crippling financial burden upon all communities in the state and will, in the case of Prince William Sound, require so much equipment to be on site that it could not all be deployed in the event of a spill.

2. A Methodology to Compare Various Spill Contingency Plans.

To compare oil spill contingency plans all items of equipment must be considered, i.e., skimming capacity attendant boats and tugs, storage capacity for recovered oil, boom, manpower, etc.

Skimmers are normally rated by their "nameplate capacity". The actual quantity of oil a skimmer will pick up depends upon weather, encounter rate with the oil, temperature age of the oil, etc. For planning purposes 30%-35% of the nameplate capacity is a good indication of actual recovery rate.

Alyeska Pipeline Service Company has analyzed the private and government spill response organization in Norway. Using the Norwegian "Oil Recovery System" as a standard, the cost and efficiency of the programs proposed by the State of Alaska can be measured.

Frequent comparisons have been made between the Valdez Marine Terminal and Sullom Voe in the Shetland Isles. Statistics from both are included in Appendix I.

3. Analyses of Norwegian Oil Spill Plans.

In Norway the State Pollution Control Authority (SFT) holds oil spill equipment at 12 contingency bases around the Norwegian coast. (See Appendix II)

An oil industry cooperative with 13 members, NOFO, maintains equipment at five coastal locations to deal with off-shore spills in the North Sea production areas. (See Appendix II)

The Standard of Performance set by the Norwegian Government for NOFO to meet is:

- a. Be at scene of spill ready to deploy equipment within 24-48 hours depending upon the area.
- b. Enough equipment must be on-site to remove 8000 tonnes of oil (56,000 barrels) within 24 hours. (See NOFO plan, section 6.2)

Norway requires that NOFO have the capability of getting four independent "Oil Recovery Systems" to the oil spill in order to meet the Government's Standard of Performance.

Each Oil Recovery System consists of a large tug/oil field work boat, a smaller tug, oil storage capacity, 2000-foot boom, and a Transrec skimmer.

(The Transrec skimmer is state-of-the-art design and is designed for use in Northern waters.)

4. Estimated Performance and Cost of a Complete "Oil Recovery System".

Using the Norwegian Government's figures the "Oil Recovery System" will recover and store 42,000 barrels of oil in 72 hours.

The estimated cost of each "Oil Recovery System" for operation in Alaskan waters using Jones Act shipping:

- a. Capital cost Transrec unit \$1 million
and 2000 feet ocean boom,
plus ancillary equipment.
- b. Daily hire payments for \$10,000 per day
one large off-shore tug,
one smaller tug and a 60,000
barrel oil storage barge
(including cost of 20-man
crew to operate tugs and
system).

Note: The daily hire costs may be reduced if the tugs and barges can be used for other tasks.

5. Proposed Alaskan Standards.

The standards proposed by DEC in SB504 would require a facility to have sufficient oil spill equipment available to clean up the total contents of the largest vessel within 72 hours.

Using the Norwegian System as a unit of clean-up capacity, terminals in Alaska would have to have the following equipment available:

Area Ports	Largest Tank Barge (barrels)	Number of Oil Recovery Systems	Number of Men	Estimated Cost	
				Capital (\$ million)	Annual Operating (\$ million)
Southeast & Western Alaska	100,000*	2+	40	\$2.0	\$7.3
Cook Inlet	420,000	10+	200	\$10.0	\$36.5
Valdez	1,800,000	40+	800	\$40.0	\$146

* Largest vessel capacity for carriers ranges from 48,000 bbls to 148,000 bbls.

It is submitted that this level of equipment and cost is far in excess of what was envisaged by the drafters of the proposal.

The Norwegian equipment used for this comparison is one of the largest swimming systems available. Although there have been discussions of very large skimming units such as ARCO's Big Gulp, these units are not yet constructed and their technology has yet to be proven. There are many questions to still be answered before such a large skimmer is shown to be superior to existing ones, especially when maneuverability and safety in confined waters is considered.

6. An Alternative Standard of Performance.

A standard must be developed that can be used in all ports throughout the state. This standard must reflect not only the amount of skimming capacity, boom and recovered oil storage systems, but must take oil spill prevention measures that have been put in place in that port into consideration.

7. Risk Assessment Study.

It is therefore proposed that a full Risk Assessment for each terminal is undertaken which will reflect the Oil Spill Prevention programs in place at that facility.

From this study, the probable catastrophic oil discharge for the terminal can be calculated. "Probable catastrophic oil discharge" means the largest oil discharge, based on a statistical analysis of historical records, giving proper weight to the results of risk assessments and prevention measures undertaken, that would be expected to occur during the lifetime of the vessel or facility based on the size, location, capacity and operational record of the vessel or facility or on the experience of similar vessels or facilities.

It is this "probable catastrophic oil discharge" figure that should be used in the development of on site equipment requirements for spill plans.

APPENDIX I

Alyeska and Sullom Voe Oil Spill Equipment

TOTAL ALYESKA EQUIPMENT
(in place or on order)

SKIMMERS

Barrels/Hour

SERVS	12 Sea Skimmer 50	4,200
	2 Transrec	4,000
	1 Wierboom	4,500
	1 J.B.F.	1,100
	2 Marflex Arms	4,200
TERMINAL	2 Vikomma 100	1,400
	8 Komara	700
	Various	500
Total		20,600

BOOM

Feet

SERVS Boom (including hatchery storage)	160,000
Terminal Boom	45,000
Total	205,000

Barrels Capacity

RECOVERED OIL STORAGE

450,000

OIL SPILL CONTINGENCY EQUIPMENT

	Alyeska	Sullom Voe
Total Boom (feet)	200,000+	15,700
Nameplate Skimmer Capacity (barrels/hour)	20,000+	2100
Oil Storage Capacity (barrels)	450,000+	11,500
Area of Operation	Prince William Sound	Sullom Voe

NOTE: Nameplate capacity cannot be directly related to actual performance. Clean Up capability is greatly affected by amount of oil, wind, and sea conditions.

APPENDIX II

Norwegian Oil Spill Equipment

APPENDIX II

Norwegian Oil Spill Equipment

	<u>Boom</u>	<u>Skimmers</u> <u>Nameplate</u> <u>Capacity</u>
State Owned	97,000 ft	16,000 bph
Industry Owned	28,000 ft	26,600 bph
Total	125,000 ft	42,600 bph

STATE POLLUTION CONTROL AUTHORITY (SFT)

Address: Statens Forurensingstilsyn
PO Box 8100 Dep
N-0032 Oslo 1
NORWAY

Contact Numbers:

SEE SECTION 1A

Equipment: - 12 contingency bases at coastal locations;
- 10,800 m offshore boom;
- 19,000 m inshore boom;
- 69 skimmer units, 49 separate pump units; *Nominal Skimming capacity = 16,000 bbls/hr*
- SFT owns 10 vessels with oil recovery equipment on board and 4 coastal support vessels;
- 4 large oil recovery vessels (trawlers) under contract;
- agreements with shipping companies re supply vessels, tugs;
- 1 spotter plane.

Personnel: - advisory staff and own operators/vessel crews;
- contract vessel crews.

Mobilization time: - No claims made.

Release of equipment: - If a spill occurred outside Norwegian waters, the SFT would normally only release their equipment in response to a request from another government (eg under the terms of the Bonn Agreement or NORBRITPLAN).

However, if there were a potential threat to the Norwegian coast, the SFT might well permit the release of their own or NOFO resources to assist an oil operator in another sector of the North Sea.

If the SFT were to release equipment, it would normally be operated by their own personnel or contract vessel crews.

SEE FOLLOWING PAGES FOR INVENTORY AS OF SUMMER 1989

IOE/89/870/Annexe

December 1989

(SFT)

Beredskapsplan — Akutt forurensning.

Generell del.

Kap.: 10 VEDLEGG - "02"

Side: 1 av 2

RESSURSER/OV-UTSTYR (Resources/oil recovery equipment)

LENSER (m) (Boom)

TYPE/DEPOT (Bark)	a (m)	1 H	2 K	3 S	4 B	5 A	6 Ø	7 S	8 B	9 L	10 T	11 H	12 V	Tot
Expandi 3000	150	2	2	2	2	2	2	2	2	2	2	2	2	24
Expandi 3000	200	1	1	1	1	1	1	1	1	1	1	1	1	1
Expandi 4300	200	7	2	-	2	2	2	-	2	2	2	-	2	23
NOAS KL 60	200	1	-	-	-	-	-	-	-	1	-	-	-	2
ombygget KL 60	200	2	-	-	-	-	-	-	-	-	-	-	-	2
NOAS KL 80	200	4	4	4	4	5	4	4	4	3	5	4	4	49
ombygget KL 8	200	-	-	-	-	-	-	-	-	1	-	-	-	1
Trailboom 1500 N	110	2	2	2	2	2	1	2	1	1	2	2	1	20
Trailboom 1500 G	110	1	-	-	-	-	1	-	1	1	2	2	1	14
Sea Serpent 2000 N	100	4	7	2	7	8	4	7	4	3	8	7,5	4,5	66
Sea Serpent 2000 G	100	4	-	5,5	-	-	3	-	3,5	-	-	-	2,5	18,5

OPPTAKERE/PUMPER (stk) (Skimmer + pumps)

	å (m ³ /t)	1	2	3	4	5	6	7	8	9	10	11	12	Tot
Foxtail 2-9		1	1	-	-	-	1	-	-	1	1	-	-	5
Foxtail 4-9		2	-	1	1	-	-	1	-	-	1	-	-	6
Foxtail 9-14		2	-	1	-	2	-	-	-	-	-	-	-	5
Walosep W3	80	1	-	1	1	1	-	1	1	-	1	-	-	7
Walosep W1	20	-	1	-	-	-	-	-	-	-	1	-	-	2
Komara mini-skimmer	8	2	1	1	1	1	1	1	2	1	3	1	1	16
OMI Oil mop	10	1	1	-	1	1	-	1	1	-	1	1	-	9
CSI Oil mop	10	1	-	1	-	-	1	-	-	1	-	-	1	5
Sandvik band	50	1	-	1	-	-	-	1	-	-	1	-	-	4
GT 185	40	1	-	-	-	-	1	-	-	-	-	1	-	3
Grabb	-	1	-	1	1	-	-	1	-	-	1	1	1	7
Framo Tk 6	500	2	-	-	-	-	-	-	-	-	1	-	-	3
Framo Tk 5	200	3	-	-	-	-	-	-	-	-	-	-	-	3
Framo Tk 3-4	30	-	-	2	-	-	-	-	-	-	-	-	-	2
Thune Eur.														
CCN 150	500	3	-	-	-	4	-	-	-	-	1	-	-	8
Karmøy pumpe	100	-	-	1	-	-	-	-	-	-	-	-	-	1

* 1 stk. OMI Oil mop på Svalbard.

Utg. no.: 2	Erst. no.: 1	Rev. av: HTH	Gjort. av: KK
Dato: 31.5.87	Dato: 12.9.84		

SFT

DE
STATLIGE
DEPOTER

515
OIL SPILL
CONTINGENCY DEPOTS



Statens forurensingstilsyn

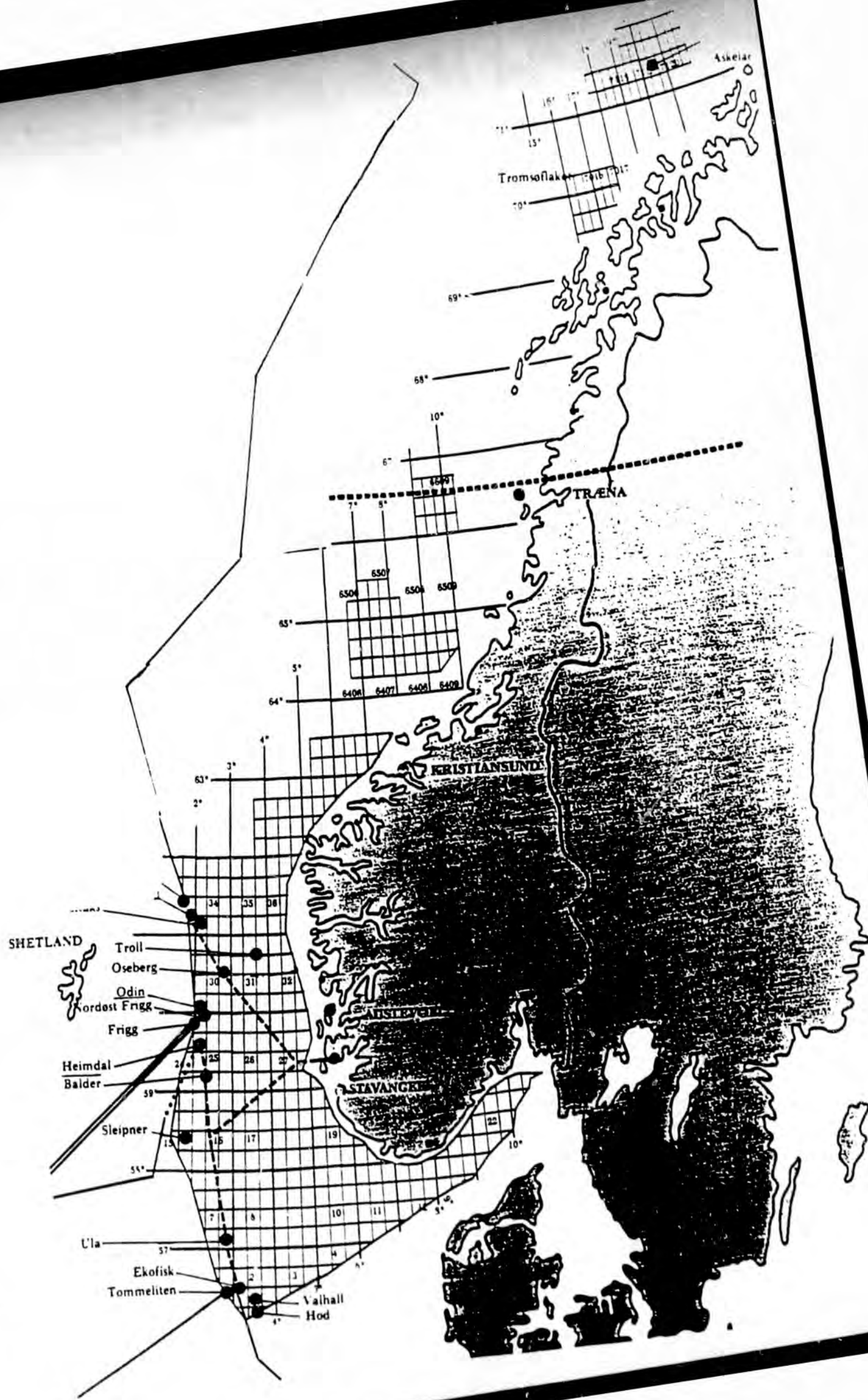


Hovedstasjon for oljevern
HORTEN

Moloveien 7,
Postboks 125
3191 Horten
Telefon (033) 44 161
Telex 21610-SFT-HS-N 70519
Telefax (033) 44-161 44257

NOFO (Norsk Oljevernforening For Operatorselskap)

- Type of organization: - oil industry co-operative with 13 member companies, including BP.
- Address and Contact Numbers: - SEE SECTION 1B
- Response capability: - emphasis on mechanical recovery equipment for offshore use;
- 8,000 t/day in Norwegian Sector of the North Sea (in line with government requirements), with 1 vessel/recovery system to be at spill scene within 24 hours and 3 further systems on site within 48 hours.
- Can assist clean-up operation in UK Sector of North Sea subject to SFT/Norwegian government approval.
- Equipment: - held at 5 coastal locations, viz STAVANGER/AUSTEVOLL/KRISTIANSUND/TROENA/HAMMERFEST;
- 8,750 m offshore boom;
- 14 Framo NOFO Transrec combined oil recovery and transfer systems; *Nominal skimming capacity = 26,600 bbls/hr*
- agreements with operating companies covering 14 oil recovery vessels, specially equipped and with minimum tank capacity of 1,000 m³;
- direct contracts to make available 20 towing vessels;
- all equipment is very advanced and well maintained.
- Personnel: - 105, including 85 standby operators/crew.
- Mobilization time: - depends on vessel location, ca 3 hours if vessel at base.
- Release of equipment: - release outside Norwegian Sector must be approved by NOFO members and by the SFT (State Pollution Control Authority).
- SEE FOLLOWING PAGES FOR SPECIFICATIONS OF NOFO EQUIPMENT AND LOCATION OF RESOURCES



APPENDIX III

Oil Spill Equipment From

Other Areas of the World

A NATIONAL AUTHORITIES

Equipment

National Authority Stockpiles	Boom General Purpose (km)	Boom Inshore (km)	Skimmers/ Recovery Systems	Pump Units	Off-loading Systems	Storage Containers >45 m ³	Dispersant (tonnes)
UK	- 20,000+ ft	6.1	25	6	3	-	1,737
NORWAY	10.8 97,000+ ft	19.0	69	49	-	7	-
SWEDEN	2.8 102,000+ ft	28.5	70	-	2	7	-
DENMARK	6.6 69,000+ ft	14.7	47	-	1	9	501
W. GERMANY	1.2 20,000+ ft	5.2	25	-	4	5	-
NETHERLANDS	1.3 13,000+ ft	2.9	19	15	-	1	299
FRANCE	3.5 71,000+ ft	18.4	49	-	4	18	2,261
BELGIUM	0.1 4,000+ ft	1.2	2	-	-	-	37
USSR (Baltic)	3.5 56,000+ ft	13.6	16	?	?	-	100
US COAST GUARD	3.7 12,000+ ft	?	20	?	5	?	?
US NAVY	7.8 25,000+ ft	-	33	21	-	10	?
CANADIAN COAST GUARD	7.5 185,000+ ft	49.0	172	158	-	?	?
AUSTRALIA	6.1 104,000+ ft	25.7	50+	6	-	-	647

B

OIL INDUSTRY STOCKPILES

Equipment

Oil Industry Stockpiles	Boom General Purpose (km)	Boom Inshore (km)	Skimmers/ Recovery Systems	Pump Units	Off- loading Systems	Storage Containers >45 m ³	Dispersant (tonnes)
OSSC - SOUTHAMPTON	5.4	2.9	50+	13	-	1	minimal
BP - DUNDEE	2.0	2.2	17	15	-	-	minimal
UKOOA	-	-	-	-	-	-	390
NOFO (Norway)	8.7	-	14			?	-
GAOCMAO (Middle East)	14.2	11.4	111	26	-	8	?
TARC (Far East)	1.2	-	8	-	2	-	100

Note: For details of personnel, vessels, aircraft, mobilization times and availability of resources see SECTION 3B

US COAST GUARD

Address: USCG
National Response Center
2100 2nd Street South-West
Washington DC
USA

USCG
Atlantic Area Strike Team
Aviation Training Center
Mobile, Alabama 33608-9690
USA

Contact Numbers: SEE SECTION 1A

- Equipment:
- any equipment that might be released internationally is maintained by the Atlantic and Pacific Area Strike Teams in Alabama and California;
 - offshore recovery equipment consists mainly of 20 complete skimmer/boom systems (3,730 m boom in total);
 - cargo transfer is effected by 5 "over the top" offloading systems;
 - equipment is palletized ready for air freight;
 - equipment not as modern as US Navy resources.
- Personnel:
- Atlantic Area Strike Team = 39 personnel
 - Pacific Area Strike team = 26 personnel
- Personnel are all highly trained in the operation of equipment.

Mobilization time: - 8 hours (ready to fly)

Release of equipment: - normally international requests for assistance would be made at government level via the US State Department.

Equipment released would be operated by Strike Team personnel. International experience, but no North Sea precedent. Question of international release a lot more sensitive after Valdez incident.

Payment arrangement would have to be agreed before release took place.

SEE FOLLOWING PAGES FOR SPECIFICATIONS OF EQUIPMENT USED BY USCG

US NAVY (SUPSAL)

Address: Naval Sea Systems Command
Office of Supervisor of Salvage
(SUPSAL)
Washington DC 20362-5101
USA

Contact Numbers:

SEE SECTION 1A

- Equipment: - most equipment at one of two bases (Virginia/California)
- more modern equipment than USCG
- 24 recovery systems comprising
- 36 foot aluminium hull vessel (weight 11 tons)
sorbent conveyor belt skimmer
ca 180 m boom
26,000 gallon Dracone
- there are additional stocks of offshore boom (7,800 m) and cargo transfer pumps.
- Personnel: - equipment is maintained and operated by private contractors.
- Mobilization time: - no claims made, estimated at 6-12 hours.
- Release of equipment: - normally international release would have to be authorised by the US State Department.

If equipment were released, operators would be provided.

SEE FOLLOWING PAGE FOR INVENTORY (OCTOBER 1989)

CANADIAN COAST GUARD

Address: Canadian Coast Guard
Emergencies (AMG)
Canada Building
344 Slater Street
Ottawa, Ontario K1A 0N7
CANADA

Contact Numbers:

SEE SECTION 1A

- Equipment:
- very large amount of equipment, but spread among over 50 bases including inland stockpiles.
 - all equipment is modern, best available
 - ca 7,500 m offshore boom
 - ca 49,000 m coastal boom
 - over 170 skimmers, over 150 separate pumps
 - 50+ pollution control vessels
 - 40+ spraying systems, excluding beach cleaning

- Personnel:
- trained Canadian Coast Guard equipment operators
 - additional manpower can be contracted in if required

- Mobilization time:
- at a national level Coast Guard aims to have all equipment ready for transportation within 2 hours

- Release of equipment:
- will consider all requests for assistance

Judging by Valdez incident, release liable to be slow while back-up systems are considered.

At national level equipment released would be operated by trained Coast Guard personnel. In the event of international release it is thought more likely that a limited amount of technical advisors would accompany the equipment and train others in its use.

The user is charged for equipment damage and loss.

SEE FOLLOWING PAGES FOR:

REGIONAL INVENTORIES (OCTOBER 1989)/HIRE CHARGES/STANDARD REQUEST FORM

GENERAL COMPARISON OF SPILL RESPONSE PREPAREDNESS

SULLUM VOE

Refinery
Sullum Voe, UK & adjacent

Ocean Boom: 13,000 ft
400m Vikoma Deck Reel
920m Roulund Arctic Ocean
992m Roulund Bay Boom
1640m Nordan 600

Other Boom: 2,700 ft
350m Swerback Boom Layer
450m Vikoma Seapack
45m Vikoma Shore Guardian

Skimming: 1,400 bph crude
700 bph heavy oil
1X140bph Dynamic Rope - "Kyrre"
1X Komara 30K
1X Komara 12K
1X Seasidmmer 50
1X Destroll
1X Seawolf
XX Rope Mop Units
1X Jet Vac Unit
1X Egmoles Barge
1X Clam Bucket

Reed Oil Storage: 11,500 bbl
2X1500bbl Barges
2X500bbl Fastank
11X10bbl Containers
10X12bbl Pillow Tanks
3X142bbl Flex Tanks
16X350bbl Site Tanks, fixed
Skimmer offcad jetty

OIL SPILL SERVICE CENTRE

BP Commercial Spill Response
Southampton, UK & vicinity

Ocean Boom: 12,500 ft
3X500m Vikoma Oceanpack
3X500m Vikom Deck Reel
2X200m Nordan Ocean Boom
2X200m Roulunds High Seas Boom

Other Boom: 13,000 ft
4X450m Vikoma Seapack
1X250m Vikoma Coastalpack
150m Hoyle Std 9.5cmx21cm
13x12m Skidmax Shore Barrier
22x25m Hoyle Shore Guardian
500m Hoyle Sea Sentinel
155m Skidmax 15cmx15cm
37x10m Hoyle Figure 8

Skimming: 9000 bph
3X700bph Seasidmmer 100
4X350bph Seasidmmer 50
8X85 Komara 12K Disc
5X(125bph total) Ropemop
2X140bph Toothed Heavy Oil
2X700bph Heavy Oil
1X125bph Egmoles
9X Misc Specialty Skimmers
[1X4200bbl 10Wier Boom Skimmer
on long term lease to Alyseka]

Reed Oil Storage: 4800 bbl
1X700bbl Dunlop Dracone
1X210bbl Dunlop Dracone
10X175bbl Pillow Tanks
10X85bbl Pillow Tanks
17X50bbl Fastank
2X175bbl Hoyle U Storage
1X175bbl Avon Tank
1X210bbl Vikoma Pillow Tank
2X Skidmax Conical Tanks

GENERAL COMPARISON OF SPILL RESPONSE PREPAREDNESS

CLEAN COASTAL WATERS

Private Coop
Long Beach, CA & vicinity

Ocean Boom: 0 ft

Other Boom: 39,000 ft

2X1600ft Vikoma Seapacks
3100ft Goodyear 12x24
5000ft Kepner 20x30
4100ft Kepner Compact 16x23
1500ft Expandl 4300
16,300 ft Expandl 3000
5000ft Kepner 14x16

Skimming: 2500 bph

1X400bph Walosep W3
1X250bph Walosep W1
2X300bph Destroll DS 210
1X Jackson Net Skimmer
1X Cyclonet 050
2X300bph Mark II Catamaran
12X Misc Skimmers, small

Reed Oil Storage: 4250 bbl

4000bbl Response Vessel
3X33bbl Dunlop Dracones
1X60bbl Kepner Bags
3X30bbl Kepner Bags

CLEAN SEAS

Private Coop
Carpenteria, CA & vicinity

Ocean Boom: 6500 ft

2000ft 48x48 Bottom Tension Boom
4500ft Expandl 7000

Other Boom: 30,000 ft

13,600ft Expandl 4300
2700ft Goodyear 14x24
2000ft Goodyear 12x24
1X1600ft Vikoma Seapack
2500ft American Supermax 36"
5700 ft Expandl 3000
2000ft Kepner 16x12

Skimming: 14,000 bph

6X1000bph Offshore Device Adv
1X2650bph CS Catamaran
6X500bph Acme 39T or 51T
2X300bph Mark II Catamaran
3X600bph Walosep W4
2X Ro Comb-Sweep Net
2X100 Oil Mop MKII-9
2X Misc Skimmers, small

Reed Oil Storage: 13,000 bbl

4100bbl 3 Response Vessels
7840bbl Barge
4X120bbl Kepner Bags
5X30bbl Kepner Bags
1X150bbl Dracone
2X60bbl Fastanks

CLEAN SOUND COOPERATIVE

Private Coop
Puget Sound & vicinity

Ocean Boom: 0 ft

Other Boom: 28,200ft

18,200ft Versatech 12x18 Compact
10,000ft Acme 9x24

Skimming: 5500 bph

1X1100bph JBF 6002 (on order)
3X700bph JBF 5001 (incl 2 on order)
1X500bph Bennett Belt
1X850bph Marco Class III
1X400bph Marco ETB
1X150bph Marco Class I
1X300bph Destroll
4X Misc Skimmers, small

Reed Oil Storage: 34,000 bbl

20,000bbl Barge (on order)
12,000bbl Barge
2100bbl 6 Skimmers
2X7bbl Baker Tanks

**Chevron Shipping Company**

555 Market Street, San Francisco, California
Mail Address: P.O. Box 7000, San Francisco, CA 94120-7000

March 14, 1990

Senator Drue Pearce, Chairperson
Senate Oil and Gas Committee
Alaska State Legislature
Capitol, Room 510
Juneau, AK 99811

Dear Senator Pearce:

Enclosed are comments of Chevron U.S.A. as to oil spill legislation which is pending in your Committee. Chevron appreciates the Committee's consideration of the issues addressed by the legislation.

These comments are respectfully submitted for your consideration during the course of the legislative deliberation.

Very truly yours,

Thomas S. Wyman

Thomas S. Wyman, Manager
Government & Public Affairs Division

Attachment

1990 ALASKA OIL SPILL LEGISLATION

Oil Spill Contingency Plans

The legislation would require each tanker or oil barge within State waters to have an approved oil spill contingency which has been implemented. We fully concur with this requirement. However, federal oil spill legislation which is expected to be enacted within the next several weeks contains a similar requirement.

The potential problem is that if Alaska as well as other coastal states each impose their own requirements for vessel specific oil spill contingency plans, the number of plans carried by each vessel could proliferate beyond reason. Furthermore, the vessel Master would, in event of a spill emergency, face the question of whether he should implement the federal or state plan.

We believe it essential that state and federal legislation be compatible and not impose potentially overlapping or conflicting requirements. Thus, we suggest that the State of Alaska accept the existence of a federally approved oil spill contingency plan (which will be specific both as to vessel and locale) as evidence of having fulfilled the requirements of Sec. 46.04.030. This would facilitate the operation of tankers and barges in Alaskan waters and avoid new burdensome requirements.

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Proof of Financial Responsibility

The proposal to require that tank vessels and barges have proof of financial responsibility is conceptually sound. However, here again proposed State of Alaska requirements would conflict with Federal requirements. Oil spill legislation now pending before Congress will require each tanker and barge owner to have certificates of financial responsibility to pay cleanup costs and compensate claimants for damages up to a prescribed limit depending on the size of his vessel. This will be a nationwide requirement applicable to both U.S. and foreign flag vessels. If costs exceed the amount available from the vessel owner, then the federal oil spill fund will become available to meet cleanup costs and pay for oil spill damages. The fund will be a one billion dollar plus cash reserve.

There will be formidable problems in developing a uniform basis whereby all vessels in U.S. trades will be able to obtain the requisite certificates and insurance coverage. This problem will be complicated if various states each impose their own proof of financial requirements.

We sincerely believe that coverage under federal laws will fully serve Alaska's interests and additional requirements will simply impede commerce. It should also be recognized that to the extent

- 3 -

the State of Alaska imposes additional financial burdens on producers and transporters of State crude oil, those burdens will serve to make Alaskan crude more costly and less competitive in the South 48.

The specific provisions requiring proof of financial responsibility are deficient in a number of respects:

- a) The amounts required are not a function of vessel size which is a radical departure from long accepted national and international practice.
- b) There is no logic in requiring vessels carrying crude oil to meet a \$500 million requirement when vessels "carrying non-crude oil or other hazardous substance" must have a financial ability of \$20 million. Fuel oil and other petroleum and non-petroleum substances have a polluting potential equal to or exceeding that of crude oil.

Based on the foregoing, we believe that there are good reasons for the State of Alaska to defer legislative action on the provisions which would require tank vessel and barge owners to have proof of financial responsibility.

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Vessel Inspection

Sec. 46.04.060 would be amended to allow state representatives to come aboard vessels to "examine the structural integrity of tank vessels and oil barges." The responsibility for conducting vessel inspections has been delegated to the U.S. Coast Guard. We suggest that to the extent the State of Alaska may have concerns regarding a particular vessel or barge, these should be relayed to the U.S. Coast Guard with the request that they conduct an inspection.

It would be poor use of State resources to duplicate federal functions. In addition, various federal judicial decisions have made it clear that vessel inspections are a federal responsibility, and there is no apparent basis for attempting to change this delegation of responsibility. Accordingly, we suggest that this tank vessel and oil barge inspection provision be deleted.

March 14, 1990

MAR 10 1990



SAUPE ENTERPRISES, INC.
P.O. BOX 70510
FAIRBANKS, AK 99707

March 7, 1990

Senator Drue Pearce - Chrmn.
Senate Oil & Gas Committee
Alaska State Legislature
P.O. Box V
Juneau, AK. 99811

Re: SB-504

Dear Senator Pearce:

Enclosed, for your use, is a written copy of the teleconference testimony I offered March 6, and a copy of the letter I quoted from our insurance broker.

Thank you for your consideration!

Sincerely,

A handwritten signature in cursive script that reads "Bernie".

B.H. Saupe'