

SCOMM

62:10

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE _____
IN ACCORDANCE WITH UNIFORM RULE 23

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

FURTHER

RES
FIN

4/7/89

DATE TURNED INTO OFFICE _____

Mr. President:

OIL & GAS

Committee considered SB 266

establishing an oil spill emergency containment fund to mitigate the effects of damages attributable to oil discharges and to support an oil spill containment strike force and, as a source of revenue for deposit into that fund, imposing an oil spill fee on crude oil; efd

and recommended:

☐ replace with CS _____ ☐ same title

☐ attached amendment(s) and ☐ new title

☐ _____ letter of intent adopted

☒ do pass

☐ do not pass

☐ no recommendation

☐ individual recommendations

☐ further referral to _____

FISCAL NOTE(S) attached ☐ zero
☐ appropriation no FN attached

☐ fiscal impact
☐ Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Tim Kelly
Ge. Kipton
Rick Halford
Dan G. Hulse

☐ Committee backup attached

True Notice - no rec
Chair signature and recommendation

**STATE OF ALASKA
1989 LEGISLATIVE SESSION**

BILL VERSION: SB 266

PUBLISH DATE: 4-7-89

FISCAL NOTE

REQUEST:

Revision Date: _____

Title: An Act establishing an oil spill

containment

fund to mitigate the effects, etc.

Sponsor: Halford, Jones, Coghill, Eliason,

Requestor: etc

Agency Affected: Environmental Conservation

BRU: Environmental Quality

Administrative Services

Components: Environmental Quality

Administrative Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES		740.0	740.0	740.0	740.0	740.0
TRAVEL		65.0	65.0	65.0	65.0	65.0
CONTRACTUAL		1160.0	1080.0	1080.0	1080.0	1080.0
SUPPLIES		20.0	20.0	20.0	20.0	20.0
EQUIPMENT		115.0	95.0	95.0	95.0	95.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		2100.0	2000.0	2000.0	2000.0	2000.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		2100.0	2,000.0	2,000.0	2,000.0	2,000.0
TOTAL		2100.0	2,000.0	2,000.0	2,000.0	2,000.0

POSITIONS:

FULL-TIME		11	11	11	11	11
PART-TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Dan Easton

Division: Environmental Quality

Phone: 465-2640

Date: April 21, 1989

Approved by Commissioner: [Signature]

Agency: Alaska Department of Environmental Conservation

Date: April 21, 1989

Distribution (by preparer):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

THE FOLLOWING IS A VERY PRELIMINARY ANALYSIS BASED ON A BRIEF REVIEW OF THE PROPOSED LEGISLATION. THE ANALYSIS AND INCLUDED ESTIMATES WILL BE REFINED DURING THE COMMITTEE PROCESS.

ADMINISTER OIL SPILL EMERGENCY CONTAINMENT FUND
(\$170.0)

The Department projects the need for an accountant and an accounting technician to set up and administer the fund, and to track and approve payments from the fund (\$120.0).

The Department also foresees a need for \$50.0 in contractual funds to prepare, publish and distribute the annual report on discharges, environmental effects, the operational status of the response corps, and needed changes.

100	\$	80.0
200	\$	5.0
300	\$	60.0
400	\$	5.0
500	\$	<u>20.0</u>
Total	\$	170.0

ESTABLISH OIL SPILL CONTAINMENT STRIKE FORCE
(\$1,930.0)

The Strike Force would consist of a full-time staff of nine agency personnel: a director, six response specialists, one clerk-typist and one administrative assistant. First-year costs to establish and staff the office are estimated at \$700.0. Subsequent year costs are estimated at \$600.0. Other costs include training contracts (\$200.0), contracts with local governments (\$500.0), wages and per diem for volunteer training (\$300.0), and contracts with private response specialists (\$100.0).

100	\$	660.0
200	\$	60.0
300	\$	1100.0
400	\$	15.0
500	\$	<u>95.0</u>
Total		\$1.930.0*

*includes \$100.0 in first-year costs

ALASKA STATE LEGISLATURE

Anchorage Office:
3111 C St., Suite 530
Anchorage, AK 99503
907-561-7616



While in Juneau:
P.O. Box V
Juneau, AK 99811
907-465-4958

Senator Rick Halford

MEMORANDUM

To: Senator Drue Pearce, Chairman
Senate Oil and Gas Committee

From: Senator Rick Halford *Rick*

Date: April 12, 1989

I understand that you are considering using one bill as a vehicle to move forward regarding the oil spill cleanup.

When I was preparing Senate Bill 266 for introduction, I spent several days in discussion with the drafter to ensure that the bill would be a solution and not simply a reaction to the catastrophic oil spill that occurred in the Prince William Sound. Senate Bill 266 contains all of the elements I believe are necessary to provide the solution we are all looking for. It includes a funding source, a means of collection, administration and a method for responding to future oil spills. I do not believe that any of the other bills contain all of these elements, though some develop certain aspects more fully. I certainly have no objection to amending SB 266 to include some of these more detailed provisions.

Initially, it is appropriate to consider increasing the fee from 2 cents to 4 cents to more rapidly fill the fund; and to ensure that fund expenditures are reimbursed to the state for redeposit by the Legislature. I believe the issues of catastrophic crude oil spills and other hazardous waste matters are different and probably should be addressed in separate ways.

Alaska State Legislature

Senator Drue Pearce, Chair
Senator Tim Kelly
Senator Rick Halford
Senator Paul Fischer
Senator Al Adams



WHILE IN JUNEAU
P O BOX V
JUNEAU, ALASKA 99811
(907) 465 4993

3111 C STREET, SUITE 150
ANCHORAGE, ALASKA 99503
(907) 561 2038

SENATE SPECIAL COMMITTEE ON OIL AND GAS

To: Members of the Senate Special
Committee on Oil and Gas

From: Committee staff

Re: SB 266, sectional analysis

Date: April 11, 1989

Section 1: Fee on Crude Oil Delivered

AS 43.59.010, Fee Levied.

A new chapter is added to Title 43, Revenue and Taxation. Chapter 59, would impose a 2 cent per barrel fee on crude oil that is transported in the marine waters of the state.

AS 43.59.020, Administration of the Fee.

The fee would be paid on the amount of oil, less royalty oil, reported by the person delivering the crude oil to the port for transportation. The person paying the fee would file a report, under oath, with the Department of Revenue. If the report is delinquent, a penalty of \$1,000 per day will be imposed. This penalty is in addition to the penalty for delinquent fees.

The department may also require the person obligated to pay the fee to furnish additional information to determine how the fee was computed. The department also is authorized to conduct hearings, compel witnesses and require the production of documents to investigate the facts supporting the reported volume of crude oil transported.

If the reported volume of crude is untrue or incorrect, or the person responsible fails to make a report, the department shall determine the correct amount of crude oil on which to base the fee.

If the fee is delinquent it will bear an interest of 12 percent. If the report is not filed, the department will examine the documents of the responsible party and compute the fee. The costs of examination will be added to any penalties accrued.

Any overpayment will be refunded. The department may adopt regulations required by this chapter. The department may also require a sufficient bond from the responsible party.

If the reports have not been filed or are insufficient, the Department of Law shall institute the necessary action to enjoin the person from continuing operations.

AS 43.59.030, Disposition of Proceeds of Fee.

The collected fees will be separately accounted for within the general fund.

AS 43.59.040, Use of Revenue Derived from Fee.

The legislature may appropriate the annual estimated balance of the account to the oil spill emergency containment fund.

AS 43.59.050, Suspension and Reimposition of the Fee.

The fee may be suspended or reimposed under varying circumstances. If the fund contains \$20,000,000 after payment of the fees and amounts expended from the fund, fee collection is suspended. When the fund dips below \$20,000,000 the fee is reimposed.

AS 43.59.060, Fee Not Imposed.

A year-long suspension will occur if the legislature fails to appropriate an amount of money from the general fund to restore the contingency fund to at least \$20,000,000.

AS 43.59.100, Definitions.

Definitions pertinent to this section.

Section 2:

AS 46.04.090, Oil Discharge Cleanup Personnel, Equipment Expenses.

This section is amended to require the department, when private contracting is not feasible, to establish and maintain at ports, harbors and other locations from which crude oil is regularly transported, cleanup personnel, equipment and supplies that are necessary to clean up oil discharges.

Section 3: Oil Spill Containment

AS 46.04.200, Oil Spill Emergency Containment Fund.

A new section creating the oil spill emergency containment fund is added to Chapter 4, Oil Pollution Control, Title 46. The fund is a nonlapsing, revolving fund within the Department of Environmental Conservation. The legislature may annually appropriate fees collected under AS 43.59.

AS 46.04.210, Duties of the Commissioner.

The commissioner of ADEC shall administer the fund; pay direct costs associated with an oil discharge; report annually regarding circumstances relating to the use of the fund to the legislature and governor; and make recommendations regarding changes necessary to the strike fund or fund itself.

AS 46.04.220, Use of Fund.

The fund may expend money from the fund when an oil discharge in excess of 100,000 barrels occurs or is imminent, or the governor declares the oil discharge an emergency.

The fund may not be used for grants or to reimburse parties for expenditures incurred without prior authorization from the commissioner.

AS 46.04.230. Oil Spill Containment Strike Force.

The commissioner shall establish an oil spill strike force comprised of oil spill specialists. The commissioner is authorized to hire directly, contract with others or do both. The fund may be used for personal services or contracts and any necessary supplies.

AS 46.04.900 Definitions.

Pertinent definitions to this section.

Section 4:

Repeals existing definition section of Chapter 4.

Section 5:

Immediate effective date.

STATE OF ALASKA THE LEGISLATURE

POUCH - STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 6, 1989

SUBJECT: Oil spill emergency fund and response mechanism, and identification of a source of revenue for containment and cleanup -- sectional analysis (Work order 6-1180E)

TO: Senator Rick Halford

FROM: Jack Chenoweth
Legislative Counsel 

The bill title summarizes the principal provisions of this legislation, addressing, as it does

- creation of an oil spill emergency containment fund as a source of money to mitigate the effects of damages from oil spills, and setting limitations on use of money from that fund;
- establishment of a state oil spill containment strike force; and
- imposition of a 2 cent per barrel fee on oil delivered to an Alaska port for transportation from the state by marine vessel.

Bill section 1, amending AS 43, imposes the fee. In essence:

-- AS 43.59.010 levies the fee and defines its application.

-- AS 43.59.020 sets out the process of administration and collection of the fee. Patterned after similar provisions of AS 43.55, the fee is made payable quarterly, 20 days after the close of the calendar quarter, and is due and payable by the party delivering the oil for transportation.

-- AS 43.59.030 requires deposit of the fee proceeds into the general fund and requires a separate accounting of them.

-- AS 43.59.040 authorizes the legislature to appropriate the annual estimated balance of revenue obtained from payment of the fee to the oil spill emergency containment fund established later in the legislation.

-- AS 43.59.050 prescribes circumstances under which the fee may be suspended and reimposed. Payment of the fee is suspended commencing the first day of the second calendar quarter following a determination that the difference between the cumulative deposits of the fee made through the calendar quarter and amounts expended from the contingency fund equal or exceed \$20,000,000. Payment of the fee is reimposed commencing the first day of the second calendar quarter following a determination that the difference between the cumulative deposits of the fee made through the calendar quarter and amounts expended from the contingency fund are less than \$20,000,000. The section sets out a process by which these determinations are to be made.

-- AS 43.59.060 authorizes a year-long suspension of the fee payable during a state fiscal year if the legislature fails to appropriate an amount of money from the general fund to restore the contingency fund to at least \$20,000,000.

-- Definitions pertinent to the fee are collected and set out in AS 43.59.100.

Bill section 2 amends existing AS 46.08.090(a) to require the commissioner of environmental conservation to establish and maintain, at state ports and harbors "from which crude oil is regularly transported by vessel" the necessary personnel and equipment to be able to properly address oil discharges. Authority given in current law by which the commissioner may meet this responsibility by contract is continued.

The material in article 2, added by bill section 3, establishes the oil spill emergency containment fund and defines the duties of the commissioner of environmental conservation with respect to that fund. The requirement of submission of an annual report should serve to keep the legislature apprised of the fund's ability to address oil discharge clean-up efforts. The commissioner may draw on the fund if the

Senator Rick Halford
Page 3
April 6, 1989

discharge is catastrophic or if the governor declares an emergency.

Bill section 3 also specifies that the commissioner is to establish an oil spill containment strike force, and indicates how that force may be maintained. Expenditure of money from the fund for maintenance of the task force is subject to legislative appropriation.

Article 3 bill section 3 carries forward from AS 46.04.120 the definitions applicable to this chapter (AS 46.04). The existing definitions, set out AS 46.04.120, are repealed in bill section 4. (This change effectively re-orders the definitions in order to keep them last in the chapter, following the additional material.)

The bill is given an immediate effective date by bill section 5.

JC:gc
WKG9/019

An oil cleanup barge and smaller skimmer boats sit out the wind and

Spill dooms Sound

Counting bodies is all anyone can do, state wildlife

By CRAIG MEDRED
Daily News outdoors editor

As the grimy tentacles of an 11-million-gallon oil spill spread west from Valdez to choke and drown the wildlife of primordial Prince William Sound on Monday, would-be rescuers stood powerless to act.

A body count of dead animals is about all that anyone can hope to do, said Jor Lyman, a spokesman for the Alaska Department of Fish and Game.

The wilderness that has made the Sound so rich and unique now stands as a major barrier to efforts to rescue the thousands of birds, sea otters, fish and other creatures expected to be caught in North America's largest oil spill.

Fewer than 100 animals are known to be dead so far,



but thousands are expected to die.

Officials in the state of Washington estimated that 10,000 birds perished there after a barge spilled 231,000 gallons of bunker oil off that state's southwest coast in late 1988.

Bunker oil is gooier than the North Slope crude that spilled in Prince William Sound, but the Washington spill was only about one-fiftieth the size of the spill near Valdez.

In Washington, rescuers were able to mobilize thou-

sands of volunteers who could easily get to the scene to help. That will not be the case in the Sound.

"There's just a lot of problems out there," said Pam Bergman, head of the regional response team for the Department of the Interior.

Problems cited by Bergman and others include:

- A coastline so remote that rescuers are afraid to send out volunteers for fear they might not be equipped or prepared for wilderness survival.

- Beaches so rugged that in many places it is impossible to land a boat, let alone chase down and capture oil-coated birds or wildlife.

- Distances to aid facilities so great that animals captured on the beach would likely die in captivity waiting to be tak-

en to a...
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and powerful...
could be seriously...
"It's not good," Bergman said.

And as of Monday evening, it was getting worse. Strong, northwest winds were pushing the oil spill farther and farther from the rescue coordination center at Valdez.

The contamination was stretching far beyond the reach of would-be animal rescuers, Bergman said, and the winds had made it impossible to retrieve oil-soaked wildlife.

"It was tough just flying this morning," said Joe Sautner of the Alaska Department of Environmental Conservation. "There is not much that

Please see Page E-3, WILDLIFE

How promises about terminal stack up to reality

The North Slope oil companies, Alyeska Pipeline Service Co. and others supporting a tidewater terminus for the Alaska Pipeline made broad promises to the people of Valdez and the rest of Alaska about their ability to operate safely and to respond effectively in the event of a major oil spill.

Here, on the left, from testimony and exhibits presented at U.S. Department of Interior hearings in 1971, are some of the promises.

In the right-hand column is the reality.

WHAT WAS SAID THEN

"From my own experience and the studies of many other workers in the pollution field, I am satisfied that tanker traffic to and from Port Valdez, and operation of an oil port there, will not cause any significant damage to the marine environment or to fisheries interests."

"The contingency plan which will be drawn up will detail methods for dealing promptly and effectively with an oil spill which may occur, so that its effect on the environment will be minimal. We have adequate knowledge for dealing with oil spills and improvements in techniques and equipment are continuing to become available through worldwide research. The best equipment, materials and expertise which will be made available as part of the oil spill contingency plan, will make operations at Port Valdez and in Prince William Sound the safest in the world."

— L.R. Beynon, head of Environmental Studies in British Petroleum's Technical Development Division, representing Alyeska Pipeline Services, 1971.

"When the maximum has been done to prevent the spread of oil, the main cleanup activity should always be physical retrieval of the spillage. . . . It is not proposed to use dispersants for oil spill cleanup in Alaska waters."

— Beynon for Alyeska

"The Port of Valdez and Prince William Sound approaches can accommodate any method of ship movement control now known to man. . . . Bridge-to-bridge and ship-to-shore voice communication systems exist today. Shipboard radar can be augmented by a shore based command center equipped with radar. . . . The few ships in the area can be stopped, backed up, moved sideways, ordered into any maneuver desired or any approach or departure route."

— George Esley, Alaska commissioner of public works, 1971.

WHAT IS BEING SAID NOW



Anchorage Daily News/Enk H-4
Steve McCall, Coast Guard captain of the Port of Valdez

"There's a lot more equipment due in overnight and tomorrow morning. The first hurdle is getting it in to Valdez and getting it from Valdez out to the site. As we know, it's a difficult, time-consuming process."

— Coast Guard Cmdr. Steve McCall on Saturday, more than a day after the Exxon Valdez spill.

"The oil spill contingency plan, we followed the plan exactly how

Please see Page E-3, NOW

thing. But maybe someone else note we don't want the are a first name. ns about either of these ableshooter at 257-4343.

S IN MASS MAILINGS: To be in the direct marketing ng smart," says Denison Mailing What!, an industry ight now include: 9-inch by bright-colored stickers on mobile decals; free premiums r cards (you tear off the all it in) and personalized Amoco Motor Club has a be a winner, Hatch said; it

Haunted by a question or leshooter, P.O. Box 149001, call 257-4343. Please include umbers and photocopies of iswers are not possible due to ll be edited.

NOW: What Coast Guard, oil ind

Continued from Page E-1

we're supposed to do it. The only deviation we had from that was the fact we had taken all this material off of the barge to be able to weld the punctures that were in the bow. And the additional response that it took was to be able to put that gear back on the barge."

— Alyeska spokesman Chuck O'Donnell, explaining that containment efforts did not begin immediately because the barge needed to carry equipment had been broken for two weeks.

"The volume of oil released in the water is for all intents and purposes beyond control by mechanical means alone."

— McCall of the Coast Guard, Sunday night.

Question from reporter: "How long will it take to clean that 240,000 barrels of oil?"

"I don't know. It's never been done before ... weeks at least."

— Frank Iarossi, president of Exxon Shipping Co., in Valdez on Sunday.

"It's a little mind-boggling to fathom the amount of oil that is in the

water.
release
respons
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try officials have to say

been stated, and most accurately so: This is the largest
in the United States in the history of oil pollution

the Coast Guard.

we're going to be going all out, using all the tools at our
We weren't even up and running until 12 o'clock yesterday

of Exxon, three days after the spill.

unique situation in that it is a very remote area, presenting
problems, and we see a potential for acute and severe
animals that use the surface of the waters, i.e. marine
birds and inter-tidal fisheries. We're also concerned about
impact for salmon, fry, herring, spawn and tanner crab."

oman for NOAA

Carl Hatch

Sunday, April 2, 10 & 11 a.m. & 6 p.m.

Wednesday, April 5, 7:30 p.m.

*Once an Alcoholic

*Now one of America's most outstanding speakers

*Has appeared on many TV talk shows

*Inherited a million dollars and gave it away

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ALASKA'S ECONOMY: Some hard facts of life, Business, B-1

IN THE FOUR

Seton Hall,
Michigan win

SPORTS

NINTENDO

Game-maker
plays for keeps

BUSINESS

ZOO DEBATE

Refuge or prison
for the animals?

PARADE



Anchorage Daily News

VOL. XLIV, NO. 85 330 PAGES

ANCHORAGE, ALASKA, SUNDAY, MARCH 26, 1989

PRICE 50 CENTS

Oil keeps spreading in Sound

State says Alyeska's cleanup effort inadequate, slow

INSIDE

■ PLAN OF ATTACK: Despite opposition from environmentalists and fishermen, oil company officials intend to drop chemical dispersants on some of the oil to dilute it. A-6



VALDEZ SPILL

■ EARLY WARNINGS: The prospect of an oil spill in the Sound was an issue even before the pipeline was built. A-6

By LARRY CAMPBELL
Daily News reporter

VALDEZ — State, federal and oil company officials ended Saturday as they had begun it, no closer to a solution to the problems posed by more than 11 million gallons of North Slope crude oil washing around the fish-

and-wildlife-rich, enclosed waters of Prince William Sound.

But while the oil of the nation's largest spill was left mostly unmolested, the chief of the state Department of Environmental Conservation assailed the Alyeska Pipeline Service Co. for

its failure to respond quickly to the disaster.

DEC Commissioner Dennis Kelso called Alyeska's response "inadequate and slow," and said the company failed to fulfill its obligations under the state-approved contingency plan Alyeska itself had written.

The accusations came in a letter to the Alaska Regional Response Team, a joint federal-state group charged with overseeing oil spill cleanups. The DEC is a member of the team.

In response, Alyeska ter-

Please see Back Page, OIL

'64 QUAKE

Lessons For Anchorage?

A CITY ON THE EDGE



Photo by Steve McCutcheon
Fourth Avenue was hit hard by the 1964 earthquake.

Captain gets drug, alcohol test in Valdez

Two crewmen also tested;
mechanical failure ruled out

By DAVID HULEN
Daily News reporter

VALDEZ — The Coast Guard has given drug and alcohol tests to the captain and two members of the crew of the grounded tanker Exxon Valdez, and a team from the National Transportation Safety Board is scheduled to arrive here today to find out why the accident that caused the nation's largest oil spill happened.

The head of Exxon Shipping Co., which owns the tanker, said his company's investi-

THE BACK PAGE

OIL SPILL: State says Alyeska's response slow and inadequate

Continued from Page A-1

minial superintendent Chuck O'Donnell said Kelso was right.

"This one time, I'd have to say, yes," O'Donnell said. "We were behind."

The spill occurred about 12:30 a.m. Friday, when the tanker Exxon Valdez ran aground on Bligh Reef, about 25 miles southwest of here. The accident punctured at least eight of the ship's tanks, spewing crude oil into the Sound. The tanker was well outside the normal shipping lanes when it hit the well-marked and well-charted reef.

Alyeska's plan calls for, among other things, a response within five hours that would have brought containment booms and oil skimmers to the spill site.

But the equipment sat idle for five hours because the barge that carries it was down for repairs. Since reaching the scene late, the equipment has not made much headway against the spill. Kelso said Saturday that he still considered the company's efforts inadequate.

The plan also requires Alyeska to call on local boat owners to haul materials to the spill. Lots of local boat owners say they never heard from the company, but O'Donnell said his company did ask for private help.

The shifting answers and vague information about the accident and the ineffective containment and clean-up effort is creating lots of frustration among Prince William Sound fishermen and local residents. These people see their livelihoods endangered, both from the spilled oil and from the chemical dispersants that may finally be used to solve the problem.

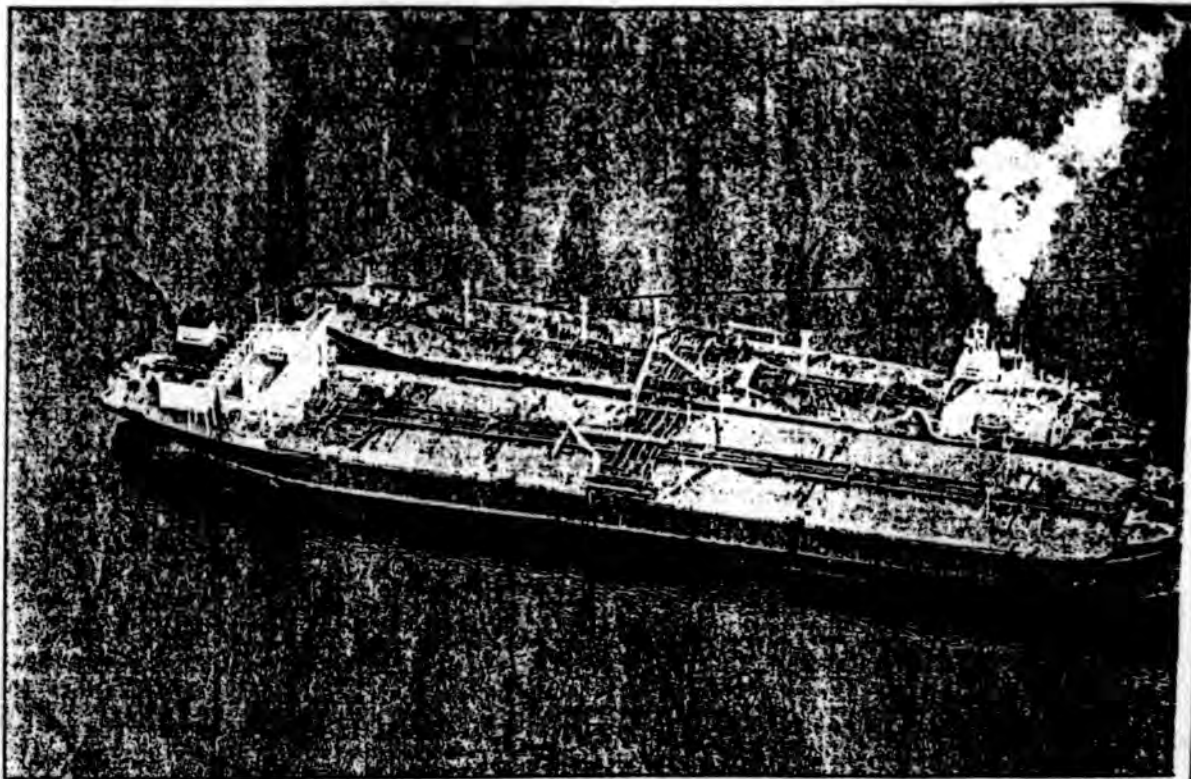
"Am I angry? Angry's not the word for it," said Sandra Cesarini, who owns the Sea Hawk Seafoods processing plant with her husband, Ray. "I'm beside myself."

Environmentalists are equally critical. In Anchorage, the environmental law firm Trustees for Alaska urged the state to mount its own cleanup effort "to prevent any more destruction to the marine resources." The state could pay for that with more than \$17 million in oil-spill penalties the law allows it to collect from Exxon, said Randall Weiner, the group's executive director.

In Juneau, David Ramseur, Gov. Steve Cowper's press secretary, said that despite DEC's criticism of Alyeska, the state has no plans for its own cleanup. "I'm not sure we are equipped to do that, or if it would help at this point," he said.

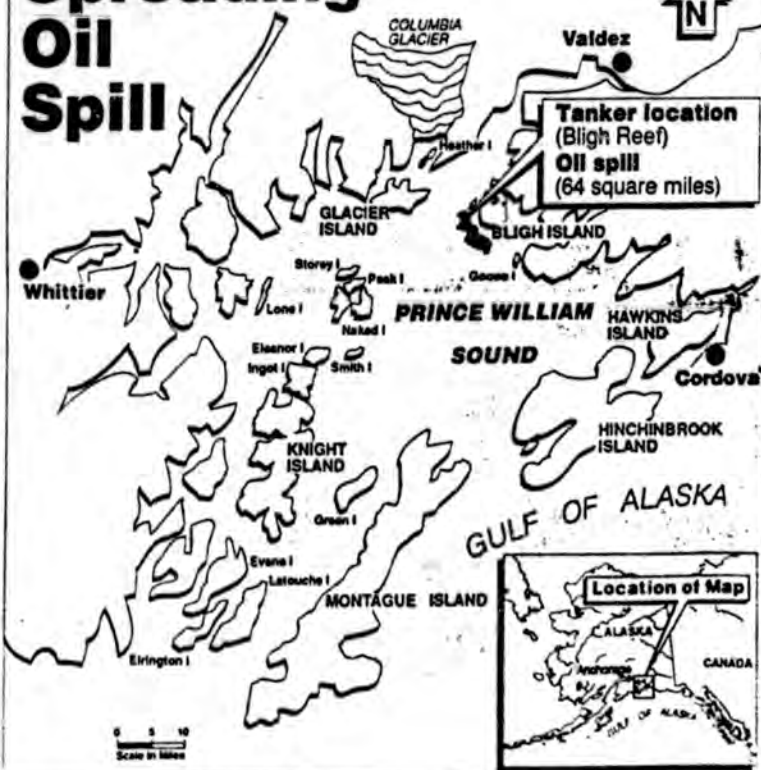
For whatever else it might be worth, with 11 million gallons of crude oil strung out over a 64-square-mile area, O'Donnell's admission didn't do much to solve the growing problem.

As of Saturday evening, the oil slick had extended fingers 10 miles to the west from its original 30-square-mile area, and those current-driven streams were turning south. Oil sheen surrounded tiny Reef Island and was lapping at Bligh



The Exxon Baton Rouge, the smaller ship at top, moves alongside the Exxon Valdez, bottom, in an attempt to offload oil from the Valdez.

Spreading Oil Spill



AGROUND: Captain tested for drugs, alcohol

Continued from Page A-1

be available for questioning, a Coast Guard spokesman said.

The three men were ordered by a pair of investigators to give blood samples aboard Friday morning, according to Todd Neilson, spokesman. The samples were sent to Anchorage to be analyzed for both alcohol and drugs.

Coast Guard officials would not say whether the tests are known. Under federal law, required of all crewmen "directly involved in marine accidents."

Iarossi said two Exxon lawyers boarded the tanker, about 25 miles south of Valdez near Friday morning, and began interviewing crew members.

According to the Coast Guard and Exxon ship left the Alyeska tanker terminal on Thursday night and steamed on a routine 10 passed through the three-quarter-mile wide V it dropped off the harbor pilot and continue the Gulf of Alaska.

The ship "ran across ice after dropping Iarossi said, "and in the process the vessel's course changes and had turned toward the when it grounded."

The ship is sitting between one and two regular tanker shipping lanes, its bow pointing the shipping lanes.

Exxon officials can still not explain why so far outside the lanes, or why crew members avoid the reef, which local boaters describe as the best-known hazards in Prince William Sound.

The Coast Guard routinely monitors tankers going from the Alyeska port, using radar vessels. But the Valdez was on the outer that can be monitored by radar, and a spokesman was not being monitored because the ships in the area and there was no danger of collision.

The NTSB's involvement in the investigation is unusual, according to a safety board official in D.C.

"The safety board is charged with investigating aviation, highway, railroad, marine and pipeline accidents," said Terry J. Armentrout, director of the National Transportation Safety Board.

"Since this is a U.S. flag ship, we have authority," he said, adding that the board has 30 marine accidents last year. "We are not that makes and enforces the rules."

The team is being headed by Bill Wood, an investigator. The team is composed of three investigators and a "human performance investigator" described as a person trained to look into such things as fatigue and substance use.

the tanker's 13 cargo holds are damaged, including, "six to eight openings large enough for a man to swim through, and a number of open seams, one to two inches wide," he said.

Still of concern is what the broken ship will do once its cargo is unloaded. If the ship floats, it may also list and capsize or break apart. That was why the company

an armed security guard, wearing a yellow hard hat, at the door.

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By late Saturday night, however, Exxon had completed preparations to bomb the slick with the dispersant Corexit 9527 delivered by aircraft.

Dispersants are controversial. The chemicals are intended to bond with the oil, break it into small pieces, and cause it to mix with the water. Environmentalists

ing plant with her husband, Ray. "I'm beside myself."

Environmentalists are equally critical. In Anchorage, the environmental law firm Trustees for Alaska urged the state to mount its own cleanup effort "to prevent any more destruction to the marine resources." The state could pay for that with more than \$17 million in oil-spill penalties the law allows it to collect from Exxon, said Randall Weiner, the group's executive director.

In Juneau, David Ramseur, Gov. Steve Cowper's press secretary, said that despite DEC's criticism of Alyeska, the state has no plans for its own cleanup. "I'm not sure we are equipped to do that, or if it would help at this point," he said.

For whatever else it might be worth, with 11 million gallons of crude oil strung out over a 64-square-mile area, O'Donnell's admission didn't do much to solve the growing problem.

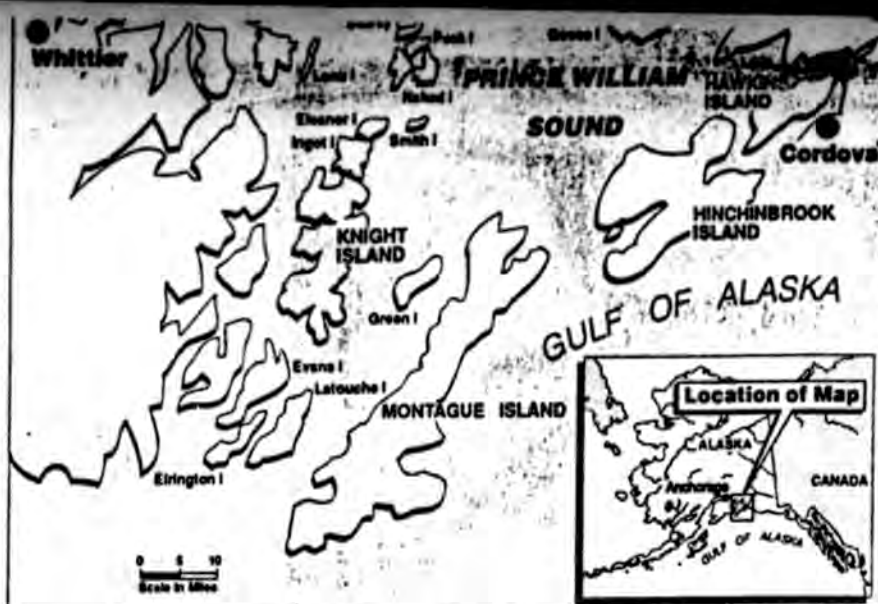
As of Saturday evening, the oil slick had extended fingers 10 miles to the west from its original 30-square-mile area, and those current-driven streams were turning south. Oil sheen surrounded tiny Reef Island and was lapping at Bligh Island, both on the east shore of the Sound.

Exxon officials say about 50 sea lions could be affected by the oil and some birds have been killed, but that no major fish and wildlife destruction has yet been caused.

Efforts to pump oil from the damaged tanker into another, the Exxon Baton Rouge, have been stymied since they began late Friday night. First, a defective hose had to be replaced. When that was fixed, the transfer had to be stopped when a new leak developed. Officials did not know where the new oil was coming from, maybe from a loose connection, maybe from beneath the vessel.

Divers swam beneath the Valdez in the blackness of early morning Saturday. According to Exxon Shipping Co. President Frank Iarossi, they found the ship in a more precarious position than they first thought.

The vessel is actually balanced on a ridge of rock, with deeper water beneath its bow and stern. Eight of



Anchorage Daily News / Ron Engstrom

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Still of concern is what the broken ship will do once its cargo is unloaded. If the ship floats, it may also list and capsize or break apart.

That was why the company had a number of crewmen taken off the Valdez Saturday, and everyone left on board, including a DEC observer, were wearing cold water survival suits.

The sense of concern was obvious early Saturday morning when DEC regional supervisor, Dan Lawn, talked to Joe LeBeau, his man aboard the Valdez, by marine telephone.

"They're afraid she (the Valdez) may turn turtle on 'em," Lawn said, hunched over his office phone. "There's gonna be no more people on board."

More experts are on shore in Valdez than on the tanker Valdez. Exxon officials, environmental officials from other states and Canada, and spill experts from around the world continued to arrive in town Saturday, most of them gathering at the Westmark Hotel, overlooking the small boat harbor.

Also at the Westmark, Exxon has set up its command headquarters, complete with a telephone bank in a second-floor room and

an armed security guard, wearing a yellow hard hat, at the door.

"I think he'd just ask you to please not enter," said Exxon spokesman Tom Cirigliano, acknowledging the guard. "We just can't have all kinds of people trying to get in."

While a legion of state, federal and oil officials spoke about options in cleaning up the spill, it seemed the final solution was in black and white all the time. In the Alyeska Oil Spill Contingency Plan, chemical treatment is continually mentioned as the best possible option.

The portion of the plan dealing with the Prince William Sound includes a scenario for dealing with a hypothetical, 200,000-barrel spill. Such a spill is termed in the plan as "catastrophic."

The plan concludes: "In reviewing the aspects of this size spill it becomes very apparent how important it is to have dispersants approved so that they can be used very effectively to prevent the continuing input of oil..."

Yet, all day Saturday, in press conferences and private interviews, state, federal and oil company officials remained adamant that other options were open.

"I don't think that means that dispersants are the only solution," Kelso said. "We

have to take a look at everything."

By late Saturday night, however, Exxon had completed preparations to bomb the slick with the dispersant Corexit 9527 delivered by aircraft.

Dispersants are controversial. The chemicals are intended to bond with the oil, break it into small pieces, and cause it to mix with the water. Environmentalists say that just spreads the oil through the water from top to bottom, endangering many different life forms. Fishermen fear the oil will harm salmon, bottomfish and crustaceans.

Late Friday and again Saturday, Alyeska and Exxon officials tried spreading dispersant in a small test. The test failed, because calm seas didn't produce the agitation needed to mix the chemicals with the oil.

Iarossi said a burn test might also be conducted, but that had not been done by late evening Saturday. That would involve corralling a portion of the spill and setting it afire.

The officials say they are taking the cautious approach. But folks in Valdez are growing increasingly impatient.

"We've put our blood into this operation, and now, no one can tell us what's going to happen," Cesarini said. "What am I going to tell my employees? What am I going to tell my fishermen?"

Iarossi said two Exxon lawyers boarded the grounded tanker, about 25 miles south of Valdez near Bligh Island, on Saturday and began interviewing crew members.

According to the Coast Guard and Exxon officials, the ship left the Alyeska tanker terminal near Valdez on Thursday night and steamed on a routine 10 miles. After it passed through the three-quarter-mile wide Valdez Narrows, it dropped off the harbor pilot and continued south toward the Gulf of Alaska.

The ship "ran across ice after dropping off the pilot," Iarossi said, "and in the process the vessel made a series of course changes and had turned toward the ... ship lane when it grounded."

The ship is sitting between one and two miles east of the regular tanker shipping lanes, its bow pointed west toward the shipping lanes.

Exxon officials can still not explain why the ship veered so far outside the lanes, or why crew members failed to avoid the reef, which local boaters describe as one of the best-known hazards in Prince William Sound.

The Coast Guard routinely monitors tankers coming and going from the Alyeska port, using radar to track the vessels. But the Valdez was on the outer edge of the area that can be monitored by radar, and a spokesman said the ship was not being monitored because there were no other ships in the area and there was no danger of a ship to ship collision.

The NTSB's involvement in the investigation is not unusual, according to a safety board official in Washington, D.C.

"The safety board is charged with investigation of all aviation, highway, railroad, marine and pipeline accidents," said Terry J. Armentrout, director of the agency's Bureau of Accident Investigations.

"Since this is a U.S. flag ship, we have investigative authority," he said, adding that the board looked into about 30 marine accident last year. "We are not the Coast Guard that makes and enforces the rules."

The team is being headed by Bill Woody, a marine safety investigator. The team is composed of three marine investigators and a "human performance investigator," whom Armentrout described as a person trained in psychology to look into such things as fatigue and substance abuse.

□ Daily News reporter David Whitney in Washington, D.C., contributed to this story.

WARNINGS: Sounded years ago

Continued from Page A-6

Prince William Sound. The Sound's fjord-like topography means that the effects of an oil spill there might be magnified many times.

"The contamination will be widespread and the oil's residence time can be very high because it will become entrapped," said M.F. "Pat" Wennkens, an oceanographer with the state's Arctic Environmental Information and Data Center, who spoke at a conference at Cordova in April 1977.

Chancy Croft, an Alaska state senator, told the conference: "Some time there's going to be an oil spill" in Prince William Sound. The only questions, he said, are how soon and what size.

The fishermen and state

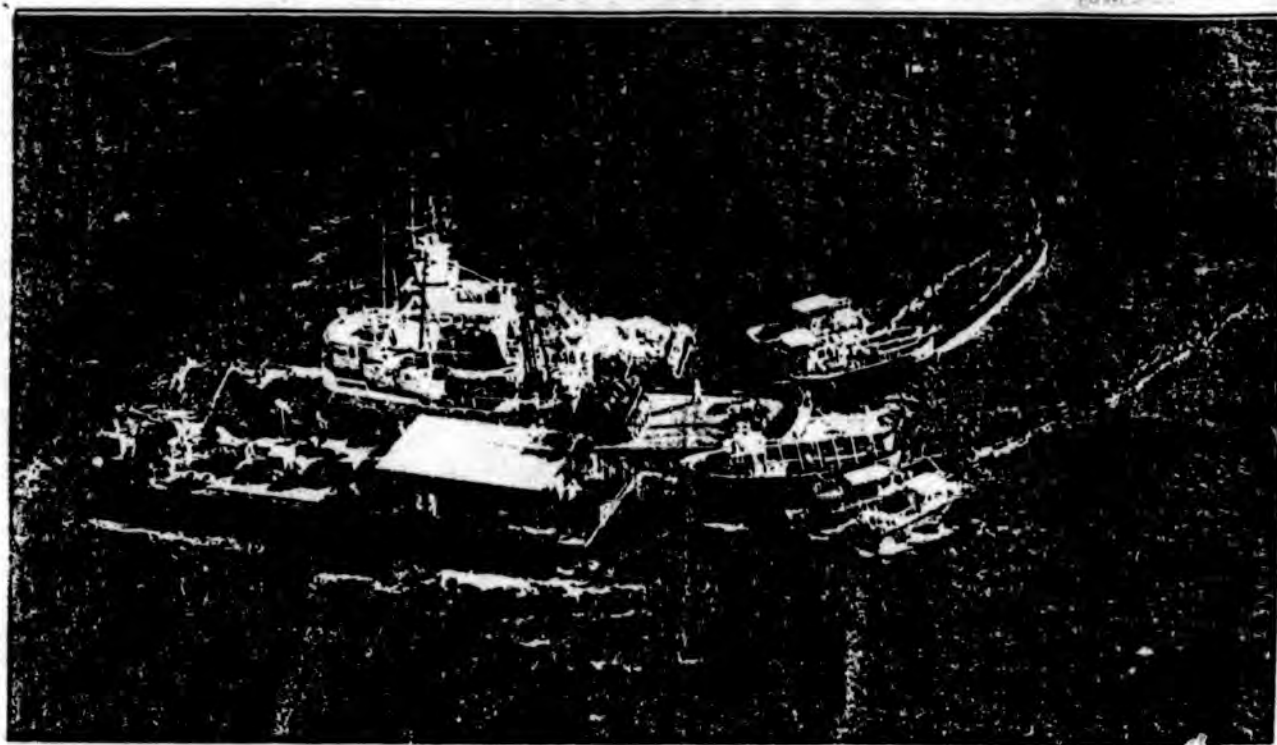
officials argued that because of the remote area's logistics problems, oil skimmers and oil-containment booms should be located at specially designated areas on islands in the sound.

"In most cases, equipment coming from Port Valdez will arrive too late to contain a spill in Prince William Sound before it reaches shore," said a 1977 report on Alyeska's contingency planning for an oil spill by the Alaska Department of Fish and Game.

Coast Guard officials admitted that an oil spill in the Sound would be difficult to deal with. "It could take two days, two weeks or two months, depending on the weather, before we could get our equipment in," one officer said.

METRO

TUESDAY
SECTION E March 28, 1989



An oil cleanup barge and smaller skimmer boats sit out the wind and rough seas near Bligh Reef on Monday, unable to do their work. Anchorage Daily News/Enk H-1

Spill dooms Sound animals

Counting bodies is all anyone can do, state wildlife official says

By CRAIG MEDRED

Daily News outdoors editor

As the grimy tentacles of an 11-million-gallon oil spill spread west from Valdez to choke and drown the wildlife of primordial Prince William Sound on Monday, would-be rescuers stood powerless to act.

A body count of dead animals is about all that anyone can hope to do, said Jon Lyman, a spokesman for the Alaska Department of Fish and Game.

The wilderness that has made the Sound so rich and unique now stands as a major barrier to efforts to rescue the thousands of birds, sea otters, fish and other creatures expected to be caught in North America's largest oil spill.

Fewer than 100 animals are known to be dead so far,



but thousands are expected to die.

Officials in the state of Washington estimated that 10,000 birds perished there after a barge spilled 231,000 gallons of bunker oil off that state's southwest coast in late 1988.

Bunker oil is gooier than the North Slope crude that spilled in Prince William Sound, but the Washington spill was only about one-fiftieth the size of the spill near Valdez.

In Washington, rescuers were able to mobilize thou-

sands of volunteers who could easily get to the scene to help. That will not be the case in the Sound.

"There's just a lot of problems out there," said Pam Bergman, head of the regional response team for the Department of the Interior.

Problems cited by Bergman and others include:

- A coastline so remote that rescuers are afraid to send out volunteers for fear they might not be equipped or prepared for wilderness survival.

- Beaches so rugged that in many places it is impossible to land a boat, let alone chase down and capture oil-coated birds or wildlife.

- Distances to aid facilities so great that animals captured on the beach would likely die in captivity waiting to be tak-

en to a hospital.

- And wild animals so large and powerful that rescuers could be seriously injured.

"It's not good," Bergman said.

And as of Monday evening, it was getting worse. Strong, northwest winds were pushing the oil spill farther and farther from the rescue coordination center at Valdez.

The contamination was stretching far beyond the reach of would-be animal rescuers, Bergman said, and the winds had made it impossible to retrieve oil-soaked wildlife.

"It was tough just flying this morning," said Joe Sautner of the Alaska Department of Environmental Conservation. "There is not much that

Please see Page E-3, WILDLIFE

Ray m. levine SHOOTER

A MYSTERY: I'm writhing, a coupon brokering ticket to Dallas and never any had closed down. Then pen. I went to the office but never found anyone owner or find out about I would know better how y back or at least a ticket.

I recommend you ask the state to send proof of payment to the institution, P.O. Box C, Juneau to contact the owner; he's not discuss his business or recall, Adventure International Facility. When the firm Schmidt, the institution's not against prison regulation and supervise a business

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futures prices rose sharply in a bullish market.

"A market that was already poised to trade up a little was set on fire," said Madison Galbraith, senior energy specialist with Mer-

New York Mercantile Exchange trading. Prices for subsequent months also rose sharply.

It was the highest near-month closing price for the key grade since Aug. 14,

Alaska North Slope crude, delivered to Gulf of Mexico refineries, soared 95 cents a barrel to close at \$19.40.

The price surge was sparked by the oil spill off the port of Valdez, where an

the heavy buying of energy futures.

"The market's reaction was a little overdone" despite the interruption in North Slope supplies, Galbraith said.

WILDLIFE: Spill holds would-be rescuers powerless

Continued from Page E-1

can be done now ... under these conditions."

Sautner reported surf pounding oil onto beaches at a half-dozen islands. The farthest of those was 75 miles by airplane from Valdez.

The spill is already threatening thousands of animals and more are arriving daily as northward migrations of birds, sea mammals and fish begin.

Bergman said some thought had been given to setting up an animal rescue facility closer to that westward spreading oil, but there is simply no place to put such a facility.

There are no communities in the southwest portion of the Sound. It is an area of rocky reefs and tree-studded islands, of wilderness and wildlife. It is a land few people call home.

"There are few good beaches in many of the areas," Bergman said. "A lot of the beaches that are there are small."

None of them would work well for catching birds, she said, and catching birds from boats is out for safety reasons.

"Nobody wants anybody getting hurt capturing wildlife," she said.

Bergman has recent experience in bird rescues. She was in Dutch Harbor in the

Aleutians only a few weeks ago trying to catch oil-fouled sea birds.

At Dutch Harbor, she said, volunteers were able to drive to a long, sandy beach perfect for captures. They still only caught 28 birds, and they were able to save only eight.

"It's difficult, even in a good situation," Bergman said.

"It's real hard to sneak up on (birds)," she said. "You end up racing the birds down the beach with a net trying to catch them. Once you capture an oiled bird, you can't leave it in a box for 12 hours."

The bird must go almost immediately to a rehabilitation center where it can be fed, de-oiled and dried. That is its only hope. And nobody has come up with a good way to get oiled birds from the western Sound to a facility in any community.

"Could you airlift birds out?" Bergman asked. "Is that the reasonable and best use of helicopters? There are a finite number of helicopters available here. As far as I know, no one is talking about doing that."

Sea otters present even bigger problems, she added. People need a lot of training and a fair amount of experience to learn how to handle them safely.

"They're a potential dan-

ger," she said. "They look sweet and cuddly and wonderful, but they got sharp teeth and claws."

A lot of people want to help. Bergman said she's been talking to groups organizing volunteers. But rescue coordinators aren't sure what volunteers could do.

They might be able to help, but they might also do harm.

"You don't want a bunch of these boats going out there and getting oily and spreading oil elsewhere," Bergman said.

A bird and animal clean-up after the Washington spill didn't really get going for a week or more and then lasted about six weeks.

Two thousand volunteers worked the beaches of Washington, according to Pam Miller, ocean issues coordinator for the Washington State Department of Ecology. They found 8,000 dead birds, and 3,000 oiled birds that were still alive. Only 1,000 of the oiled birds ever made it back to the wild, she added.

Murres, a cousin of the puffin, seemed to have the best chances of survival, Miller said. Other birds, among them loons, often died from shock as soon as they were picked up.

Ken Pritchard, an activist with Adopt-A-Beach, a non-profit organization involved

in Washington state oil clean-ups, said any rescue effort requires a lot of planning.

Rescuers must find somewhere to set up a roomy bird hospital, he said. The facility has to have lots of hot water and access to volunteers. Few such sites are available anywhere in Alaska.

Pritchard recommended Anchorage as the best possibility. It might be far from the oil spill, but it is closer to the thousands of volunteers that would be needed, he said.

Pritchard was not optimistic about the chances for the birds that could be rounded up. Many of the birds brought to the hospital probably would be killed by lethal injection because of their slim chance of survival, he said.

The rest would be tube-fed pureed food until their health stabilized. Then, they would be rinsed or washed in soapy water. Eventually, he said, some would be released back into the wild.

Environmental groups in Anchorage have begun organizing volunteers should their help become needed. Bergman has asked that volunteers not come to Valdez.

There is no place to stay, no boats to take people out, no equipment to work with, and nothing to do, she said.

NOW: What Coast Guard, oil industry officials have to say

Officials hope dispersants will dilute the spill

Daily News 3-26-89

Warnings of tanker spill's likelihood go back a long way

By LARRY PRYOR
Los Angeles Times

Throughout the mid-1970s, as the trans-Alaska Pipeline System was being planned and debated, the pipeline's builders said that chances of an oil spill in Prince William Sound were extremely remote. The normal safety precautions used in domestic tanker trade would provide sufficient protection to coastal waters.

But environmentalists and Alaska state officials strenuously argued that a tanker accident there was inevitable. They said that the fleet designated to carry the North Slope oil should be specially designed to be maneuverable in the close confines of the sound and have special ballast tanks and double bottoms to limit leakage if a tanker had an accident.

Until Friday, the oil industry had won the argument.

The debate over threats of oil spills from the fleet of the trans-

Alaska Pipeline System fleet, or TAPS, as it became known, began almost from the day in 1978 when Atlantic Richfield and Humble Oil and Refining (now Exxon USA) discovered the Prudhoe Bay oil field and planning began for the 800-mile pipeline, its terminus at Valdez and the transportation fleet.

The pipeline's marine leg was the first movement of large amounts of domestic crude oil by means other than large pipelines.

Some members of Congress sought a study of the feasibility of bringing the oil by pipeline through Canada, but that idea was cut off even before the planning stage. A bitter Rep. Morris Udall, D-Ariz., said at that time: "The saga of the trans-Alaska pipeline is at once one of the most remarkable and regrettable of the decade."

In order to shortcut the review process required by the National Environmental Policy Act, Secre-

tary of Interior Rogers Morton and Alyeska Pipeline Service Co., the consortium of eight oil companies building the pipeline, in 1972 testified that the TAPS fleet would "set new and exacting standards to govern the marine transportation of American oil."

Morton testified before a congressional committee that "newly constructed American flag vessels carrying oil from Port Valdez to the United States ports will be required to have segregated ballast systems incorporating a double bottom ..."

The environmental impact statement on the project made repeated references to the "modern Alyeska tanker system," and Alyeska published a brochure promising that its fleet of tankers would be "thoroughly modern and unique" and would be "precedent-setting in the petroleum and marine industries."

Alaska regulators and environmental groups opposed to the pipe-

line interpreted those promises as meaning that the ships entering Prince William Sound would be a specially dedicated fleet with segregated ballast to be used as defensive space, with double bottoms and added maneuvering systems, such as double screw and bow thrusters.

However, as the pipeline drew close to being finished in August 1977, it became clear that only a handful of the ships that would carry the North Slope oil would have double bottoms. Because of a series of decisions by the U.S. Coast Guard and the oil companies, most innovations in tankers did not apply to the TAPS fleet.

Moreover, the 500-member Cordova District Fisheries Union, as well as Alaska officials and scientists, urged Alyeska and the Coast Guard to take special precautions in case of a tanker accident in

Please see Back Page, **WARNINGS**

more toxic compound in the water," said Rick Steiner, a biologist who heads the University of Alaska marine advisory program in Cordova.

Hydrogen and oxygen atoms in the normally harmless water could bond with chemicals in dispersants to create new and harmful chemicals, he said, or chemical reactions between the water and the dispersants could release heavy metals or other toxics formerly locked up in hydrocarbon compounds.

Most of the dangerous chemicals would probably

that inhabits the surface and the wildlife in the water column and on the floor."

An oil company executive said that was not the case. Dispersants would help more than hurt, insisted Don Cornett, Alaska coordinator for Exxon USA. He said dispersants could prevent oil from reaching sensitive beaches and the shallow water where herring are beginning to spawn.

"We believe we can substantially limit the damage done to the shoreline," Cornett said.

The EPA had by late Sat-

it to be a cure-all.

"To the common layman, you'd think: 'Blast it with this stuff, and it will go away, and it's cheaper.' But it's not quite that simple," he said.

He noted a long list of potential problems:

- The dispersants have only limited effectiveness. Lautenberger said the success rate ranges from 0 to 80 percent. He expected a 30 percent success rate in the Sound. Trial use early Saturday failed because there wasn't enough wind and tide to agitate the chemicals, the

- No one is certain what dissolved oil, or even the dispersant, will do to marine life in the long term.

"It might not cause absolute, acute mortality," Steiner said, but it could still cause plenty of damage. The fisheries of the Sound are particularly vulnerable at this time of year, he said.

Young salmon emerging from their natal streams depend on adequate supplies of plankton, which could fall victim to dispersed oil. Larval crabs, clams and herring eggs are sensitive as well.

Herring eggs exposed to even small quantities of wa-

agency agrees the best way to clean up the oil is to skim it off the surface mechanically, Lautenberger said.

But, realistically, this spill is so big and the equipment on scene so limited that dispersants might be one of the best options available, Lautenberger said.

Others options have, however, been discussed, including burning the oil or dumping sand on it. The sand would bond to the oil, and together they would sink to the bottom. Steiner said Cordova fishermen are backing that idea, but environmental



Anchorage Daily News / Ron Engstrom

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WARNINGS: Sounded years ago

Continued from Page A-6

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