

SCOMM

77:78

Couple completes Romanian adoption

By LIN GALE
Fairbanks Daily News-Miner

FAIRBANKS — It took \$12,000, two months of work and a clash with United States immigration officials to bring little Mellie Williams to her new Alaska home, but her parents say she's worth every ounce of trouble.

"A lot of people look at her and say, 'What a lucky girl,'" Roger Williams said, clutching the hand of his newly adopted 2-year-old daughter from Romania. "I kind of think we're the lucky ones."

The Williamses found Mellie in a dirt-floor village shack on April 19 and signed adoption papers May 9. It took nearly a month after the adoption to get her home, however.

News reports in April about Romania's then-blossoming black market for babies led to tougher immigration restrictions, and on June 1 the Romanian government banned all foreign adoptions to halt the growing black market for babies.

The adoption ended 18 childless years for the Williamses. The couple married in 1973, and found they were unable to conceive children. They contacted American

adoption agencies, but were frustrated by long waiting lists and daunted by the apparent risks of adopting a child damaged by drugs and alcohol, Jocylynn said.

Roger, 39, the production foreman for Commercial Printing Co. and Jocylynn, 37, had nearly resigned themselves to spending their lives without children. Then they saw a television special last summer about Romania's crowded orphanages, and the couple began pursuing a Romanian child for their own in October.

They completed what paperwork they could here, and lined up Romanian contacts. On April 4, they flew to Bucharest.

There, they found Romania had closed its orphanages to foreigners except by appointment. The next available appointment was in February 1992, Roger said.

Women approached them on the street and offered to sell their babies for \$500, Jocylynn said.

"The gypsies will come up to you on the streets and say, 'You, you, baby, baby, baby,'" Jocylynn said, pointing to an imaginary baby cradled in her arms.

They found the child in a tiny farming village outside of Cluj. She was huddled on a bed inside a 10- by 10-foot

shack with her 5-year-old sister, Roger said.

Her mother was in the hospital suffering from a terminal heart disorder, and her unemployed father had left the two children to mostly fend for themselves.

When the Williamses found Mellie, she was suffering from pneumonia and acting like a nervous animal. "We'd reach out to touch her and she'd jerk back her hand," Roger said. Mellie was admitted into a hospital for treatment of pneumonia.

The Williamses visited her for several hours each day and fell in love with her, Jocylynn said. She, in turn, responded to their attention with smiles and hugs.

On May 9, the Williamses went to court with Mellie's parents for the adoption hearing. Roger carried Mellie's 24-year-old mother into the courthouse for the proceeding, because she was so weak she could not walk, he said.

She died the next day.

The Williamses continued to search for a second child to adopt, but could not find one. They returned to Bucharest, and headed to the American Embassy for Mellie's visa.

When the Williamses arrived in Romania in early April, smiling embassy employees processed children's

immigration visa's in 24 hours, Roger said. By mid-May, after a "60 Minutes" report about Romania's black market for babies that aired about a week after they arrived, the smiles had disappeared.

"That show ended up causing us considerable problems," Roger said. The couple was told they had to wait nine days for an appointment at the embassy. Following the wait, the embassy denied the visa application.

In Romania, false documents could easily be bought on the streets and embassy officials said the Immigration and Naturalization Service would have to investigate to make sure all the documents were authentic. They said that could take six weeks.

"It was devastating for us," Jocylynn said.

To prove the adoption was authentic, Roger traveled back to Mellie's mother's village for a copy of her death certificate. With receipt of the certificate, immigration officials cleared Mellie's entrance into the United States.

Air fares, legal fees and living expenses in Romania brought their expenses to about \$12,000, they said.

ANCHORAGE — The Alaska Native Claims Settlement Act will be the focus of the 25th annual meeting of the Alaska Federation of Natives when it meets here from Oct. 16-19, organizers say.

The act was signed into law by President Nixon on Dec. 18, 1971. A number of people who developed and helped get the measure through Congress will be at the convention, organizers said.

Much of the activity will focus on an accounting of what has transpired in the two decades since ANCSA was passed as well as an assessment of what may be

in store for the next decade.

The law compensated Alaska Natives for the loss of lands historically used and occupied. It provided for establishing regional and village Native corporations with the right to select 44 million acres of land and appropriated \$962.5 million to them.

October also marks the silver anniversary of the Alaska Federation of Natives and people instrumental in its formation and operation will be recognized, officials said.

The convention will be held at the Egan Convention Center in downtown Anchorage.

Daily News 6-11-91 Exxon trial set for October

Exxon is scheduled to stand trial Oct. 7 on five criminal pollution charges arising from its 1989 oil spill, according to papers filed in U.S. District Court last week.

Judge H. Russel Holland reinstated the misdemeanor counts to which Exxon Shipping and Exxon Corp. had pleaded guilty in March. They were withdrawn last month, after the judge rejected a plea agreement.

The two subsidiaries once again face the five charges outlined in a February 1990 indictment — two felonies and three misdemeanors each.

In April, Holland said a proposed \$100 million criminal fine was not enough to punish Exxon for the nation's worst oil spill. In rejecting the plea bargain, he also set in motion the unraveling of a \$900 million civil settlement.

The trial date was set at a closed hearing in the judge's chambers last Thursday. Holland's order, dated Friday, also scheduled a set of pretrial hearings, on July 19 and Sept. 5. The trial is expected to last six to seven weeks, including jury selection.

FREE
OUT OF TOWN
WIRE FEE
WITH COUPON

ju ju Flowers
Dinner & Special & Arctic Wedding
344-2956 248-6616

SKATEBOARD RAMP HALF-PIPE
16 ft. by 30 ft.

FREE to non-Profit organization or affordably priced to the public.

CALL 243-1266



2-FER SALE

SILK/BLEND SPORTCOATS 2-FER \$289
WOOL SLACKS 2-FER \$149

THOUSANDS OF SUITS & SPORTCOATS AVAILABLE IN EVERY FABRIC, PATTERN & COLOR. SUITS STARTING AT \$399 FOR TWO, SPORTCOATS STARTING AT \$199 FOR TWO, DRESS SLACKS STARTING AT \$79 FOR TWO & DRESS SHIRTS STARTING AT \$19 FOR TWO. BIG & TALL SIZES INCLUDED.



545 E. NORTHERN LIGHTS (across from Sears Mall)
OPEN MON-FRI 10-8 SAT 10-6 • 276-4279

June 16th is
FATHER'S DAY

METRO

WEDNESDAY

SECTION B June 12, 1991

Daily News 6/12/91

Settlement questions go unanswered

Rawl won't talk of spill deal

By JOHN ENDERS
The Associated Press

Exxon Corp. Chairman Lawrence Rawl this week refused in a sworn deposition to answer dozens of questions by lawyers for several Native Alaska villages about the now-defunct \$1 billion Exxon Valdez oil-spill settlement, the attorneys said.

■ **QUICK WORK:** Cleanup is going so well, work may end early this summer. B-3



Associated Press file photo

Lawrence Rawl

"In due course, native Alaskans will have an opportunity to take depositions from witnesses in these pending Alaska court cases," the Exxon statement said.

Rawl's attorney, Patrick Lynch, instructed him not to answer most of the questions posed during the deposition, said Lloyd Miller of Anchorage, one of the attorneys for the Natives.

"Many reasons were given. Claims of attorney-client privilege, settlement privilege, relevancy, even an allegation that the questions being asked were beyond the scope of the litigation pending before Judge Sporkin," Miller said.

The attorneys interviewed Rawl and other officials in connection with a lawsuit by Native villages that is now pending before U.S. District Judge Stanley Sporkin in Washington, D.C.

The lawsuit claims the federal government illegally negotiated the proposed settlement stemming from the March 24, 1989 Exxon Valdez oil spill by ignoring Natives' claims. The Native groups also hope to force any future settlement talks to include consideration of their interests, Miller said.

Rawl gave his deposition in Dallas on Monday, and R.G. Warner, chairman of the subsidiary Exxon Pipeline Co., also submitted to questioning the same day. A. "Gus" Elmer, chairman of another subsidiary, Exxon Shipping Co., gave a similar deposition in Dallas on Tuesday.

The Native villages, located in Prince William Sound near the site of the oil spill, have filed lawsuits claiming hundreds of millions of dollars in damages to the area's natural resources and villagers' subsistence lifestyle. No trial dates have been set in those cases.

The tanker Exxon Valdez dumped nearly 11 million

barrels of oil in the Gulf of Alaska in March 1989. Lawyers for the villages announced Tuesday they had interviewed Rawl and another Exxon official for more than four hours, and that Rawl repeatedly declined to answer queries about the proposed settlement between Exxon, the state of Alaska and the federal government. The deal fell apart last month.

In a statement released at its Irving, Texas, corporate headquarters Tuesday, Exxon said it had "cooperated fully" in the Native lawsuit deposition. But the company said its officials did not answer questions about Native Alaskans' civil damage claims in Alaska state courts because "we did not think it appropriate."

"In due course, native Alaskans will have an opportunity to take depositions from witnesses in these pending Alaska court cases," the Exxon statement said.

Rawl's attorney, Patrick Lynch, instructed him not to answer most of the questions posed during the deposition, said Lloyd Miller of Anchorage, one of the attorneys for the Natives.

"Many reasons were given. Claims of attorney-client privilege, settlement privilege, relevancy, even an allegation that the questions being asked were beyond the scope of the litigation pending before Judge Sporkin," Miller said.

The attorneys interviewed Rawl and other officials in connection with a lawsuit by Native villages that is now pending before U.S. District Judge Stanley Sporkin in Washington, D.C.

The lawsuit claims the federal government illegally negotiated the proposed settlement stemming from the March 24, 1989 Exxon Valdez oil spill by ignoring Natives' claims. The Native groups also hope to force any future settlement talks to include consideration of their interests, Miller said.

Rawl gave his deposition in Dallas on Monday, and R.G. Warner, chairman of the subsidiary Exxon Pipeline Co., also submitted to questioning the same day. A. "Gus" Elmer, chairman of another subsidiary, Exxon Shipping Co., gave a similar deposition in Dallas on Tuesday.

The Native villages, located in Prince William Sound near the site of the oil spill, have filed lawsuits claiming hundreds of millions of dollars in damages to the area's natural resources and villagers' subsistence lifestyle. No trial dates have been set in those cases.

The tanker Exxon Valdez dumped nearly 11 million

GADFLY TIRES OF STANDING ALONE



Alan Mitchell, the state's lone utility consumer advocate, is quitting his post after two years.

Consumers' advocate resigns

By CHARLES WOHLFORTH
Daily News reporter

When a House committee held a debate this spring on whether to build electric interties, Alan Mitchell was outnumbered, as usual.

Mitchell, the state's lone independent advocate for utility consumers, is tired of standing alone. He's quitting the job he has held for two years.

This spring, Mitchell had been invited to the debate to present the consumers' point of view on a plan by electric utilities to spend state money on bigger power lines linking Alaska's cities.

Mitchell said it just didn't make sense, and he had numbers to back up his position. Consumers would be better off, he said, if the legislature

just gave them the money directly. If the utilities still want the interties, they can always build them, he said.

"There were at least six people representing the utilities, and they were all against Alan Mitchell," said Rep. David Finkelstein, D-Anchorage, who called the debate. "Alan really held his own. He did a really good job of making his case and making it understandable."

"They attacked him personally. If you don't like the message, attack the messenger."

Michael Kelly, manager of Golden Valley Electric Association in Fairbanks, took the lead against Mitchell. Kelly said he respects Mitchell, but says the utilities, not Mitchell, represent consumers.

"I think he represents a few legis-

lators who want from the fund to said in the debate sent our consumer

"What you're guy sitting in a low budget," K view.

That's why M the end of the

For two years comply with hi tract with the s sumer represen tion dissemination Alaska." His much more speci it to Mitchell to public interest i

Please

Please see Page B-3, EXXON

Consumers' advocate tires of standing alone



body's pocket," Mitchell said.

Mitchell said the charges bother him. He isn't a political idealist, but a logician who likes to analyze an issue, find the right answer and then fight for it. Mitchell prides himself on his objectivity and has interpreted his job as providing information to decision makers that they would not receive from anyone else.

"He's the best person for that job of anyone I could think of," said Joel Rothberg, a lawyer who did utility work for AKPIRG. "It's amazing he's stayed as long as he has."

"We're really sad to see him leave that position," said Stephen Conn, who now heads AKPIRG. "It was a very lonely position, and he did a really good job."

Mitchell said he isn't sorry he got involved in legislative issues, even though it led to the confrontations that made him want to quit.

The legislature was where he was most effective. Finkelstein said Mitchell was a major factor in stopping funding of the interties.

Mitchell also worked on regulatory issues before the legislature. He said the Alaska Public Utilities Commission has a good staff to evaluate utility proposals, but when utilities don't get their way, they simply go to the legislature, where the staff is far less technically expert. Utilities pay hundreds of thousands of dollars each year for legislative lobbyists.

"There's stuff that gets said and gets tried at the legislature that wouldn't even walk through the door at the commission," Mitchell said. "It's not that the legislature does not represent consumers, but the information they get has the worst utility slant on it."

"I see my role as not incredibly extreme."

But he's quitting, and even if he weren't, Mitchell acknowledges he would be fired. No money for his job is included in next year's budget, but Mitchell, a registered Democrat, fears that Gov. Wally Hickel may veto because of the legislative utility intertie standpiped on. Hickel's spokesman, John Manly, would not reveal the governor's position on the funding.

Rep. Robin Taylor, Rangell, said he would like to see Mitchell out of a job, but he said he saw no reason for the state to pay a utility consumer advocate at all.

"I'm a consumer, and I'm offended by what he's saying," Taylor said. "Good grief, this is a guy who wanted to buy all poor folks' old refrigerators and replace them with new refrigerators."

In fact, Mitchell said, a program to replace old refrigerators — for rich and poor alike — would be more cost-effective use of state benefit than the interties.

Taylor, like the utility managers, said Mitchell is politically motivated, although he said he has no basis for the allegation other than "an assumption."

"I don't feel I'm in any-

EXXON: Chairman has little to say about spill settlement

Continued from Page B-1

gallons of North Slope crude into the waters of the sound, killing thousands of sea birds, fish and marine mammals. Exxon has spent about \$2.5 billion to clean up the spilled oil, and a third summer of cleanup work is now under way.

The villages filed suit in Washington before the proposed settlement fell apart. As part of the plea agreement that was to have been the basis for the settlement, Exxon agreed to pay about \$1 billion in civil and criminal penalties and the federal government was to drop its criminal prosecution of Exxon on federal pollution charges.

But in April, U.S. District Judge H. Russel Holland in Anchorage refused to accept the plea bargain, and said

11,400 of its 15,750 shareholders, said spokesman Ross Soboleff. The claims act allows the payments to go to those who own stock only in Sealaska or who also own stock in an urban corporation, such as Juneau's Goldbelt Inc. A section of the claims act requires all regional Native corporations contribute 70 percent of earnings from resource development activities like timber harvesting into a fund. The fund is then split among all regional Native corporations based on shareholder population, Soboleff said. "Every year we pay into that pot, and every year everybody gets something back from it," he said earlier this week.

That's not a tangle, that's 10 grand

KETCHIKAN — What was thought to be a tangled line turned into a trophy fish and a \$10,000 prize for a Ketchikan man. Chris Lervick, 28, won the prize with a 57.5-pound catch during the Ketchikan King Salmon Derby over the weekend. Lervick said he initially thought his line was tangled with his friend's line. But he learned otherwise as it took half an hour to reel his fish into the boat.

Coast Guard seizes boat

JUNEAU — The Coast Guard seized a pleasure boat Tuesday that was illegally chartered to ferry bear hunters in Southeast Alaska. The Skana, owned by Eric and Nancy Simpson of Juneau, is documented as a pleasure vessel only and cannot be used for coastal trade, the Coast Guard said in a news release. The operators of 46-foot boat also were not licensed to transport bear hunters, as required by the Coast Guard, Cmdr. Buzz Rome said. The boat was released to the federal marshal in Juneau. The case was referred to the U.S. attorney in Anchorage for prosecution.

Daily News wire reports

Exxon was not being made to pay enough for the damage it had done. In May, the Alaska Legislature also turned down the settlement.

Exxon later withdrew its guilty pleas. A new trial on the federal criminal charges has been scheduled for Oct. 7 in federal court in Anchorage.

Amy Casner, a spokeswoman for the Justice Department in Washington, said there are no new settlement talks under way. But she said Justice Department officials would be happy to talk to Exxon.

"We keep the door open if they want to sit down and talk in good faith," Casner said.

Exxon spokesman Bill Smith in Texas would not comment on the possibility of any future settlement.

B

METRO

The Anchorage Times

SATURDAY
June 8, 1991



Saturday Sundry

William J. Tobin

WELCOME TO THE WORLD: Birth announcements come in different forms, including one that was broadcast the other day over McGrath public radio KSKO, called in to the station's bush message service by a proud father, placer miner Keith Tryck. "To the crew at Ophir Creek: La La delivered a 120-ounce nozzler, Charles Eric, at 4:12 p.m. today, May 30. Mother and baby are doing fine. I'll fly out the cigars. Cheers. Dad" La La, in this case, is Tryck's wife Laurie, and 10-pound Charles Erik is their first offspring. Their home is in Girdwood. But during the summer, when they're operating their mom and pop gold mine 60 miles southeast of Ruby, out by the Yukon, KSKO's hourly message service is a communication lifeline. Keith headed back to camp Thursday, carrying cigars for the half-dozen members of the crew. La La and baby Charlie will join them in three or four weeks.

ONWARD & UPWARD: The state's final report on the amount of money paid to lobbyists working the 1990 legislative session showed the folks hired to influence the lawmaking process last year collected fees totaling \$7.2 million — exactly what Uncle Sam paid Czarist Russia for the whole bloomin' place 124 years ago. How about lobbying fees this year? The reports aren't yet in.

BIG TIME WITH MR. ZIP: It's all still a secret, you understand, but the word is out that Anchorage artist Byron Birdsall has been commissioned by the U.S. Postal Service to design a stamp commemorating the 50th anniversary of the building of the Alaska Highway. The stamp will be issued in 1992. "It will be a limited edition print of 400 million," he said.

RET A MILLION: A Monte Carlo night

Impossible, Cole says

Head lawman pans legislators' spill deal demands

By STEVE PILKINGTON

TIMES WRITER

FAIRBANKS — Attorney General Charles Cole told a group of fellow lawyers Friday the conditions set by state lawmakers for a new Exxon Valdez oil spill settlement are unwieldy and impossible.

Cole said several settlement requests by Alaska legislators, made after the state and Exxon withdrew from a \$900 million civil settlement pro-

posal with the federal government, could lead to years of legal battles anyway.

"That's a formidable problem and one that, in my view, is insurmountable," Cole told members of the Alaska Bar Association meeting here this week.

The original civil agreement called for millions of dollars from Exxon to be placed in a joint federal-state trust fund for restoring resources in Prince William Sound.

U.S. District Court Judge H. Russel Holland in April discarded the accompanying criminal agreement, saying \$100 million in criminal fines was inadequate.

The Legislature later then voted down the civil settlement, and the state and Exxon withdrew.

Lawmakers requested that they have more control in allocating how restoration funds would be used. Cole

See Spill deal, back page Charles Cole



Charles Cole

Natives denied special use of Copper River fishing site

By DESIREE HUMPHREY

TIMES WRITER

A federal judge denied a request by two elderly Native women Friday that would have thrown Alaska fisheries management into chaos by transferring control from the state to the federal government.

U.S. District Judge H. Russel Holland said Katie John, 74, of Mentasta village and Doris Charles, 81, of Dot Lake are not in danger of going hungry if they do not get special access to the Batzulnetas fishing site on the Copper River in the Wrangell-St. Elias National Park and Preserve.

Holland said he weighed the possible harm to the women against the upheaval of the complex fish-



Children

Continued from page B1

dren's Services, said the state has not increased the amount paid to the organizations for almost eight years.

"We are depleting our resources in an effort to supplement inadequate payments made by the state," she said.

Alaska Children's Services runs the 50-bed Jesse Lee Home in Anchorage. Alaska Youth and Parent Foundation runs an 18-bed emergency shelter for children and the Salvation Army

Boher said the children are the state's responsibility, and Alaska is getting a break at the agencies' expense. She said the program cost Alaska Children's Services about \$500,000 last year.

Michael Price, the division director, said the state should not increase the grants paid to the two groups without first determining what a reasonable rate would be. The three organizations are members of the Anchorage Consortium of Residential Treatment Providers For Children, which endorsed raising the state's payments in a press release.

Price said the state spends about \$11 million on residential treatment for youths. The three Anchorage centers receive about \$4 million of that. He said the state does not have funds for an increase.

"We either serve fewer children if we give the rate increase, or we close other facilities," he said.

Price said the division's staff will meet with the Anchorage groups on Monday to try to resolve the problem.

Price said the proposed increases would raise the most expensive treatment of a child to almost \$88,000 a year. Currently that treatment costs the state more than \$66,000. The state pays

providers from \$85 to \$105 a day for emergency and residential shelter.

The agencies said the flat fees do not reflect the different costs individual organizations must pay for the services.

"How do you recruit staff when you're still paying a wage rate five years behind the rest of the city?" said Robert Anderson of the Salvation Army.

Anderson said the groups were willing to compromise to resolve the dispute.

"There's been neglect and a sense of abandonment to these programs the last six years," he said. "We serve a very troubled population."

The dispute began in Febru-

ary when the Anchorage consortium agreed to submit bids higher than the state limits for the child care grants.

Price said two bids were unresponsive, or too high. Sheila Gaddis, the executive director of the Alaska Youth and Parent Foundation, said her group submitted a bid within the state's guidelines but asked for more money to run the shelter program.

"We thought it was unresponsive," she said. The fourth member of the consortium, Alaska Baptist Home, submitted a bid that was within the state's limit.

The state is looking for alternatives to residential treatment, including expanding a test-pro-

gram involving the state's foster care system, Price said.

A legislative audit of the child care program released Feb. 13, recommended that the state re-evaluate its payment method, develop new accounting policies and keep better records to justify staffing levels the division requires.

Sen. Drue Pearce, R-Anchorage, said the Legislature had included \$50,000 in the state's budget to conduct a rate survey for the children's residential care program. It also included 2.5 percent increases in grants as a cost of living allowance.

The survey is important to determine what the programs need in funds, she said.

Vincent

Continued from page B1

hood poverty.

Vincent is black and a member of the African-American sorority Alpha Kappa Alpha, but she does not emphasize race or ethnic distinctions in her role as Miss America.

"There are problems with race relations, but I think we can learn from the cultural differences that we have," Vincent said. "I think one thing that we're lacking is people under-

standing and appreciating the differences rather than looking at them as negatives."

Carla Timmerman, the pageant's state executive director, said platform issues replaced the 15-second on-stage speeches to emphasize that Miss America is a role model and not just a beauty queen.

Another change in the pageant has been switching the title of the swimsuit competition to what is now called "physical fitness in swimsuit."

"The judging looks for if this girl looks healthy, physically fit, does she have a pleasing shape

for her bone structure, does she look comfortable in a swimsuit in front of 50,000 people," Timmerman said.

Vincent said her reign as Miss America has provided her with invaluable personal experience in meeting people, traveling and fielding on-the-spot questions.

Also, she won \$35,000 in scholarship funds.

While touring other cities, Vincent was able to visit local shelters and speak with domestic violence victims. However, her schedule in Alaska was not expected to allow a visit to AWAIC or other shelters.

Spill deal

Continued from page B1

said that could cause years of court disputes between the state and U.S. governments because many of the resources are federally managed under plans such as the Marine Mammal Protection Act.

"It will take a number of years to slug it out with the United States government to determine who has the rights to those damages," Cole said.

Rep. Max Gruenberg, D-Anchorage, said lawmakers did consider potential problems. But he said the agreement could be drafted in a way allowing the state to manage the funds while complying with federal guidelines.

Another request by lawmakers is to open meetings of the yet-to-be-created joint federal-state trust fund to the public under the Alaska Open Meetings Act. Cole said that request could stifle efforts at more talks.

"I mean, it's difficult to go to the U.S. Department of Justice with that demand," Cole said.

Cole said the trashing of the first agreement has left the state in a difficult position.

"At the moment, we're sort of in a stalemate," he said.

But Hickel and others have not lost hope, he said.

"I'm satisfied that eventually, sooner or later, the negotiations for the settlement will resume," he said. The question now is whether the negotiations will reach a point where the outcome is acceptable by all three members.

Exxon has shown no interest in resuming talks, Cole said.

Fishing

Continued from page B1

John and Charles.

The women's lawsuit, filed in December, asserts the Copper River is federal "public land" rather than "navigable water." Alaska gained control of all navigable waters at statehood. The Alaska Federation of Natives joined the women and the state joined the federal government in the suit later.

In past cases decided by Holland, the women have successfully challenged limits by the state over the fishery. But since then, the federal government has retaken control of subsistence management.

The state Supreme Court declared in December 1989 that the state's pledge to give rural residents first access to fish and game was unconstitutional.

The federal government took

waters that wind through state and federal lands have left a dual management system. Both governments are still coping with the bedeviling problems of regulations that will permanently comply with federal and state laws.

"No one knows for sure who owns the fish until they're reduced to possessions," Alaska Federation of Natives lawyer Donald Mitchell told Holland.

Although Mitchell asked Holland to correct federal regulations he sees as contradictory, a Justice Department lawyer said it is not the proper role of the court to rewrite congressional legislation when the court sees a problem.

Dean Dunsmore, who represents the federal government, said it is clear Congress put limits on federal rights. Title 8 of ANILCA only applies to hard land and not navigable waters, he told Holland.

Great Alaskan BEEF & SEA

FRIDAY - SATURDAY - SUNDAY SPECIALS

Western Alaskan Steak

Broiled top sirloin with barbecued beans and corn on the cob, served with garlic bread

\$10.95

New York Steak and Prawns



Sen. Al Adams

"It's sort of like playing Russian roulette with our constitution — only every barrel is loaded."

• Sen. Al Adams, D-Kotzebue, on a resolution seeking a stricter constitutional definition of the individual's right to bear arms.

Capitol quotes — They said it

The Associated Press

"How do you know if a Hickel secretary has been using your computer? There's Whiteout on the screen."

• Joke told during the Juneau Democrats' annual legislative skits dinner.

□
"I have 60 clients, none of whom agree on much of anything."

• Legislative attorney Pam Finley.

□
"I don't think we want to pass a resolution that takes him off the hook and puts us on it."

• Senate President Dick Eliason, R-Sitka, on Attorney General Charlie Cole's offer to release oil-spill studies if the legislature passes a resolution asking him to do so.

□
"I feel like I'm in a bear trap, that there's all kinds of things that keep me from using my

expertise to the fullest — stipulations, statutes, regulations."

• Corrections Commissioner Lloyd Hames on his effort to streamline management of his department.

□
"It should be noted that you have a unique opportunity to evaluate a probationary employee to ensure that they are committed to the philosophy of the administration."

• Administration Commissioner Millett Keller in a memo to fellow commissioners.

□
"You've picked at every gnat, worm and lice we can find and this is another example of that."

• Rep. Robin Taylor, R-Wrangell, on criticism of Keller's memo.

□
"This has reached the level of a holy war."

• House Speaker Ben Grus-

sendorf, D-Sitka, after debate on Keller's memo.

□
"He's a good guy, but that's got nothing to do with government."

• Hickel legislative liaison Bruce Kendall on Keller.

□
Department of Hickelisms
On Keller's memo: "It's kind of nice to see Keller in the paper instead of me."

On being in the spotlight: "Hell, when I was in Washington I was under the heat for so long that I thought I was in the Sahara desert."

On reporters' access to Hickel: "From what I read in the press, you get to me quite a bit."

On when he will decide whether to change his mind about cutting the longevity bonus: "When the 'little guy' tells me, 'Go do it.' "

Lawmakers face thorny vote on spill

By DAVID FUTCH

TIMES WRITER

Gov. Walter J. Hickel's proposed \$1 billion settlement with Exxon has legislators facing what may be a politically tough choice.

In a couple of weeks lawmakers will be expected to vote for or against the deal, a decision likely to either make them unpopular with voters or put the state in a position of having to spend years in court suing Exxon if the deal is rejected.

The majority of people who spoke at legislative public hearings Friday through Sunday in towns affected by the spill criticized the deal put together by Hickel and Alaska Attorney General Charles Cole.

"The easy way out would be to say no (to the settlement)," Senate President Richard Eliason said. "We are in a difficult spot because no matter what we do we're going to be criticized. We're damned if we do and damned if we don't."

Eliason, R-Sitka, said he tries to put the deal in practical terms. Alaskans may never know what they would have received if a

'We are in a difficult spot because no matter what we do we're going to be criticized. We're damned if we do and damned if we don't.'

— Richard Eliason
Senate president

lengthy court battle with Exxon occurred, he said.

Eliason and House Speaker Ben Gruesendorf, D-Sitka, say that if legislators reject the deal, it will be years before restoration of Prince William Sound begins.

"An accurate description of what is happening with this deal could be explained like an accident in which a truck hits a victim and everyone is standing around arguing about the accident while the victim is bleeding," Gruesendorf said.

See Spill, page B4

Spill

Continued from page B1

to death," Eliason said. "In this case the victim is Prince William Sound."

Gruesendorf said the financial part of the settlement never thrilled him.

"The corporate tax attorneys did a wonderful job for Exxon because the terms allow for the deal to act as an annuity for the oil giant," Gruesendorf said.

"What really matters is what the people affected by the spill think of the deal," he said.

How Gruesendorf votes depends on what he hears from representatives Cliff Davidson, D-Kodiak; Gene Kubina, D-Valdez; and Mike Navarre, D-Soldotna. The three spent their weekend listening to people affected by the spill.

"I'm going to key off Kubina, Davidson and Navarre," Gruesendorf said. "If they agree it's a good deal, then I will go for it — reluctantly."

Gruesendorf, who helped organize the Prince William Sound public hearings, said the Hickel administration orchestrated a public relations show at the hearings to garner support for the settlement. The hearings in the Sound communities were before the House Special Committee on the Exxon Valdez Oil Spill Claims Settlement. The Senate has a similar panel.

He said that when Hickel found out legislators were going to Prince William Sound to get community reaction, the administration hastily put together a team to stave off criticism of the deal. The team included Cole, Department of Fish and Game Director Carl Roemer and Department of Environmental Conservation Director John Sander, Gruesendorf said.

"The administration did this to put on a dog-and-pony show," he said. "I told my people to make sure they (the administration) don't take over."

Cole said he, Roemer and Sander were not sent to the hearings as part of a public relations ploy. The Hickel team went along because they are the state trustees who will administer the settlement funds, he said.

Cole also said he went to explain to people his role in negotiating the settlement.

Legislators are expected to act on either a Senate or House concurrent resolution by April 24, Gruesendorf said.

James Rockwell, Hickel's special assistant for special projects, said the governor remains supportive of the settlement because he feels it is in the best interest of Alaska.

"The Legislature can accept or reject it, and they are in a tough situation," Rockwell said. "The governor is not deterred by any of the negative reaction to the settlement. A bird in the hand is worth two in the bush."

In communities affected by the spill, the settlement has been a hard sell because most people who suffered would like to have seen Exxon pay more, Cole said.

"I think the people are entitled to question the state's chief negotiator," Cole said following Sunday's town meeting in Cordova. "They may not agree with the explanation I gave but they were entitled to it. It wasn't always easy to sit through these questions. But on the other hand that's what is expected of me and I recognize that."

"One could not help be impressed by the incisiveness by much of the commentary. Many of the people knew what they were talking about. Others were still angry at Exxon and Alyeska (Pipeline Service Co.)."

Unkept Exxon vows leave Cordovans mistrustful of pact

By DIRK MILLER

TIMES CAPITAL BUREAU

CORDOVA — People here have had too many broken promises the past two years to be impressed with the proposed Exxon Valdez oil spill settlement, says Mayor Bobby Van Brocklin.

Van Brocklin, testifying at Sunday's hearing of the House's settlement review committee, said the promises to Cordova began long before the Exxon Valdez tanker struck Bligh Reef on March 24, 1989. Cordovans were assured such a disaster would not happen when the trans-Alaska oil pipeline was built.

"We've had promises and promises starting 20 years before the disaster of the spill, and here we sit," Van Brocklin said at the hearing in Cordova's public library. "So our trust is at a very low level."

Many said they had been promised by Exxon representatives that the town would "be made whole again." They say it did not happen.

"Once again, it seems we're being told 'Trust us. It will happen,'" said City Council woman Nancy Bird.

State, federal and Exxon officials last month agreed to a \$1 billion settlement of federal and state lawsuits stemming from the 11-million-gallon spill. The settlement includes a \$100 million criminal fine for guilty pleas by Exxon to four federal charges and \$900 million in natural resource damages. The \$900 million is to be placed in a trust fund to be used for restoration of Prince William Sound and other oiled areas. Six trustees — three federal, three state — would decide

See Cordova, page B4

the state's trustees — attended the hearing.

Native groups told lawmakers that the spill was still disrupting their subsistence lifestyle.

Mary Gordaoff, the president of the Tatitlek Corp., said villagers still could not trust the sea- food they relied on for food. Tatitlek was less than five miles from the tanker accident. Gordaoff said she continues to hear horror stories from fishermen about diseased sea life.

"This isn't over yet and it isn't going to be for a long time," she said.

state was not getting enough for the disaster.

"From what I learned, the state has an excellent case against Alyeska and Exxon," she said. "We are selling ourselves short."

Attorney General Charles Cole told residents at the hearing that he was keeping state studies secret to keep others from using them against the state. He said lawmakers will be given a confidential briefing on the studies this week to help them decide on the settlement.

Cole and Fish and Game Commissioner Carl Roster — two of

"Some of these facts are just coming to light," Black said. "I would urge the Legislature to turn this down and let it digest a little."

Most of those testifying from the crowd of about 50 people urged lawmakers to try to change the \$1 billion pact or reject it. People were concerned about the size of the settlement, its effect on private lawsuits, the uses of the trust fund, and the release of state damage studies.

Melissa Rice told the panel she had worked for the state with the confidential data and that the

how the money is spent.

A federal judge is expected to decide on Exxon's guilty pleas April 24. A decision by state and federal governments on whether to approve the rest of the settlement is to be made by May 3.

Fisherman Bill Black said the date is too soon, especially since federal studies of the spill's effects just recently were released.

B4 Monday, April 15, 1991, The Anchorage

Cordova

Continued from page B1

State backs off timber buyout

By DAVID POSTMAN
Daily News reporter

JUNEAU — State officials who will decide how to spend Exxon Valdez settlement money said Tuesday they do not support buying large tracts of timber land around Prince William Sound — a plan Gov. Wally Hickel pushed for months while trying to win support for the settlement.

"That was in the beginning. Things change," said Attorney General Charlie Cole, the state's chief negotiator on the settlement and one of three state officials who, along with an equal number of federal officials, will choose the projects to be funded from the proposed \$1 billion settlement.

But a spokesman for Hickel said the governor hasn't changed his mind.

"The governor is neither no more or no less committed to buying that timber," said James Rockwell, Hickel's special assistant for special projects. "He envisioned



BACK IN COURT: Native villagers seek to modify a \$1 billion spill-damage settlement they say undermines their claims for compensation. C-4

FITTING PUNISHMENT: Federal prosecutors and Exxon attorneys countered criticism of a proposed plea bargain of criminal charges. C-4

insuring that those trees wouldn't be logged, but he didn't say that was exactly what he was going to do."

Also Tuesday, Rep. Gene Kubina, D-Valdez, suggested the settlement be postponed so Exxon could try to settle some of the hundreds of private suits filed against it. But top federal officials told

Please see Page C-2, TIMBER

TIMBER: State backs off

Continued from Page C-1

lawmakers that any delay or change in the agreement would likely kill it.

Environmentalists and Cordova residents say the administration used the timber buyout as a ploy to ease local opposition to dropping the state suit against Exxon.

"I feel betrayed," said environmentalist and fisheries biologist Rick Steiner, one of the earliest supporters of Hickel's proposed settlement. "I was operating under the premise that these people were honorable individuals with noble intentions and that they meant what they were saying."

"I hope I wasn't being used."

Steiner liked the timber buyout idea because it would protect lands around the Sound that have been marked for commercial harvest. He and other environmentalists say large-scale timber operations could hurt the Sound.

Word that the administration was backing off the plan first came Sunday at a legislative hearing on the proposed settlement in Cordova. In response to a question from Cordova Mayor Bob Van Brocklin on what the settlement money would be spent on, Cole said he would not "go out and buy wholesale tracts of timber."

Fish and Game Commissioner Carl Rosier also said he didn't think that was a good idea. "At this point I'm not willing to commit to any course of action," he said Tuesday.

Environmental Conservation Commissioner John Sandor said Tuesday that settlement money would be better spent on restoring land directly damaged by the spill. He said he supports designating the federal land around the Sound a recreation area, which would allow timber cutting "and protect as many jobs as possible" while still offering some protection.

Rockwell said the state

trustees are not disputing what Hickel said earlier. Instead, they are just trying to move slowly.

"There has been so much pounding on these guys, they are weary and a little gun-shy about what they are going to do," Rockwell said. "They are going to do it in haste and restore Prince William Sound."

Van Brocklin said Tuesday his constituents are happy with the administration's shift. But he was surprised.

"I know from previous experience not to trust what they tell me," he said. "I prefer it in writing with a letter of credit."

Steiner, who had urged the legislature to approve the settlement, said Tuesday he now thinks it should be rejected.

"The only urgency in taking care of the victims of the environment," he said, "is now. The money is going to go to agencies to balloon bureaucracy, it is going to studies. Studying the situation does nothing for reparation."

Also Tuesday:

An attorney representing cities suing Exxon on the spill said the state should release confidential scientific and economic damage studies. Matt Jamin disputed Cole's argument that the state needs to keep information secret because it could be used against the state in court.

Jamin said Cole and other state officials have a responsibility to see that the Sound is restored and should not be so concerned about the state's financial position. He accused state officials of "self-dealing to cover their backsides a little bit."

The House special committee asked Cole to formally invite Exxon executives to testify on the settlement. So far, lawmakers have heard from state and federal officials and Alaskan residents.

THE WASHINGTON POST

Value of Intangible Losses From Exxon Valdez Spill Put at \$3 Billion

By John Lancaster
Washington Post Staff Writer

Confidential government studies have estimated the "social cost" of the Exxon Valdez oil spill at \$3 billion, nearly three times the \$1.1 billion that Exxon has agreed to pay to settle criminal and civil charges arising from the accident.

The controversial economic studies, conducted for the state of Alaska and the federal government, are an attempt to assign a dollar value to intangible losses said to have been suffered by the American public as a result of damage to wildlife and natural habitat. Economists polled households nationwide to arrive at the estimate, which would have figured prominently in Exxon's trial had the case not been settled out of court.

There is no guarantee that a judge and jury would have accepted the \$3 billion estimate, which was provided to The Washington Post by one of the economists involved in the studies. Federal officials defended the settlement as a landmark penalty that avoids a costly and uncertain trial while providing immediate cash for cleanup and restoration.

But critics noted that several recent court decisions have upheld the validity of social cost studies for valuing environmental catastrophes, suggesting that Exxon may have gotten off too lightly. "The federal government has a fiduciary responsibility to the citizens to look out for these resources, to provide a market signal that if you do damage, this is what it's going to cost you," said an economist familiar with the studies.

In affirming the method two years ago, a three-judge federal appeals court panel ruled that although "the extent of damage to natural resources from releases of oil and hazardous substances varies greatly... it is in the mission of [federal law] to assess the public loss."

Exxon declined to comment on the studies.

William K. Reilly, administrator of the Environmental Protection Agency, said in an interview that while such studies "have their place

... they're new, there's not a lot of litigation, and courts haven't awarded anything on the basis of how much somebody says they're willing to pay to save a river otter."

State and federal officials, citing unresolved claims from third parties such as fishermen and Native Alaskans, have refused to make any information from damage studies available to the public. "We won't do so unless we get a commitment from the plaintiffs that they won't sue us with the information," said a spokesman for Alaska Gov. Walter J. Hickel (D).

If nothing else, the debate over the economic studies illustrates the difficulty of assessing damage to natural resources from accidents

such as the Exxon Valdez spill, the nation's worst. Some values, such as cleanup costs and measurable financial damage to tourism and commercial fishing, are relatively easy to calculate. But the question of intangible losses has proved harder to resolve.

What, for example, is the price of a dead sea otter or sea bird, both of which society presumably holds dear even though they have no commercial value?

In the past, the federal government has assigned market values to dead wildlife, such as \$15 for a fur seal or \$35.74 for a Canada goose. But the appeals court decision found that such methods did not adequately compensate the public.

and ordered federal agencies to give more weight to intangible losses in figuring the bill for environmental catastrophes.

Norman Meade, chief economist of the damage assessment branch for the National Oceanic and Atmospheric Administration, declined to comment on the substance of the economic studies and said he feels "fine about the settlement."

But he also defended the methodology of so-called contingent value studies, describing them as "the only way to get at these kinds of values." He added, "When these [resources] are interfered with, there is a social cost, the public has lost some general welfare, and that's what we're trying to estimate."

In evaluating the losses, economists hired by the state of Alaska developed elaborate surveys aimed at calculating the public's "willingness to pay" for a clean Prince William Sound. Beginning in 1989, the economists met with "focus groups" in Seattle, San Diego and Baltimore with the aim of exploring "how people think about the oil spill and its consequences," one of the surveyors said. "You use these to find out the language and assumptions people use so you can frame your questions accordingly."

After pilot surveys in San Francisco, Toledo and rural Georgia—"They're sort of middle America," the economist explained—the contractors surveyed 1,000 households nationwide. Surveyors conducted face-to-face interviews in which they displayed photographs and other information about the spill, then asked respondents how much they would be willing to pay to protect Prince William Sound from future spills.

Preliminary results from the survey, conducted in January and February, showed a median amount of \$30 for each household, or—figuring there are 100 million households in the country—\$3 billion for the American public as a whole, according to one of the economists. Although the federal government had not progressed as far with its studies, a federal official said the \$3 billion figure was "in the ballpark."

EXXON WILL ADMIT TO CRIMINAL WRONG IN '89 ALASKA SPILL

FINE OF \$100 MILLION SET

Plea and Payment Included in
\$1.1 Billion Settlement
in Valdez Disaster

By KEITH SCHNEIDER

Special to The New York Times

WASHINGTON, March 12 — The Exxon Corporation has agreed to plead guilty to a criminal charge arising from the 1989 Exxon Valdez oil spill and pay a \$100 million fine, officials of the Environmental Protection Agency said tonight.

The \$100 million would be part of the \$1.1 billion Exxon is to pay over the next 10 years to settle civil and criminal cases arising from North America's largest oil spill, Alaskan and Federal authorities said today.

Final arrangements for the guilty plea were being worked out tonight, the E.P.A. officials said. The arrangements included a review of the agreement by the E.P.A. Administrator, William K. Reilly. It was not clear this evening what charge Exxon would plead to. The company had faced two felony charges and at least three misdemeanor counts stemming from the March 24, 1989, accident and could have been fined up to \$600 million if convicted on all counts, Attorney General Dick Thornburgh said after the company was indicted a year ago.

As for the overall \$1.1 billion settlement, Federal and state officials have agreed to the arrangement. Although a Federal District Court judge at first seemed to raise another hurdle today when he said he would review the settlement to insure that the rights of 5,000 Alaskan villagers were protected, a state official said early this evening that the final obstacles appeared to have been overcome.

Exxon would pay \$100 million immediately to settle criminal charges brought by the Department of Justice. That would be one of the largest, if not the largest, criminal fine ever paid for pollution. A trial on the charges had been scheduled for April 10 in District Court in Alaska.

Effects Would be Studied

The villagers had filed suit last week, asserting that they had been locked out of negotiations between Exxon, the State of Alaska and the Federal Government. The villagers said they feared that a settlement would prevent them from recovering financial damages caused by the spill on March 24, 1989.

The settlement, which has been under negotiations for months, would not end Exxon's legal troubles in Alaska. At last count, 130 separate suits were pending against the company. But the settlement would end the major suits, brought by the State of Alaska and the United States.

In addition, the company would pay

Continued on Page A12, Column 3

Exxon Penalty

\$1.1 Billion For Valdez Oil Spill: A Bargain?

HOW do you put a price on an environmental disaster? Last week the Exxon Corporation and the Federal Government set a benchmark by agreeing that the Valdez oil spill, in which an Exxon tanker dumped 11 million gallons of petroleum into Alaska's Prince William Sound, was worth \$1.1 billion. That is the amount the company could pay as a settlement for violating Federal environmental law.

After years of insisting that the disaster on March 24, 1989, was purely accidental, Exxon and its shipping subsidiary pleaded guilty to four misdemeanor criminal violations and agreed to pay a \$100 million fine, the largest ever for environmental crimes. Exxon will also pay \$900 million over the next 10 years to settle civil litigation that was being prepared by the state of Alaska and the Federal Government, and could be required to spend up to \$100 million more if additional damage is discovered after the turn of the century.

Some of the money is to be used to reimburse the state and Federal governments for \$135 million in expenses from the first year after the spill. The rest will be managed by three state and three Federal agencies and could be used to pay for scrubbing more miles of shoreline, building fish hatcheries, restoring bird populations, buying land, and conducting scientific studies and other restoration projects. The agreement is open to comment for 30 days and must be approved by a Federal district judge in Alaska and by the state legislature.

Environmental groups nervously commended the agreement for setting legal precedents and new standards for penalizing polluters. But they said they worried that the settlement might not provide enough money to finish the job of restoring the sound, and that it appeared to let Exxon, the world's largest oil corporation, off too cheaply. Except for the \$100 million criminal penalty, Exxon will be able to write off the entire settlement as a business expense.

At a news conference on Wednesday, Lawrence G. Rawl, the chairman of Exxon, seemed to shrug off the cost of the settlement. "We're talking about stretching a bill out over 10 years," he said. "It will not curtail any of our plans." Hours later, Exxon stock closed at \$57.25, up \$1, on the New York Stock Exchange.

KEITH SCHNEIDER



Cleaning up the Exxon Valdez spill on Alaska's Green Island last year.

NY Times 3/17/91 E-5

NY Times 3/13/91 Page A-1

Obstacles Cleared, Exxon Is Ready to Pay \$1.1 Billion in Oil Spill

Continued From Page A1

\$90 million this year into a fund administered by three Federal agencies and three state agencies. The money would be used for scientific studies of the Prince William Sound region, which suffered great damage, and for projects to continue scrubbing the shoreline of oil left when nearly 11 million gallons of crude oil spilled from the hull of the Exxon Valdez after the tanker ran aground in the sound.

The tanker's skipper, Capt. Joseph J. Hazelwood, was convicted in April 1990 of the relatively minor charge of negligently discharging oil but acquitted of piloting the vessel while drunk and other charges. He was sentenced to spend 1,000 hours in the cleanup operation and was ordered to make \$50,000 restitution.

Exxon said in April 1990 that it had spent \$2 billion on the cleanup and had paid another \$200 million to settle claims.

The agreement made final today also called for payments into the fund of \$150 million in September 1992, \$100 million in September 1993, and \$70 million annually from 1994 until 2001. The proposed settlement also calls for Exxon to contribute \$100 million more to the fund if additional damage from the oil spill is discovered.

Economists noted that Exxon would be able to claim tax deductions for every payment except for the \$100 million criminal penalty, to be paid this year.

The agreement would not affect some 300 other lawsuits filed by environmentalists, fishermen and Aleuts asking Exxon to pay for damages these groups say they suffered after the spill.

The proposed settlement was applauded by Gov. Walter J. Hickel of Alaska but strongly criticized by environmental groups and some state officials who said, essentially, that Exxon would be paying too cheap a price in settling the case.

Bottom of the Pockets?

"It seems like a good deal for Exxon," said Eric Jorgenson, a lawyer for the Sierra Club Legal Defense Fund in Juneau, which has a separate suit pending against the company in the aftermath of the spill.

But Governor Hickel said: "I am very happy with the settlement. It allows us to get to the bottom of Exxon's pockets."

Lance Lambertson, a spokesman for Exxon in Irving, Tex., declined today to say whether Exxon would sign the agreement and said the company would make no comment about the situation for the time being.

"If and when things break and we have come together for a proposal to be signed, there will be extensive notification," said Mr. Lambertson.

The settlement contains provisions to make public a wealth of scientific studies conducted after the spill by the Department of the Interior, the Environmental Protection Agency and



The spill near Valdez fouled much of the Gulf of Alaska.

other Federal agencies. But studies sponsored by the State of Alaska and the United States Coast Guard are to remain private pending the outcome of court cases brought against the state and the Coast Guard.

"Keeping the data secret is a major problem," said Mr. Jorgenson. "All of the data available from the spill should be released. The public paid for it. It's public information."

Although the terms would make the settlement the most expensive ever for damages caused by an environmental disaster, the pact is certain to raise a

stir in Alaska and in Washington. The litigation, I certainly am inclined to think a bird in the hand is worth two in the bush. The cost of litigation would be very substantial." Officials with the state and two Federal agencies said the pact could be altered as a result.

Economists who have studied the spill for the state and Federal government said today that the \$1.1 billion settlement represents only a portion of the actual value of the damage to fisheries, water, wildlife and land. The economists said the Exxon Valdez disaster will have caused \$2.5 billion to \$5 billion in damages from the time of the spill before midnight on March 24, 1989, through 1994.

Several state officials who asked not to be identified today said they had hoped that Exxon would be required to pay \$1 billion in a one-time payment that could generate permanent income through annual interest payments. Thus, the annual payments, spread out over 10 years, are much less valuable to the state's efforts to clean up and study the effects of the spill.

Senator Frank Murkowski, a Republican from Alaska, said today that Alaska was fortunate to have gained a settlement. The alternative was years of litigation that would have cost Alaska millions of dollars in legal fees without any assurances of success.

"I think this agreement, if it is resolved, is going to have to stand the light of day by the Legislature, the Governor and Exxon shareholders," said Senator Murkowski. "The alternative

The settlement also calls for an advisory group made up of members of the public to help oversee how money from the settlement is spent. The Department of Justice scheduled a news conference for Wednesday to explain the provisions in the settlement.

The last obstacles to the settlement were crossed this afternoon when Judge Stanley Sporkin lifted an order here that prevented the pact from being signed, and a District Judge from Alaska, H. Russell Holland, approved the agreement. Judge Holland was to have presided over the criminal trial next month.

Last week, Judge Sporkin blocked the settlement from being signed until the state and Federal Government assured more than 5,000 Alaskan native villagers that their right to gain financial damages from Exxon would not be harmed by the pact.

Today, Judge Sporkin said he was satisfied that the rights of the native villagers to fully prosecute their suits had not been harmed by any settlement between Exxon, Alaska and the Federal Government and lifted his injunction.

"The court shall retain jurisdiction over this matter to ensure that the defendants' representations are carried out so the plaintiffs' rights are protected," Judge Sporkin wrote in the order.

Bush Digs In on Arctic Drilling Plan

WASHINGTON, March 12 (Reuters) — President Bush will veto any national energy strategy that does not include his proposal allowing drilling in part of the Arctic National Wildlife Refuge in Alaska, the Secretary of Energy told a Senate hearing today.

Both the White House energy plan and a Senate version propose opening a 1.5-million-acre coastal plain in the wildlife refuge to oil and gas drilling, a provision that environmentalists and some lawmakers oppose.

Testifying today before the Senate Energy and Natural Resources Committee, the Energy Secretary, James D. Watkins, said that any strategy that does not include drilling in part of the wildlife refuge "is a veto-able issue with the President."

Mr. Watkins also told the panel that if no new large oilfields were developed on Alaska's North Slope, where the refuge is situated, declining production would probably force the Trans-Alaska Pipeline to shut down within 15 years.

The two largest oilfields in North America are on the North Slope. One is the Prudhoe Bay field, the

most prolific in the nation, and the other is the Kuparuk River field. These two fields and five smaller ones nearby produce from 1.8 million to 2 million barrels of crude oil a day, about 25 percent of American domestic production.

Decline in Oil Output Seen

But Mr. Watkins said today that there was already evidence of a decline in the oil flow from the North Slope. And an Energy Department study whose results were issued today predicted that by the year 2009, the use of the Trans-Alaska Pipeline, which carries oil from the North Slope down the 500-mile length of the state to ports on Alaska's southern coast, might no longer be technically or economically feasible if North Slope production drops, as expected, to less than 300,000 barrels a day.

Estimates of the amount of oil to be found on the Arctic coastal plain range from zero to between 500,000 and 2 million barrels a day. "It could be a small Middle East," Gov. Walter J. Hickel of Alaska, an enthusiastic advocate of the drilling provision, said at the hearing today.

Among the critics of the proposal

is Senator Bill Bradley, Democrat of New Jersey, who is an Energy Committee member and favors a national energy strategy that places greater emphasis on conservation and less on production.

Mr. Bradley has proposed raising the price that Americans pay for their oil through higher taxes. Today he said the United States could either raise taxes or adopt a policy of "In Fahd We Trust" in which the nation would continue to be dependent on the Saudi king and the leaders of other major oil-producing nations.

Environmentalists today also reiterated their opposition to the Arctic refuge drilling. Brooks Yeager, vice president of the National Audubon Society, said the drilling would "destroy one of the earth's last great dynamic ecosystems."

But Mr. Hickel disagreed. "We are tired of those who distort the arguments about A.N.W.R.'s coastal plain," he said. "It is a barren, marshy wilderness in the summer, infested with uncountable mosquitoes, and locked in temperatures of 60 and 70 degrees below zero for up to nine months of the year."

In Exxon Deal, Transportation Chief Wins Another One for the President

By KEITH SCHNEIDER

Special to the New York Times

WASHINGTON, March 20 — A week ago Tuesday, Lawrence G. Rawl, the chairman of Exxon, flew to Washington. In an informal ceremony at the Justice Department just before midnight he signed a \$1.1 billion settlement that he hoped would put the nation's worst oil spill, and the two years of civil and criminal cases that followed, behind him and his company.

Standing with Mr. Rawl, Gov. Walter J. Hickel of Alaska and the lawyers for the Department of Justice was Transportation Secretary Samuel K. Skinner.

Once again Mr. Skinner had pulled it out for the White House, bringing to a successful conclusion talks that by all accounts could easily have tipped the other way.

"I viewed my job as a facilitator," said Mr. Skinner, a former United States Attorney from Chicago. "You had a huge amount of egos and interests that had to be blended together."

"In my experience I've found that if the principals don't want to settle they look for an opportunity to get out. In this case everybody wanted a deal because they knew the alternatives didn't make sense."

A 52-year-old lawyer and protégé of James R. Thompson, the former Governor of Illinois who at one time was considered as a potential national Republican figure himself, Mr. Skinner has made his career in the capital handling domestic political issues without embarrassing the President. His background as a litigator has helped. So has his instinct for the spotlight and his good feel for the Washington social circuit.

In Response to Disasters

When the tanker Exxon Valdez struck a reef in Prince William Sound in Alaska on March 24, 1989, spilling 11 million gallons of Alaska crude into the sound and turning beaches into a chaos of oil-soaked birds and dying otters, it was Mr. Skinner who was dispatched to supervise the Government's response.

Earlier that month, when machinists at Eastern Airlines went on strike, President Bush tapped Mr. Skinner instead of Elizabeth Dole, then Secretary of Labor, to handle the strike. Mr. Skinner's advice to the President: stay out of the struggle.

In September 1989 Hurricane Hugo swept through the Caribbean and struck the mainland in South Carolina, killing 24 Americans and causing immense property damage. A month later a powerful earthquake hit the San Francisco Bay area, killing 59 people. In both disasters Mr. Skinner was called in.

Now there is the Exxon deal. With his company facing a criminal trial in April and civil litigation afterwards being prepared by the Justice De-



Marty Ka's for The New York Times

"I viewed my job as a facilitator," said Transportation Secretary Samuel K. Skinner of Exxon's Justice Department settlement. "You had a huge amount of egos and interests that had to be blended together."

partment, Mr. Rawl had been ready for months to talk. "It's been a burden to us," the Exxon chairman said in a news conference on March 13 in Irving, Tex.

Eager for a Settlement

Governor Hickel, an independent, wanted a consistent source of money to continue recovery work in Prince William Sound, the source of a prosperous fishing and tourism industry.

The Federal Government was eager to settle, too. The civil case against Exxon was expected to take at least five years to litigate, and in the criminal case, scheduled to begin April 10, the Justice Department was going to be testing new applications of environmental law. Nobody knew how a jury would respond.

"The cleanup efforts Exxon had made in the sound made a significant difference," Mr. Skinner said. "Nature had also done a tremendous job there. Scientists were telling everybody this was not a multibillion dollar damage suit."

Mr. Rawl and Lee R. Raymond, Exxon's president, flew to Juneau, Alaska, on Jan. 15 at Governor Hickel's invitation. The state and the Federal Government had agreed three weeks earlier to work together, he told them. Mr. Raymond called Mr.

An experienced litigator finds a way to satisfy everybody.

Skinner and told him that the Governor was seeking an agreement.

Mr. Skinner said he believed that a successful negotiation was possible, but only if it was conducted at the Cabinet level. "I said this case will not be settled by lawyers," Mr. Skinner said. "First of all, they don't know how to settle it. Second, they have a built-in conflict of interest. This could go on for years."

The Chairman Cools His Heels

On Feb. 5 Mr. Rawl and Mr. Raymond were asked to come to Washington for a meeting at the Commerce Department with the Federal and state negotiators: Mr. Skinner, Manuel Lujan Jr., Secretary of the Interior, William K. Reilly, Administrator of the Environmental Protection Agency, John Knauss, Administrator of the National Oceanic and Atmospheric Administration, Governor

Hickel and Charles E. Cole, the Alaska Attorney General.

Mr. Rawl, a combative executive whose four-year tenure as Exxon's chairman had been marred by the oil spill, was in a sour mood, several negotiators recalled. After being asked to wait outside a conference room for 30 minutes while the government officials finished a meeting, Mr. Rawl became furious.

"I went out twice and asked them to please be patient," said Thomas A. Campbell, general counsel of the National Oceanic and Atmospheric Administration, who organized the meeting. "Rawl said: 'Just tell them they don't need to take much time. What I'm going to say is short and sweet.' He was going to tell them he's had it, he'll see them in court."

Mr. Skinner said that when the Exxon chairman entered the room he looked out at the negotiators, saying he was sick and tired of how the company had been treated by the Government, the news media and the people of Alaska. Exxon had spent \$2 billion to help clean up Prince William Sound, Mr. Rawl said, more than had ever been spent by any company for an environmental restoration project, and had received no credit.

Nobody responded until Mr. Skinner

ner disarmed Mr. Rawl, according to participants.

"Look, Larry," said Mr. Skinner, whose department includes the Coast Guard and who has developed a personal relationship with Mr. Rawl in the two years since the spill. "Let's not relive it. If we do, we'll never get past it."

'Reopener Clause' Is a Snag

Over the next 90 minutes, participants say, the broad outline of a settlement of the civil claims was established. Following Mr. Hickel's lead, the state and the Federal Government said they were looking for at least \$1 billion. Mr. Reilly insisted that the settlement include \$300 million more to be put into a special fund if more damage was found, a provision that came to be known as the "reopener clause."

Mr. Rawl and Mr. Raymond said that they wanted the settlement to make Exxon immune to any more state and Federal claims, that they did not want to pay the money in a lump sum and that they hated the reopener clause.

Three more meetings were held in Washington in February and early March before lawyers were dispatched on March 3 to put the agreement into legal language. With Washington gripped by the Persian Gulf war, the group was able to work undistracted by reporters or environmental groups or other interests.

"This had to be handled by the principals only, and it had to be handled in a short period," Mr. Skinner said.

Through February, the talks were never far from collapse. "We knew the longer the discussions went on the harder it would be to put it together," the Secretary said.

Justice Department lawyers and other participants credit Mr. Skinner with keeping Exxon and government officials at the table.

When Mr. Rawl and Mr. Raymond almost walked out because of Mr. Reilly's insistence that the agreement should have a reopener clause, Mr. Skinner told them the E.P.A. administrator's signature on the agreement was vital politically. Without it, the Secretary said, the Bush Administration and Exxon would have a hard time justifying the settlement to environmental groups.

And when Exxon insisted that Mr. Reilly be barred from attending a meeting on Feb. 24, Mr. Skinner assured Mr. Reilly that the Government would not negotiate something the E.P.A. administrator was unable to accept. In the end, Exxon and Mr. Reilly accepted a provision that called for the company to spend up to \$100 million after the year 2001 if more work in the sound was needed.

Mr. Skinner also kept the White House informed. During a meeting at the White House, John H. Sununu, the President's chief of staff, remarked that the \$1.1 billion deal sounded "like



an awful lot of money," Mr. Skinner said. But he assured Mr. Sununu that the agreement between the Government, Alaska and Exxon would be a good deal for everybody.

Exxon and its shipping subsidiary pleaded guilty to four criminal misdemeanor violations of environmental law and agreed to pay a \$100 million fine. It was the largest penalty ever assessed in a pollution case, more than three times higher than the \$29.7 million that the Government collected in 1990 for all environmental crimes. Even more, from the White House point of view, it makes good on Mr. Bush's campaign promise to penalize polluters.

From the state's point of view, the cost of the settlement, \$1.1 billion, will keep Exxon involved in the restoration of Prince William Sound for at least a decade.

Exxon, like any corporation (or person, for that matter), would have preferred not to spend any money. But Mr. Rawl said last week that he thought the settlement was good for the company. Paid out annually over 10 years, the payments reach a maximum of \$190 million this year, and then drop to \$70 million each year from 1994 to 2001.

To a corporation with an annual revenue of \$100 billion, the cost of the settlement each year is roughly the same as drilling two difficult offshore wells. "It will not curtail any of our plans," Mr. Rawl said.

Information believed to be in spill studies

By CHARLES WOHLFORTH
Daily News reporter

Studies commissioned by the state and federal government on the Exxon Valdez oil spill reportedly suggest serious, long-term damage to Alaska's coastal environment and an astronomical price tag for that damage.

The governments have spent more than \$70 million on the studies, but their results remain secret. But some information has leaked out, including these points:

- Seaweed beds in Prince William Sound that provide the basic fuel for the ecosystem of sheltered bays were badly damaged;
- Recovery is in doubt for colonies of murre on islands south of the Kenai Peninsula hit hard by the spill because the oil caused long-term disruption to their reproductive process;
- And economic surveys

designed to show the cost of the spill to society as a whole placed the price Exxon could be made to pay at \$3 billion to \$8 billion.

The economic studies used a method called contingent valuation to survey a cross-section of Americans on the value they place on natural resources. A federal court validated the method.

Workers on the studies anonymously told The Washington Post that one of the studies set a damage figure of \$3 billion, the newspaper reported March 20. That figure was partly confirmed when Tom Campbell, general counsel for the National Oceanic and Atmospheric Administration, told a U.S. House committee the study's \$3 billion to \$5 billion finding might be hard to prove in court, said National Wildlife Federation attorney Doug Wolf.

A source working on the case told the Daily News Friday those numbers were low. More recent data indicate damages of \$3 billion to \$8 billion would be defensible in court, the source said.

The information on murre colonies first was reported in a Post article Feb. 21. It cited leaked documents that said murre colonies had suffered a total reproductive failure and might not recover for 70 years. The cause of the failure was said to be a lack of adult birds to defend eggs.

David Nysewander, investigator of the colonies for the U.S. Fish and Wildlife Service, appeared inadvertently to confirm that conclusion when he explained murre reproduction to a reporter last week.

Nysewander said murre's reproductive success depends on synchronized egg laying, which allows them to band together to defend

nesting birds. Laying usually takes place all in one month. But his group has had to change plans, extending its visits to the colonies across several months — and that suggests the egg laying is no longer well-synchronized.

"If there were changes, you have to look at it different," he said. "But I can't tell you about that."

The information on seaweed in Prince William Sound comes from environmental attorneys.

"It's only just very vaguely being leaked out by the concerned scientists involved," said Bill Rossbach, an attorney representing environmental plaintiffs against Exxon. "There are a number of scientists who are concerned."

"They're finding what the inside people say is very substantial deterioration of that crucial part of the food web," Rossbach said.

SUNDAY

SECTION B March 31, 1991

Spill lessons stay secret

Suits keep studies — and answers — under wraps

By CHARLES WOHLFORTH
Daily News reporter

The secrecy of government studies on the Exxon Valdez oil spill has led to a warped view of the spill's damage, hampered makers of public policy and an adviser on the Persian Gulf spill, and made it more difficult to evaluate a proposed agreement to settle suits against Exxon, say legal, scientific and government officials.

Federal lawyers have said they would release their scientists' da-

Alaska Attorney General Charlie Cole said the state's studies will remain secret as long as the state stands to lose money in court over the spill. That could be years.

People hurt by the spill are suing the state as well as Exxon because the state's lax regulation of tankers in Prince William Sound may have helped lead to the spill. The suits and settlement have made unwilling allies of Exxon and the state against the state's own citizens because a

secret could find them jointly li-

ble for the damage. The studies were set up to measure the damage caused by Exxon's spill on March 24, 1989, of 11 million gallons of crude oil, which killed 100,000 to 300,000 birds and oiled more than 1,000 miles of Alaska coast. The two governments together have spent about \$35 million on each of the three years of study — the third year just began — and Exxon is thought to have spent about as much.

Please see Page B-2, SECRETS

SECRETS: Lessons of Exxon Valdez oil spill kept under wraps by lawsuits

Continued from Page B-1

The studies reportedly show reproductive failure of damaged seabird colonies in the Gulf of Alaska, damage to kelp forests in Prince William Sound that are important food for other life forms, and social costs of the damaged resources totaling \$3 billion to \$8 billion.

But those findings are impossible to confirm because the studies are secret.

The information has been denied to legislators evaluating Gov. Wally Hickel's \$900 million Exxon settlement and to federal scientists developing long-term environmental policy for outer continental shelf oil and gas leases.

John Farrington, chairman of a committee to review the federal leasing program, and one of the nation's leading oil spill sci-

entists, said the secrecy has meant the Exxon Valdez spill has so far taught few scientific lessons.

"I was asked, how would I bring the lessons of Prince William Sound to the recent oil spill in the Persian Gulf," Farrington said. "And the answer I had to give was that there are so many lessons from the Prince William Sound oil spill that I don't know, that I can't really give advice."

The report on the environmental impact of federal offshore oil development was also limited by the lack of information on the nation's biggest oil spill. Farrington said he wanted to know about the extent of wildlife damage and the accuracy of models scientists used to predict the breakdown of oil in the ocean.

"Those are very important questions," he said.

The legislature also needs the information to judge the settlement, said Rep. Gene Kubina, D-Valdez, a member of a settlement review committee.

"I don't know what it says, so I don't know if it is going to indicate that the damage is far worse than we think it is," Kubina said. "They lose votes in the legislature by keeping it secret. I'm more likely to vote no without the information."

But without Cole's agreement, most of the data will remain secret. The state controls about half the 60 studies now in progress, and about a dozen more were conducted jointly.

Tom Campbell, general counsel for the National Oceanic and Atmospheric Administration, told congressional staffers recently that the federal government would let the state veto re-

lease of the joint studies. Federal officials also said the studies will require scientific review before they are released, which could delay some by a year.

Richard Stewart, lead spill litigation attorney for the U.S. Department of Justice, had told a U.S. House committee summaries of the studies would be released by late last week. But it never happened, and a justice spokeswoman said late Friday only that it was "under discussion."

Federal, state and Exxon officials already promised to release their data last summer, then entered into talks that never came to any conclusion on how to accomplish the release. A federal lawyer said in October that federal scientists immediately would begin unilateral release of all their informa-

tion. That didn't happen, either.

Cole said it may be a long time before he can release the state's studies. He said he is acting in the interest of all the state's taxpayers by protecting them from having to pay damages to a minority who were hurt by the spill.

"My view is that the information should not be released as long as the lawsuits pending against the state remain unresolved, and I just don't intend to change my mind about it, notwithstanding the pressure that's been placed on me."

He said that pressure is coming from plaintiffs and legislators because the studies would not be of much interest to the public.

"I don't think it's of great consequence to the store owner in Galena how many eagles were killed as a result of the spill," Cole said.

But David Nysewander, who is studying murre colonies for the U.S. Fish and Wildlife Service, expects interest in his work.

"We have some findings that will be interesting to the public, but I can't tell you about them," he said.

Environmentalists also said the data would be interesting to the public. They say Exxon's selective release

of information, such as a water quality study that Exxon scientists said showed the spill did no long-term damage, has given the public a warped view of the spill as doing little harm. With Exxon and the state now facing joint liability for the spill, they are in danger of becoming allies in supporting that distorted view, said Macon Cowles, an attorney for environmental organizations suing Exxon.

"If you take Cole's argument you can flip it around and say, look, the state's taxpayers paid for these studies, and if their state government screwed up and was at fault, then the taxpayers ought to know about it," said National Wildlife Federation attorney Doug Wolf.

Lloyd Miller, one of the attorneys suing the state, said Cole could easily settle the suits with the plaintiffs, making the secrecy unnecessary.

"That's the answer to all of this," Miller said. "To hold the litigation as a reason not to release the information is a false issue. There must be some other agenda that we don't know about."

"The real reason may be that the studies would show the state isn't getting a very good deal (from Exxon)."

Spill Pact Deepens Natives' Isolation

By RICHARD MAUER

Special to The New York Times

PORT GRAHAM, Alaska — Here and in other small isolated native villages, the Exxon Corporation's \$1 billion settlement of government suits over the Exxon Valdez oil spill has not brought relief, only a further sense of being left out.

The Aleuts and Eskimos living in these villages had sued to prevent settlement of the government criminal and civil cases. After the settlement announced March 13, they find themselves virtually alone as they continue pressing Exxon to pay for damages they suffered from North America's worst oil spill.

"We felt extremely abandoned by the state and Federal Government," said Port Graham's village chief, Elenore McMullen, explaining that the residents would have no voice in how the \$1 billion would be spent. Two years after the spill, their fishing remains disrupted and their ancient

burial sites and settlements disturbed.

The settlement can still be rejected by Alaska's Legislature. Judge Stanley Sporkin of Federal District Court, who heard the suit by the Alaskan natives said he would block the settlement only if he was persuaded that native rights were jeopardized.

Terms of Settlement

In the settlement, Exxon agreed to plead guilty to four misdemeanor charges and pay \$1 billion over 10 years in fines, restitution and civil claims. The money will reimburse the state and Federal governments for their costs in the cleanup, the loss of resources, and scientific and economic studies. It will also be used to restore the area damaged by the spill in Prince William Sound.

In Port Graham, the agreement has only fueled mistrust.

"It didn't involve us as a native people," Mrs. McMullen said.

Eskimos and Aleuts fear for the little they have left.

Pat Norman, president of the local village corporation, expressed suspicion about Gov. Walter J. Hickel's motives in the settlement.

"He's got his own agenda regarding oil," Mr. Norman said, citing Mr. Hickel's personal project to build a gas pipeline from the North Slope to the port of Valdez, and his efforts on behalf of the state to open the Arctic National Wildlife Refuge to drilling. "If A.N.W.R. is going to be opened up, they can't be reminded about Prince William Sound."

Port Graham, with a population of about 170, sits among the spruce trees beside a bay on the sheltered side of the stormy Gulf of Alaska, 150 miles southwest of Anchorage. It is accessible only by air or water, and its people have used that isolation to preserve the village's Eskimo character. But distance did not protect it from the oil spill.

The village is over 200 miles west by sea from Bligh Reef, where the Exxon Valdez ran aground on March 24, 1989.

Oil Spreads to Port Graham

But then the oil rounded out of Prince William Sound, spread into the Gulf of Alaska, passed Kennedy Entrance to Cook Inlet and lapped up on the shores of Port Graham.

"It was like slow torture every morning," Mrs. McMullen said. "At first it was pain and tears for my friends in the sound, and then it was for us."

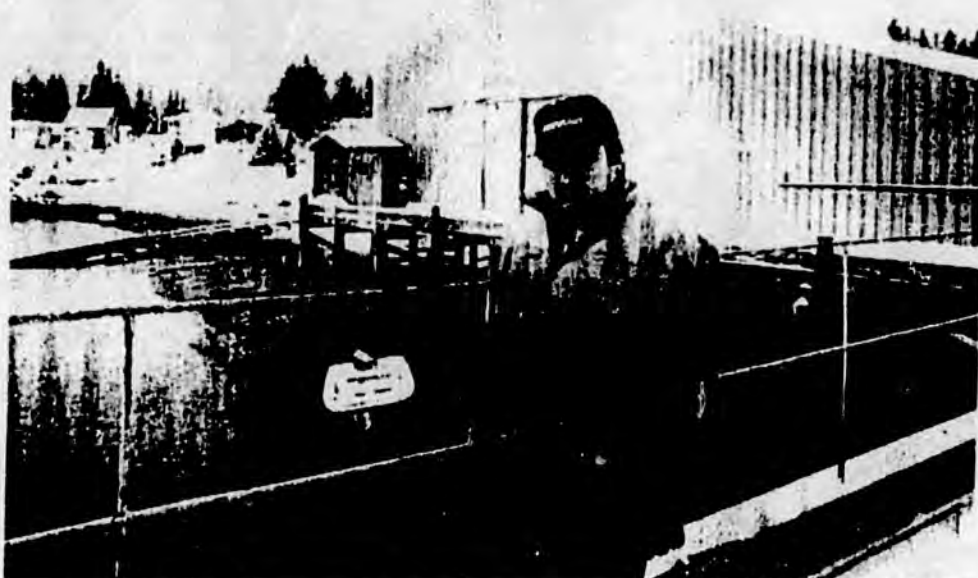
The oil is mostly gone now, but the damage remains. The other day, Mrs. McMullen said, she went to the beach for mussels, but there were none.

"I don't know what caused them to die and not be there," she said.

Studies done by the state might have some answers. But the Attorney General, Charles Cole, said he would not disclose the results because it could hurt the state in other litigation.

With the loss of most other facets of their culture, Alaska's natives view the hunting and gathering of traditional foods as one of their last links to their past and the tie that binds them together. In places like Port Graham, where jobs are scarce, subsistence is also a means for survival.

Salmon fishing was mostly abandoned the year of the spill when fish showed up with oil on their scales and in their gills. Though fishing returned last year, the company that operated the Port Graham cannery, uncertain



Photographs by Richard Mauer for The New York Times

"Governor Hickel said we're getting a settlement on behalf of all Alaska," said Pat Norman, president of the local village corporation in Port Graham, Alaska, "but all Alaska didn't have an impact like our

people and our corporation did." Mr. Norman expressed suspicion about Gov. Walter J. Hickel's motives for settling with the Exxon Corporation for damages from the Exxon Valdez oil spill.

Will Exxon, having placated Alaska, stop there?

neries came and people left their scattered homes along the coast, were discovered by archeologists sent out before cleanup crews and were put on maps used by officials assessing spill damage. Mr. Norman and others fear that the antiquities will be looted.

"They're our people's sites," he said. "They need to be protected."

He is also angry that Exxon's chairman, Lawrence Rawl, has shrugged off the settlement cost. Exxon has hurt his people, Mr. Norman argued, and now the settlement should hurt the company.

Pleas by Native Groups

In December, when Governor Hickel, an independent, began talking about settling the state's lawsuit, the native groups wrote to him, seeking to wrap their claims in with the state's. They also wrote to the Federal Justice Department.

The letters were never answered.

and then canceled at the last minute. Attorney General Cole said there was no reason to involve the natives in the agreement because their claims were not being discussed in it. But Mr. Norman said the state had more obligation than that.

"Governor Hickel said we're getting a settlement on behalf of all Alaska," he said. "But all Alaska didn't have an impact like our people and our corporation did. We didn't want Exxon to come in and say we paid that money to the state and Federal Government, so why the heck are you coming to us now?"

Though a decision has not yet been made on whether the natives will try to block the settlement, one of their lawyers, Lloyd Miller, of Anchorage, said the agreement falls far short of protecting their interests.

"They could have fashioned a remedy in that consent decree that would have provided for native participation in directing restoration efforts," Mr. Miller said.

With limited money, he said, what would happen if a proposal to restore clams and mollusks near Port Graham had to compete against a plan to rebuild the population of bald eagles in Prince William Sound? With no one



Native villages like Port Graham are still seeking oil spill damages.

closed again this year, costing the community 70 seasonal jobs and the most important source of cash for its economy.

More infuriating to Mr. Norman, though, was the public disclosure of previously unknown antiquity sites on the 50,000 acres of land owned or claimed by the village corporation.



Elenore McMullen, the village chief. "We felt extremely abandoned by the state and Federal government," she said, referring to the \$1 billion

Spill suits jam court system

More than 200 filed

By DESIREE HUMPHREY
and STEVE PILKINGTON

TIMES WRITERS

State court officials said a run of last-minute lawsuits over the 1989 Exxon Valdez oil spill brought the clerk's office to a crawl this week.

Hundreds of people are included in more than 200 civil lawsuits in state courts against Exxon Corp., Alyeska Pipeline Service Co. and the state.

"It took me four hours to do four cases," said Diane Alford, a legal technician with the Alaska Court System.

There were 53 lawsuits filed between March 21 and Tuesday, the final day for the two-year deadline on lawsuits, court officials said. Despite the deadline, more are expected.

Nine lawsuits representing nearly 900 individuals and businesses also were filed in U.S. District Court in Anchorage on Monday. The clerk's office usually averages one to two new cases a day.

See Lawsuits, back page

Lawsuits

Continued from page A1

The federal cases will be added to the nearly 170 Exxon suits still active. About 300 suits have been filed since the March 24, 1989 spill, with about 120 no longer on the court's work list.

"This is kind of a quirk they're going to have to deal with," said Don Miller, professor of justice and law science at the University of Alaska Anchorage Justice Center. "There's generally not that much activity in the federal court."

While no new personnel have been added to handle the influx of cases at both courts, taxpayers and consumers can expect to foot part of the bill in other ways.

Exxon agreed to pay \$1 billion to the state and federal governments in a March 12 settlement. But Lawrence Rawl, chairman of the board of Exxon Corp., has said the cost will be passed along to customers at the gas pump. Also, some of the settlement money is expected to be used by Exxon as a tax write-off.

Meanwhile, court officials say the cost of the massive number of lawsuits to the court system — and taxpayers — is still unknown. But a look at budgets and average times it takes for cases to go through the system shows Exxon is not the only one that will be paying.

The state had paid a Seattle-based law firm \$9 million in February to help the staff of the Department of Law with its case against Exxon. The Department of Law will not release additional figures, but more funds are expected to be paid to Preston, Thorgrimson, Shidler, Gates & Ellis, which has an office in Anchorage.

The federal suits filed Monday represent at least three times as many people already on the court's register suing Exxon and others. For 1990, there was a total of 550 civil cases, including the Exxon suits filed that year.

The courts may need to add staff and another judge to help with the cases, especially if the cases go to trial, Miller said. The new cases will join the other Exxon paperwork that already fills a five-drawer cabinet in the clerk's office.

The average time it takes a federal court case to be processed and finished is one year. For state superior court, where

the Exxon suits are, it takes about two years, court officials said.

U.S. District Judge H. Russel Holland said in a Sept. 13 hearing some people said he would probably retire before the Exxon matter is completed.

"I am 11 years away from retirement," Holland said. "I have no intention of allowing the payment of claims to take that long."

Some people have chosen to settle with Exxon rather than continue a protracted court battle. Lawyers say the facts of the spill are established, but it will be difficult and time-consuming to prove the individual damage for each of the thousands of people who were affected by the spill.

And with the state of Alaska also being sued, the fight promises to stretch out.

Some lawyers are complaining the state refuses to release environmental studies funded with public money. Alaska Attorney General Charles Cole said he is worried the information will be used against the state in court.

And other lawyers say they are doing some of their own research. But, they said, they need the state's data to fight the oil giant and its team of lawyers.

Eight of the nine suits filed in federal court were also filed in state court and the same number of claims were filed with the Trans-Alaska Pipeline Liability Fund, said Richard Jameson, a lawyer with one of the two Pennsylvania law firms representing plaintiffs.

Charlie Coe, an Anchorage lawyer, said he is involved with only five civil suits stemming from the Exxon Valdez oil spill. But there are nearly 800 people represented in the five suits, he said.

Coe said the two-year anniversary of the spill may have passed, but lawyers are still filing suits and the state courts are still processing them.

The two-year anniversary of the spill was Sunday. Since it fell on the weekend, state legal officials said the deadline would not pass until Tuesday since Monday was a state holiday.

Alford said the court system was swamped Tuesday.

She said extra court personnel were pulled away from their normal jobs to help process the load of Exxon civil suits. She said the courts may see more lawsuits in the next few weeks despite the passed deadline for filing.

Villagers want deal to settle Sound claims

By DIRK MILLER

TIMES CAPITAL BUREAU

JUNEAU — Rural Alaska villagers are asking lawmakers to reject Gov. Walter J. Hickel's proposed \$1 billion Exxon Valdez settlement unless it resolves damages to Prince William Sound communities.

The state and federal government announced a proposed \$1 billion settlement with Exxon Corp. earlier this month, resolving criminal and civil claims against the oil giant. There is also a clause that could reopen the settlement to pay as much as \$100 million for unforeseen future damages.

The Village Participation Conference, an annual gathering of villages across the state, passed a resolution this week urging lawmakers to reject the settlement "unless it addresses the multiplicity of continuing losses and damages to the Native villages."

Both the House and Senate have formed special committees to review the settlement. The agreement gives the Legislature a say in whether it is approved or rejected by Hickel.

Lawsuits were filed recently against the state of Alaska on behalf of Prince William Sound Native and village corporations over the March 24, 1989 oil spill, which killed thousands of sea birds and marine mammals. It fouled hundreds of miles of beaches stretching from the Sound to Kodiak Island and Katmai National Park.

"If 11 million gallons was dumped say five miles from where you lived," said Martha Vlasoff of Tatitlek, "wouldn't you want to be involved in the processing of solving that problem and also of the litigation that's going to ensue from the damages?"

Eric Rehmann, Hickel's spokesman, said the settlement was never intended to resolve all claims.

"It was meant to resolve and provide for the restoration of Prince William Sound," he said. "It was never intended to resolve third-party complaints."

The 18th annual village conference is organized by Rural CAP, a private, nonprofit organization that provides training, education and information to rural residents.

On Thursday, Attorney General Charles Cole told a Senate committee the settlement would not impair third party lawsuits in any way. He did say economic and resource damage data gathered by the state would remain confidential until the state is released from all claims.

Vlasoff said Native people are historically ignored by government.

"They're going to get what serves them best, but the Native peoples are traditionally almost always left out of the picture," she said. "And that seems to be the problem right there is recognizing we're the people who live there. We're the people who will live there long after they've already spent the \$1.1 billion dollars."

The resolution says villagers lost much of the traditional subsistence harvest the year of the spill and are worried oil has contaminated their food.

"Any settlement that disregards the concerns of Native villages and-or its effects without consultation of representatives of these villages evidences an attitude of arrogance that is contrary to the call of unity as expressed by Gov. Hickel," the resolution said.

3/28/91

ADN

Alaskans rush to file spill suits as deadline nears

Commercial fishermen, Native villagers, fishing guides, business owners and hundreds of other Alaskans filed dozens of lawsuits in the Anchorage courts to meet this week's statute of limitations deadline for claims arising from the Exxon Valdez oil spill.

More than 50 new suits were filed in Anchorage Superior Court from March 19 to March 26, the state court's deadline. They include a claim by the Afognak Native Corporation that historical and archaeological sites were damaged by the tide of oil that washed through

Prince William Sound and the Gulf of Alaska two years ago.

In addition, eight lawsuits filed in U.S. District Court Monday name more than 900 plaintiffs, residents of communities in the Sound and Cook Inlet who claim they lost income or subsistence

food as a result of the spill.

"It was pretty frantic around here the last few days," said Mark Bledsoe, an Anchorage lawyer who represents those 900 clients. One of his suits includes about 50 people who contacted his office about suing Exxon at the 11th hour, he said.

Some of his clients' suits were also filed in state court to take advantage of different laws and judicial rulings.

Times

Native, village corporations sue state over spill damage

TIMES STAFF

A Native corporation, five village corporations and their subsidiaries filed suit against the state Tuesday, claiming its actions during the cleanup of the Exxon Valdez oil spill made a bad situation worse.

"The State of Alaska's oil spill clean-up efforts, and its supervision of oil spill clean-up efforts, were performed negligently, carelessly and in an unreasonable manner," the suit said.

The suit, which seeks unspecified damages, also said the state

failed to take precautions that could have prevented the spill.

The suit was filed in Anchorage Superior Court by Chugach Alaska Corp., five of its subsidiaries, Chenega Corp., Port Graham Corp., English Bay Corp., Tatitlek Corp., Eyak Corp. and four subsidiaries of the village corporations.

Chugach filed for protection under federal bankruptcy laws two weeks ago, claiming the oil spill contributed to the economic problems of several of its holdings.

Scientists charge results of oil spill studies are skewed

By JOSE LAMBIET
Fairbanks Daily News-Miner

FAIRBANKS — Some scientists who have been conducting studies on the effects of the 1989 Exxon Valdez oil spill say the work is not being done properly — and results are skewed to fit the sponsors' biases.

"Applying good science to spill-related research has been impossible," University of Alaska Fairbanks ecologist Glenn Juday said. "Most of us have not been able to apply proven and accepted scientific principles in our studies."

As a result, he and others say, some of the findings about the nation's largest oil spill will be flawed, and the multi-million dollar research may not yield the kind of comprehensive information expected.

A few months ago, when he asked for a U.S. Forest Service grant to pursue his Exxon Valdez spill-related research, Juday said he was told to "pick a side."

Juday has told the Forest Service that he also had sought funds from Exxon. Eventually, both Exxon and the Forest Service rejected his grant application.

However, Juday scraped together funds from various sources, including some of his own money, and went ahead with the study of effects of the oil spill on Green Island, 80 miles south of Valdez in

Prince William Sound.

Now that his study is complete he can talk in detail about his findings, but most scientists cannot. Lawyers on all sides have fought to keep spill studies secret to prevent court opponents from gaining knowledge that might help them win lawsuits.

Juday said the silence orders are preventing him from sharing notes with colleagues on the UAF campus and elsewhere.

"Not only was I asked to pick a side, but I haven't been able to verify if others have found the same things as I have. The accepted scientific procedure, which should be unbiased, has been perverted by these types of attitudes."

Meanwhile, spill-related research continues at UAF and mostly involves damage assessment among the fish, mammal and plant populations in the ocean and on Prince William Sound islands.

Usually samples are picked up on-site every few months and are examined in UAF labs. Funding for such studies seemed limitless at first for 18 UAF scientists asked to conduct damage assessment research.

In the past two years, they received about \$15 million distributed by federal and state agencies and Exxon, according to UAF Sea Grant communications officer

Doug Schneider.

"We were just stunned to receive all that money. It is very hard in this country to get a \$100,000 grant for any type of research," said UAF biologist Joshua Schimle, who received about \$1 million from the Forest Service to study the impact of the spill on coastal vegetation.

"All of sudden, shortly after the spill, researchers were getting millions of dollars in grants."

"The thing is... they didn't get much science for their money."

The legal battle pitting state and federal agencies against the oil giant Exxon for the payment of the damages is generally cited as the cause for the scientists' recent grumbling.

The state, federal government and Exxon reached a tentative \$1 billion settlement earlier this month.

Secrecy covering the result of scientific studies has been particularly disturbing to some scientists, however.

Juday was able to publish the results of his observations because he acted independently. But the two dozen UAF professors who accepted grants from either government agencies or Exxon are legally forbidden to reveal their findings to parties outside the litigation.

"The way science works is

through scrutiny," said Ron Dearborn, the director of Sea Grant at UAF. Sea Grant is a program created by the U.S. Congress in 1966 that funds research on marine resources.

"A scientist gathers data, writes a paper about his discovery and presents it in a meeting where it is critiqued by other scientists. The more exchange and arguments, the better the results. None of this has been done in spill-related research," Dearborn said.

Craig Tiller, an assistant state's attorney general involved with oil spill litigation, said it was in the interest of all parties to keep the results of their research secret.

"Whichever side gets the other side's information early gets the advantage," he said. "We just want to protect our case."

The proposed 60-page settlement does not deal with question of research secrecy, according to state House Majority press secretary Terrence O'Malley.

Some scientists who accepted government or Exxon grants to conduct damage assessment research also say they quickly found out that their benefactors' sole interest was to build up their cases, and not to learn as much as possible about the effects of the spill on the environment.

Biologist Schimle early this year recommended that his \$1 mil-

lion coastal habitat study be discontinued. His wish was granted.

"The lack of scientific flexibility is partly why I recommended that my study be stopped," he said.

"I was told when I accepted the grant that this was not about science but strictly about damage assessment. In other words, when I noticed something really interesting in my studies, I couldn't pursue it."

"I'd rather concentrate on the three federal grants I received to do more interesting research."

Not all UAF scientists involved in spill-related research agreed with the criticisms, however.

"I understand that the people who pay us have to develop their legal positions," said Raymond Highsmith, an assistant professor at UAF's Institute of Marine Science.

Highsmith is conducting two Forest Service studies costing more than \$6 million on the spill's impact on intertidal animals, according to UAF documents.

"But that doesn't mean research will be flawed. My research is going extremely well. I think most of the research has been top-notch."

Accord Won't End Finger-Pointing

By TIMOTHY EGAN

Special to The New York Times

SEATTLE, March 13 — From the very start of the Exxon Valdez accident, when Capt. Joseph J. Hazelwood reported just after midnight on March 24, 1989, that his fractured tanker was "leaking some oil," the nation's worst oil spill has been viewed as an indictment of things well beyond Alaska and Prince William Sound.

News Analysis It was considered a failure in technology, an ecological catastrophe, a consequence of a society hooked on oil and a demonstration of nature's resilience. No single point of view has ever prevailed.

With today's settlement of criminal and civil claims against the Exxon Company, the "Valdez as metaphor" business is without the trial that was to be its centerpiece. Finger-pointing will go on for years, as will studies of the sound. But the settlement avoids a definitive legal conclusion of what caused the spill.

Exxon officials were scheduled to face a trial, on five Federal criminal charges, beginning April 10 in Anchorage. By pleading guilty today to four misdemeanor charges under three environmental laws and agreeing to pay a \$100 million fine in addition to \$1 billion in a civil settlement, Exxon and its shipping subsidiary will end the Government's investigation of how the world's largest private oil company transports its cargo.

Three Technical Violations

The guilty pleas say nothing about staffing levels of tankers or drinking alcohol on such ships; both issues figured prominently in the National Transportation Safety Board inquiry into the spill. Instead, Exxon pleaded guilty to three technical violations of Federal statutes, including an admission that the company killed migratory birds without a permit.

Attorney General Dick Thornburg and leading environmental groups hailed the settlement as the strongest message ever sent by the Government to corporate polluters. But a trial, the historic format for determining blame, before a jury of Alaskans, might have sent an equally strong message.

"I don't think people are after revenge against Exxon," said former Mayor John Devens of Valdez, now president of Prince William Sound Community College. "But people would like to see an exclamation point at the end of all this, and a trial was considered the best way to do it."

Of course, as Government prosecutors noted, Exxon could have been vindicated in a trial. Then the Government would still have been left with many unanswered questions about the spill, in addition to very little Exxon money to continue cleanup efforts.

The Skipper Stood His Ground

Captain Hazelwood, who began his career with Exxon more than 12 years ago as the youngest captain in the company's fleet, was convicted last March 22 of the misdemeanor charge of negli-

A definitive legal conclusion of what caused the spill is lacking.

gently discharging oil. He was acquitted of piloting the vessel while drunk, and other charges.

At the end of the trial Captain Hazelwood was urged by the judge to make an apology, but he refused. Even though many Alaskans had ridiculed the skipper, they agreed with his standing his ground, and spoke of bringing Exxon's board members before the judge, rather than Captain Hazelwood.

"Here was Joe Hazelwood, the very image of what went wrong, and a jury had a hard time pinning the blame on him," said Ernie Piper, the oil spill coordinator for the State of Alaska.

By contrast, when Captain Hazelwood was first arrested and arraigned in New York, his bond was set at \$1 million by Justice Kenneth Rohlf of the State Supreme Court, who likened the spill to dropping the atomic bomb on Hiroshima.

Casualties on Both Sides

Well before today's settlement, the exaggerated claims made by both Exxon and the environmentalists became casualties.

Mr. Piper said Prince William Sound never became a dead sea, as some had predicted. The salmon runs this year are expected to be of record proportions. But neither did the sound instantly bounce back, as if blinking off a bad night in geologic time.

"We were lucky, because Prince Wil-

liam Sound is an enormously dynamic body of water," Mr. Piper said. "It was in good shape, ecologically, to absorb this great insult."

But he also noted that more wildlife had been killed in the Exxon Valdez spill than in any other known industrial accident. It will take years for the bald eagle to reach the population levels it had attained before the spill. And some colonies of seabirds have shown dangerously high mortality rates.

60% of the Oil Remains

Despite a cleanup program that Exxon said had cost the company \$2 billion by April 1990, less than 10 percent of the oil was recovered. Mr. Piper said 30 percent of the oil evaporated and 60 percent of it remained in Prince William Sound.

Mr. Piper, who has spent nearly every day of the last two years studying and talking about the spill, said a recent conference on the effect of the oil showed him how far apart the two sides remain. Exxon presented an upbeat picture, while environmentalists spoke of disaster.

"Most of the people I deal with have little use for these kinds of institutional observations," he said. "They want to know if they can hunt seals next year."

With more than 300 civil suits by fishermen, environmentalists, Alaska natives and others pending against Exxon, the legal fights will continue for years, each carving up small pieces of the picture. But with today's settlement the significant blame-making has probably shifted from the courts to the historians.

As John Keeble wrote in "Out of the Channel," a book on the spill published this month by HarperCollins, "the story of the spill is a parable for the future eventualities we must face."

Chairman Calls Exxon Strong After Valdez Pact

By KEITH SCHNEIDER

Special to The New York Times

WASHINGTON, March 13 — Lawrence G. Rawl, the chairman of the Exxon Corporation, said today that the \$1.1 billion settlement reached Tuesday night with Alaska and the Federal Government in the Exxon Valdez oil spill would not have any effect on Exxon's finances or its plans.

In a news conference at the company's headquarters in Irving, Tex., that was also shown on closed-circuit television at the National Press Club here, Mr. Rawl added that he did not believe the settlement would affect the company's image, which he described as good.

Combative at times and not at all chastened, Mr. Rawl nevertheless said the spill, the bad publicity that followed, the expense of cleaning up Prince William Sound in Alaska, and the civil and criminal cases brought by the Government against Exxon had been an ordeal.

"I feel this a heck of a lot," said Mr. Rawl. "I've been disappointed and angry since March 24, 1989. It's been a burden to us."

58 Days of Negotiations

He insisted, however, that the settlement "will not have a significant effect on our earnings." In fact, investors saw it as good news: Exxon stock closed at 57 1/4, up \$1, on the New York Stock Exchange today.

The settlement, reached late Tuesday night after 58 days of negotiation in Juneau and Washington, resolved civil and criminal cases against the world's largest oil company as a result of the nation's biggest oil spill.

As a part of the agreement, Exxon and its shipping subsidiary pleaded guilty to four misdemeanor violations under three Federal environmental laws and agreed to pay a penalty of \$100 million, the largest ever for a criminal violation of environmental statutes. As part of the agreement, two felony charges under the Federal Maritime Law were dropped.

More than 300 civil suits filed against Exxon by private parties are not affected by the accord.

At a news conference in Washington today, Attorney General Dick Thornburgh hailed the agreement as the "strongest message" ever sent by the Government that pollution violations would be thoroughly investigated and prosecuted.

Environmentalists Happy

Several influential national environmental groups commended the agreement and said it set new standards for penalizing polluters, among them that full payment would be required to cover environmental damage from a disaster.

But the chairman of Exxon, the nation's third-largest industrial corporation, today seemed exasperated at times and testy at other moments. It was clear that Mr. Rawl's intention this afternoon was to assure shareholders



Agence France Press

The \$1.1 billion settlement for the Exxon Valdez oil spill is the "strongest message" ever sent that the Government is prepared to prosecute polluters, said Attorney General Dick Thornburgh, right. He and Gov. Walter Hickel of Alaska spoke yesterday at a news conference.

The oil giant agrees to pay \$1.1 billion and looks ahead.

ers that the settlement would not alter the company's day-to-day operations.

"The settlement encompasses issues we were prepared to contest," Mr. Rawl said. "However, we have agreed to the settlements because they are in the best interests of Exxon shareholders and all other parties involved."

He said Exxon had been preparing for more than a year for the criminal trial that was scheduled for April 10 in Alaska. The agreement made the trial unnecessary. "We felt pretty good about our chances," Mr. Rawl said.

'We Learned a Lot'

But he added that he had agreed to fly to Washington, where he signed the settlement just before midnight Tuesday, because "looking forward to years of litigation, maybe decades, wasn't in anybody's interest."

Asked whether he or Exxon had learned anything from the accident and the cleanup, whose cost the company puts at more than \$2 billion, Mr. Rawl said: "We learned a lot. Actually, all of us knew some of these things before. We learned a lot about cleanup."

Near the end of his remarks today, Mr. Rawl indicated that the Exxon Valdez disaster had heightened awareness within Exxon about the environment.

"You can't let your guard down," he said. "We all have to be more diligent, I guess. In the future, we have to be a lot more sensitive."

'You Change Your Priorities'

Moments later, he concluded with these remarks: "The day it happened, we said it was our oil, our ship, and we would clean it up. It has distracted us. When you spill oil like that, a disaster like that, you change your priorities pretty quick."

The settlement was reached after weeks of negotiation by Mr. Rawl, Gov. Walter J. Hickel, Charles Cole, the Alaska Attorney General, and top lawyers from five Federal agencies. The talks started in Juneau on Jan. 15, when Mr. Rawl flew to Alaska's state capital to meet with Mr. Hickel and Mr. Cole.

One of the toughest issues, participants said today, was gaining Exxon's agreement to plead guilty and pay a \$100 million penalty for misdemeanor violations of the Clean Water Act, the Refuse Act, and the Migratory Bird Treaty Act.

A year ago, Doug Bailey, then Alaska's Attorney General, was unable to obtain the conviction of the captain of the Exxon Valdez, Joseph J. Hazelwood, on charges of piloting the tanker while under the influence of alcohol.

Mr. Hazelwood was convicted of a relatively minor charge, negligently discharging oil, but acquitted of criminal mischief, operating a vessel while intoxicated and reckless endangerment.

Much Is Tax-Deductible

The Federal Government had initiated talks with Exxon before Mr. Hazelwood's acquittal on the alcohol charge after one of the most widely followed trials in state history. The Government was seeking \$150 million in criminal penalties and guilty pleas to felony violations of environmental laws. But the negotiations fell apart in 1990.

Along with the \$100 million criminal penalty, Exxon will pay \$90 million this year into a fund overseen by officials from three Federal and three state agencies. In September 1992, the company will pay \$150 million more to the fund, followed by a \$100 million payment in September 1993, and \$70 million annual payments from 1994 through 2001. The agreement also could require Exxon to pay as much as \$100 million more after 2001 if additional environmental damage is discovered.

Except for the criminal penalty, all payments by Exxon will be tax-deductible. One economist who studied the effects of the spill estimated that Exxon's ability to write off most of the settlement could cost the taxpayers \$300 million in lost revenues.

Quick Reimbursements Specified

The agreement also calls for the state and the Federal Government to be reimbursed for many expenses incurred to determine the environmental damage from the spill. Alaska spent more than \$72 million and the Federal Government \$62 million. These reimbursements are to be among the earliest payments from Exxon.

"The size of the settlement and the criminal pleas represents a clear and unmistakable signal that those involved in environmental crimes will not go unnoticed and unpunished," said Mr. Thornburgh.

In Alaska, the settlement was greeted today with widespread approval.

"I think it's great there is money to protect Prince William Sound," said Tom Masoluni, a 34-year-old fisherman from Cordova, a prosperous fishing town near the mouth of the Sound. "You know, along with the oil, one of our concerns here is that there is too much clear-cutting of the forests around the sound. Maybe they can use some of this money to buy up timber rights and preserve forests here."

National environmental groups, including the Natural Resources Defense Council, the National Audubon Society and the National Wildlife Federation, also applauded the agreement.

From Oil Spill to Settlement

1989

MARCH 24: The 947-foot tanker Exxon Valdez runs aground on Bligh Reef 28 miles south of Valdez, Alaska, spilling nearly 11 million gallons of crude oil into Prince William Sound, making this the largest tanker spill in United States history.

MARCH 25: Exxon Shipping Company, owner of the tanker, takes "full responsibility" for the spill.

MARCH 26: Gov. Steve Cowper, a Democrat, declares a disaster emergency. Alaskan fishermen seek full compensation. Eventually 330 lawsuits will be filed in state and Federal courts against the Exxon Corporation. The litigants will include fishermen, seafood processors and distributors, Alaska natives, and business, Exxon shareholders, environmental groups, municipalities and the State of Alaska. The suits will involve a variety of maritime and environmental statutes.

MARCH 30: Exxon dismisses Joseph J. Hazelwood, the captain of the Exxon Valdez, after an investigation by the National Transportation Safety Board shows that the captain's blood alcohol content was above permissible Federal levels for operating a commercial vessel.

APRIL 6: Despite containment efforts, the spill now covers an estimated 3,100 square miles, leaking out of the sound to local beaches along the Gulf of Alaska.

MAY 22: A grand jury indicts Captain Hazelwood on three felony counts, holding him responsible for the destruction.

SEPT. 15: After spending \$1 billion, Exxon suspends its beach cleanup for the winter, asserting that it has left 1,100 miles of beaches "environmentally stable." Alaskan officials disagree and announce their own \$21 million winter cleanup plan.

1990

FEB. 27: A Federal grand jury indicts Exxon and its shipping subsidiary on five criminal counts. If convicted on all counts, the company could be fined up to \$1.6 billion and could be assessed an additional \$600 million in penalties.

MARCH 22: Jury finds Captain Hazelwood guilty of a misdemeanor of negligence. He is acquitted of the felony charges of criminal mischief and other misdemeanor charges of operating a vessel while intoxicated and of reckless endangerment.

NOV. 6: Walter J. Hickel, a former Governor and former Interior Secretary, is elected Governor of Alaska as an Independent.

1991

MARCH 14: In a private meeting, Governor Hickel proposes dropping all state and Federal lawsuits against the Exxon Corporation over damage done by the oil spill, in exchange for \$1 billion to restore and protect Prince William Sound.

MARCH 13: Exxon, Alaska and the Federal Government announce the settlement of the criminal and civil cases brought by the governments against Exxon.

Lost fish taxes worry oil spill communities

By DIRK MILLER

TIMES CAPITAL BUREAU

JUNEAU — Gov. Walter Hickel's Exxon Valdez settlement last week has left oil spill communities worrying what will happen to their claims of between \$3.7 million and \$1.7 million in lost fish taxes.

"It leaves the burden on us to figure out what we're owed," said Kenai Peninsula Borough Attorney Tom Boedeker. Fishing seasons in the Kenai Peninsula, Prince William Sound and Kodiak Island areas were disrupted after the Exxon Valdez crashed into Bligh Reef on March 24, 1989, spilling about 11 million

gallons of crude oil.

"It's one area left unclear in the settlement," said Jerome Selby, Kodiak Island Borough mayor. "Hopefully, the state would help us pursue the matter."

Hickel and the federal government announced a proposed \$900 million settlement with Exxon Corp. last week that pays the state and federal governments for natural resource damages caused by the spill and also assesses a \$100 million criminal fine against the company.

Selby said the Kodiak borough was estimating it had lost about \$1 million in shared tax revenues because of the spill. Nearly all of Kodiak's fisheries were shut down that summer.

Boedeker said the Kenai borough figures it lost between \$750,000 and \$420,000 in lost fish taxes, depending on how the claims are calculated.

Boedeker said the fish tax losses were figured three ways: The high range was computed using fish prices from 1988. The middle range was based on an average of prices from 1987-1988 and the low range was figured based on prices paid to fishermen by the Exxon claims office.

Attorney General Charlie Cole said Monday the administration had not forgotten them. He said the lost fish taxes were excluded from the settlement in the closing days because of disagreements on how to handle them.

The raw fish tax is split between the state and municipalities that help service the fishing industry. The tax ranges from 5 to 3 percent on fish products.

"I had consistently said fish taxes were outside the settlement," Cole said. "As the days wore on, Exxon did not accept that position. When we got down to the final days, if not the final hours, it was agreed that the fish tax claims would be outside the settlement."

An Exxon spokesman in Anchorage said the fish tax issue was still unresolved. "It's an open legal issue," spokesman Joe Tucker said.

Bait and switch?

Hickel backtracks on timber buyout

Gov. Wally Hickel seems to have a genuine affection for Prince William Sound. In discussing plans to restore the damage from the Exxon oil spill, he spoke of turning the sound into a "world-class water recreation area."

That vision helped boost his campaign for a quick settlement of damage claims against Exxon. Gov. Hickel talked about using the money to save privately owned timber in the Sound from logging. Now, though, that part of his sales pitch is starting to look like a world-class bait and switch.

Three key Hickel appointees have downplayed the timber buyout idea. As reported in Wednesday's Daily News, all three say timber buyouts will hardly have top claim on settlement monies, if they make the cut at all.

The views of the three — Attorney General Charles Cole, Fish and Game Commissioner Carl Rosier and Environmental Conservation Commissioner John Sundor — are especially significant. They will be the state representatives on the joint state-federal panel that spends the settlement money.

Gov. Hickel's earlier talk of timber buyouts helped build support for a spill settlement. Now that a deal is on the table, some advocates of timber buyouts feel betrayed — and understandably so.

A speedy spill settlement is a plus, if it can immediately yield money to protect or enhance the Sound. But it's starting to look as though large chunks of the restoration money may be spent on a long line of studies — while the Sound endures added environmental stress from logging. If that's the case, there's less reason to be in a hurry to get the settlement money.

It's true, Gov. Hickel never signed a blood oath to use settlement money on timber buyouts. It's also true, the governor reportedly still supports the idea of buying some timber; the only question is where the money will come from.

But that's a mighty big unanswered question. State money is tight. If there's any hope the timber buyouts will proceed, settlement money will play a key role.

That won't happen unless Gov. Hickel directs state spill trustees to push for it. And if he doesn't, Alaskans can't be faulted for feeling like victims of a bait and switch.

d v???? exxon
v06450ak--
u nbx
AP-AK--Holland-Exxon Plea(

URGENT FOR ALASKA

(ANCHORAGE) _ A federal judge in Anchorage today (Wednesday) rejected a criminal plea agreement that's part of a (b) billion dollar deal between Exxon, the state and federal governments.

Judge H. Russel Holland says the fines which were proposed to him simply are not (not) adequate. The judge says there is no (no) question that the Exxon Valdez oil spill was _ as he put it _ "off the chart" as far as American environmental disasters go.

Exxon did not (not) immediately withdraw its guilty pleas on criminal pollution charges. Holland gave the company 30 days to consider what actions it may take.

Under the plea agreement, Exxon was to pay a 1-hundred (m) million-dollar criminal fine and another 9-hundred (m) million dollars to settle state and federal civil claims for natural resource damages in the Prince William Sound area.

The tanker Exxon Valdez spilled nearly 11 (m) million gallons of North Slope crude oil on March 24th, 1989, when it slammed into a charted reef.

EXXON DEAL ON THE ROCKS

Governor claims Exxon deal decision will be his to make

By DIRK MILLER

TIMES CAPITAL BUREAU

JUNEAU — Gov. Walter J. Hickel on Wednesday said he would make a decision on the Exxon deal.

Hickel made his comments in a hastily arranged press conference called several hours after a federal judge rejected a criminal plea bargain with Exxon. The Legislature is now reviewing a proposed settlement of state civil claims against the oil company.

Hickel and state Attorney General Charles Cole have said on several occasions they would abide by the Legislature's recommendation on whether to reject or accept the settlement.

Hickel said Wednesday if the Legislature rejected the settlement, he would make a decision on whether to accept it.

"We made our first decision, that was that this was a settlement. Now they'll make their decision, we'll take a look."

Lawmakers have spent the past five weeks reviewing the agreement, in some cases line by line. The agreement does give the Legislature a say in its approval. Hickel said it would be a consideration when the state decides whether to accept the settlement.

Hickel, in California Wednesday to talk about his proposed water pipeline to the drought-stricken state.

"I'm not going back on anything," Hickel said.

After his joint address March 14 to the Legislature explaining the settlement, Hickel told reporters in a press conference, "If they don't approve, we'll just toss it back."

Ignore mismanagement allegation, Fisher tells panel

By DAVE PATRICK

TIMES CAPITAL BUREAU

JUNEAU — Revenue Commissioner Lee Fisher said a lawsuit claiming he mismanaged assets of the now defunct Alaska Mutual Bank should not affect his appointment as the state's top financial officer.

"I have not had my day in court," Fisher told the Senate Finance Committee at his confirmation hearing Wednesday. Federal Deposit Insurance Corporation lawsuits name Fisher and two other officials of Gov. Walter J. Hickel's administration.

They are among 33 former directors and officers blamed by the federal regulatory agency for the failure of Alaska Mutual and United Bank of Alaska. As revenue commissioner, Fisher is responsible for tax collection and sits as board member on various state entities including the Alaska Permanent Fund Corporation.

"Would you hire an investing officer who is currently the subject of a lawsuit by the FDIC?" Sen. Al Adams asked Fisher at the committee hearing.

"We intend to defend very strongly

against that," Fisher replied. "I have for 25 years on that (Alaska Mutual) with honor and distinction. And yes, bottom line, I would hire me."

Committee members said Fisher's demeanor was more deferential than in previous committee appearances.

Fisher earlier objected to a provision in the bill that would charge compound interest on interest already accrued and as provision an "immoral business practice." The legislation was sponsored by Hic

Panel to consider abortion legislation

TIMES CAPITAL BUREAU

JUNEAU — A Senate and House panel will consider jointly today legislation protecting the rights of women to undergo abortions without governmental interference.

The Senate and House health education and social services committees were to meet at 8 a.m. to consider the bills, sponsored by Fairbanks Democrats Sen. Bettye Fahrenkamp and

Rep. Niilo Koponen.

Meanwhile this afternoon, the House's Community and Regional Affairs Committee was scheduled to hold a confirmation hearing on Edgar Blatchford, Gov. Walter Hickel's nominee as commissioner of the Department of Community and Regional Affairs.

There are no floor sessions scheduled for either body of the legislature.



ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION

OIL SPILL CHRONICLE

VOL 3, NO. 4

APRIL 16, 1991

ANCHORAGE, ALASKA

Spring Shoreline Survey Shaping Up

Anchorage — Planning is underway for what may be the last major interagency survey of shorelines fouled following the Exxon Valdez oil spill.

Representatives of state and federal agencies, Exxon, and land owners have been meeting through the winter to plan the survey, expected to begin April 26 and continue through May. Groups of specialists, scientists and landowner representatives will assess conditions of shorelines in Prince William Sound and the Gulf of Alaska oiled following the March 1989 grounding of the Exxon Valdez. This information will be used to develop work plans for the 1991 cleanup season.

"Exxon and the Coast Guard have indicated that we probably won't have another big interagency survey like this," said John Bauer, head of cleanup monitoring for the Alaska Department of Environmental Conservation.

Bauer said there will probably be other surveys done by individual agencies in future years, such as by DEC, the National Oceanographic and Atmospheric Administration or the National Park Service. The state might want to monitor long-term effects at different sites, but no planning has started yet, Bauer said.

The principal state goals for the cleanup are to target sites for 1991 cleanup work, and to fully document and map the subsurface oil, especially at locations at which work is unlikely or impossible, said Ernie Piper, the State On Scene Coordinator.

"We plan to put this information on a DEC database of contaminated sites, so that landowners,

recreationists, fishermen and other interested groups can get access to that information when they need it later on," Piper said. "We want to make sure we've looked everywhere we think oil might still exist."

"We want to make sure we've looked everywhere we think oil might still exist."

Ernie Piper, ADEC

The 1991 survey, dubbed the May Shoreline Assessment Program or MAYSAP, is scheduled in three phases, with five 11-member teams based on vessels and one team working from helicopters. Phase I will take place during April 26-May 5, Phase II from May

6-11, and Phase III during May 12-28. The break occurs between Phase II and III because of unfavorable tides.

The surveys are expected to be complete about the end of May but could extend into June if survey rates are slower than expected. Coast Guard Rear Admiral David E. Ciancaglini, the Federal On Scene Coordinator, has said that cleanup work will commence on June 1.

A pair of workers accompanying each team will pick up debris and small patches of asphalt or tarballs if found during the survey. The other team members include an oil geomorphologist, a biologist, a skiff operator, and representatives from

See Survey, Page 4

INSIDE:

Legislative Hearings, page 2
Damage studies released, page 3
Bald Eagle finds new home, page 4
NOAA study, page 4
Ops Meeting Changed, page 5

Alaska Legislators Hold Hearings on Spill Settlement

Juneau — A series of meetings to take public comment on the proposed Exxon Valdez settlement are wrapping up this week, lawmakers said.

The House and Senate special committees on the Exxon Valdez Spill Claims Settlement have conducted meetings via teleconference from Juneau and Anchorage. The House panel also took their show on the road, holding meetings in Seward, Homer, Kodiak and Cordova. The last House teleconference is scheduled originating in Juneau, at noon on Wednesday, April 17.

"It's unusual for the public to be given so much opportunity to comment on legal matters," said Rep. Max Gruenberg, who chairs

"The public comment the Legislature receives will play an important role in determining whether to accept the civil settlement."
Rep. Max Gruenberg

the House Committee. "The public comment the Legislature receives will play an important role in determining whether to accept the civil settlement." Sen. Dick Eliason chairs the Senate committee.

Attorney General Charles Cole and Commissioner of the Alaska Department of Fish and Game Carl Rosier also attended some of the hearings to help answer questions from the audience and lawmakers.

When Governor Hickel referred

the settlement to the Alaska legislature for an advisory opinion, the Senate and House set up special committees to evaluate the settlement and report back to the legislature. Both houses will come to a consensus and report their findings and recommendation to Gov. Hickel so he can relay the state's answer to U.S. District Judge Russel Holland in Anchorage by the May 3 deadline.

Gov. Hickel can override the legislature's recommendations, but Attorney General Charles Cole has indicated that the administration would probably abide by the legislature's opinion either way.

"If the legislature does not approve the settlement, I will not proceed," Cole said at the Cordova hearing.

Cordova crowded the library meeting room at the House panel meeting there on April 14. Legislators accepted testimony in person and in writing from meeting participants, including representatives of fisheries organizations, native groups, and individual testimony.

"I have been intimately involved with the Exxon Valdez oil spill since before 7:00 am on March 24, 1989," said Marilyn Leland of Cordova District Fishermen United. "More than two years later, the oil spill still dominates my life."

Leland, who is executive director of CDFU, said she thinks it is too soon to determine the value of injuries resulting from the spill, and that the figure set aside in the settlement is too small

to be an incentive for oil companies to prevent future

"I have been intimately involved with the Exxon Valdez oil spill since before 7:00 am on March 24, 1989. More than two years later, the oil spill still dominates my life."

Marilyn Leland
CDFU

spills.

"We ask the legislature to postpone approval of the settlement," Leland said, until more information is available and until provisions are added to the settlement to give the legislature and the public more control over how the money is spent.

Patience Faulkner, providing testimony on behalf of Eyak natives, said that her group strongly opposes the settlement because native groups were not involved in the settlement negotiations, the money set aside for restoration is inadequate, and the settlement does not address social, cultural and community damages.

"The natural resource damage value can eventually be quantified; yet the damage to the human element cannot. The disruption to our lives in 1989 is beyond description," Faulkner said.

Copies of the hearing notes and written testimony can be obtained from the Juneau Legislative Information Office, P.O. Box Y, Juneau, AK 99811.

Summary of Resource Damage Findings Released

A summary of findings from state and federal researchers assessing damages to natural resources resulting from the Exxon Valdez oil spill was filed in Anchorage federal court and released to the public on April 8.

The 18-page summary lists preliminary results of studies designed to measure injuries to birds, mammals, fish and other wildlife, marine and land-based wildlife habitat, and archaeological and subsistence resources.

In some cases the damage to wildlife species reported is more severe than previously thought and may be continuing, according to the report.

"This is the first time we've gotten results from systematic studies of the whole region, as opposed to anecdotal information," said Jim Gibeaut of the Alaska Department of Environmental Conservation. Gibeaut is the head of DEC's science studies on the spill.

"What is frustrating is to find that the oil is persisting down to 100 meters depth (underwater). That's the worst news of all, I think."

The summary indicates that the animals which seem to have been hardest hit were seabirds, sea otters, bald eagles and possibly killer whales. Gibeaut said researchers knew from past oil spills that birds and otters would be affected, but scientists will end up with more in depth information on those effects from the Exxon Valdez studies.

"The difference here is that we've quantified a lot more than previous spills, by counting the dead birds and other dead animals, and by noting the location and amount of persisting oil on the beaches and in the shallow subtidal regions. I don't think that has been done as extensively before, not for a large spill anyway," Gibeaut said.

U.S. Fish and Wildlife officials initiated a program soon after the March 1989 oil spill to recover bird

and other animal remains in the spill affected areas, partly to prevent their being eaten by scavengers such as eagles and bears. A total of 36,471 birds were collected, and a U.S. F&WS paper published in January 1990 estimated that number represented only 10-30 percent of the actual deaths. According to the report released last week, the best approximation now available is that between 340,000 - 390,000 birds died.

Sea otter populations in Prince William Sound and the Gulf of Alaska were estimated to be as high as 30,000 before the spill. The new report estimates 3,500-5,000 animals were killed directly from effects of the oil spill. Otter necropsies also indicated damage from inhaling toxic aromatic compounds evaporating from the crude and from ingesting the oil as they tried to clean their fur.

State and federal scientists expect to continue researching the effects of the spill in 1991 "and thereafter until the process is complete." A number of monitoring projects will measure the natural recovery of wildlife and other resources affected by the spill.

"There's another whole field season that's going to be conducted (this year), then it will take another one to two years after that to get the final reports out," Gibeaut said.

Restoration programs are expected to begin in 1991. The summary indicates the restoration projects will be adjusted as results from the resource damage studies indicate where efforts should be concentrated.

To request a copy of the summary, write the U.S. Justice Department, Oil Spill Information Center, 645 G Street, Anchorage, AK 99501, or telephone 907/278-8008.



NOAA Study of Hot Water Wash and State's Comments Available

The National Oceanographic and Atmospheric Administration released a report on April 9 with their evaluation of the effects of hot water washing on Alaskan shorelines to remove oil contamination following the Exxon Valdez oil spill.

The report, titled "Evaluation of the Condition of Intertidal and Shallow Subtidal Biota in Prince William Sound Following the Exxon Valdez Oil Spill and Subsequent Shoreline Treatment," is available from the U.S. Justice Department, Oil Spill Information Center, 645 G Street, Anchorage, AK 99501, or by calling 907/278-8008.

For a copy of comments and reviews of the study by the Alaska Departments of Environmental Conservation and Fish and Game, contact the Public Information Office, ADEC Exxon Valdez Oil Spill Response Center, 4241 B Street, Suite 304, Anchorage, AK 99503, or call 907/563-1126.

Survey, Cont. from page 1

the U.S. Coast Guard, National Oceanic and Atmospheric Administration, the Alaska Department of Environmental Conservation, Exxon, the land manager, and a representative from the local community.

The survey teams are expected to document surface and subsurface oiling conditions and record their observations on forms and maps and with photographs. The teams will also collect information on intertidal organisms and wildlife observed. Reports from each day's observations will be sent to Anchorage daily.

A total of 598 sites or subdivisions are expected to be surveyed by the groups, 436 in Prince William Sound, 101 in Kenai, and 61 in Kodiak. This includes 48 subdivisions with 54 anadromous fish streams which have been identified by the Alaska Department of Fish and Game.

Valdessa Finds a New Home

Sitka — Volunteers at the Alaska Raptor Rehabilitation Center in Sitka, Alaska, couldn't release Valdessa to the wild but they found her a good home.

The Ross Park Zoo in Binghamton, New York accepted Valdessa, the first bald eagle captured live after the Exxon Valdez oil spill of March 1989. Zoo workers paired her up with Claws, formerly the zoo's only bald eagle.

"They hit it off immediately," said Steven Contento, director of the Ross Park zoo.

Valdessa was captured in Prince William Sound in April of 1989. Volunteers at the bird rescue center in Valdez washed her to remove oil coating her feathers. When found she was feeding on the oil soaked carcass of an otter. She was then shipped in a large dog kennel to the ARRC, the state's only raptor treatment and rehabilitation center qualified to handle bald eagles at the time. Volunteers at ARRC named the adult female bald eagle after the town of Valdez.

After two years of recuperative care, Valdessa regained her health but not the full use of her wings, said Lynn Vaught of the ARRC. Center volunteers searched until they found a zoo or captive breeding program with the proper facilities and staff to care for bald eagles. Valdessa arrived in the upper New York State town on April 9.

Three other unreleasable bald eagles picked up following the Exxon Valdez oil spill remain in the care of the Bird Treatment and Learning Center in Anchorage, and one additional bird was placed at the Gladys Porter Zoo in Brownsville, Texas, as part of a captive breeding program.



The OIL SPILL CHRONICLE is published monthly by the Alaska Department of Environmental Conservation. Comments or inquiries should be addressed to: ADEC, Exxon Valdez Oil Spill Response Center, Attn: L.J. Evans, 4241 B Street, Suite 304, Anchorage, AK 99503. FAX: 907/563-1789. Phone 907/563-1126.

Ops Meeting Location Changed

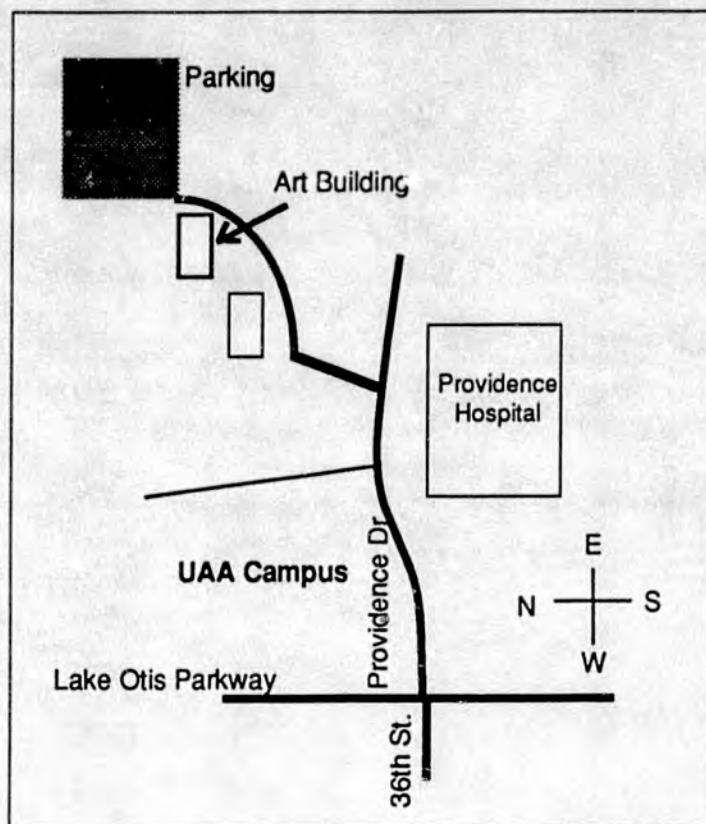
The Exxon Valdez Oil Spill Operations Steering Committee meeting scheduled for April 23 at 5:00 pm has been moved to the Room 220 Theatre in the Art building on the University of Alaska Anchorage campus, 3211 Providence Drive.

The meeting is generating a high degree of interest, Coast Guard officials said, and has been moved to a larger facility to accommodate the public. The date and time of the meeting will remain the same.

The agenda for the meeting will include cleanup plans for the 1991 season, the May shoreline survey program, and information about how the cleanup would proceed under the proposed civil litigation settlement under consideration by the Alaska State Legislature and the U.S. Congress.

Audioconference facilities will still be available for any communities who wish to participate. For more information on audioconferencing, call Lt. Robert Forgit at 263-1728.

A map showing the general location of the Art building on the UAA campus is to the right.

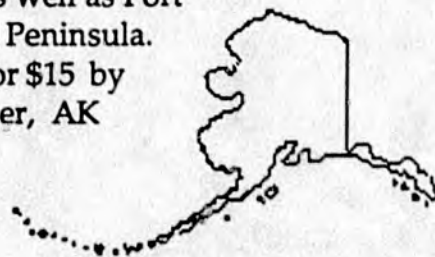


Poisoned Waters: Alaska Natives and the Oil Spill

A one-hour radio documentary about the native Alaskan perspective on the Exxon Valdez oil spill was aired during March on the Alaska Public Radio Network.

Entitled "Poisoned Waters: Alaska Natives and the Oil Spill," the documentary was produced by Susan Kernes of KBBI in Homer. It focused on the Chugach Aleut residents of Chenega Bay and Tatitlek in Prince William Sound as well as Port Graham and English Bay, which are located on the Kenai Peninsula.

Audiotape copies of the program may be purchased for \$15 by writing True North Productions, P.O. Box 984, Homer, AK 99603.



Final Comments on Spill Settlement Due April 18

Public comments on the proposed settlement agreement between the United States, the State of Alaska, and Exxon Corp. must be received by April 18, 1991. Written comments concerning the settlement are to be submitted to Thomas A. Campbell, General Counsel of NOAA, U.S. Department of Commerce, Room 5816, Washington, D.C. 20230, and to Barbara Herman, Attorney General's Office, State of Alaska, 1031 West 4th Avenue, Suite 200, Anchorage, AK 99501.

The proposed settlement was published in the Federal Register of Tuesday, March 19, 1991. Copies of the settlement may be obtained from any library which subscribes to the Federal Register, from the U.S. Justice Department Oil Spill Information Center, 645 G Street, Anchorage, AK 99501 or from the ADEC Exxon Valdez Oil Spill Public Information Office, 4241 B Street, Suite 304, Anchorage, AK 99503, 907/563-1126.

OIL SPILL CHRONICLE

State of Alaska

Department of Environmental Conservation

Exxon Valdez Oil Spill Response Center

4241 B Street, Suite 304

Anchorage, AK 99503

Senator Dick Eliason

P.O. Box V

Juneau, AK 99811



file

Spill fund suits ask billions

Governments vie for spoils

By DESIREE HUMPHREY

TIMES WRITER

4-4-91

The U.S. government, the state of Alaska, Exxon Co. USA and several other groups filed more than \$30 billion in claims against an oil-spill liability fund that is limited to \$100 million in payments to all people affected by the 1989 Exxon Valdez spill.

The federal government and the state of Alaska want more than \$1 billion from the Trans-Alaska Pipeline Liability Fund, although a federal judge

Large groups
of fishermen,
businesses,
Natives and
others want
\$56.1 billion.

asked the governments not to file. U.S. District Judge H. Russell Holland has said the limited funds available to individuals hurt by the spill would be substantially reduced by any government claims.

Several large groups of fishermen, businesses, Natives and others asked for \$56.1 billion, according to the fund's March report.

Holland urged many with spill-related lawsuits to file claims with the fund before the March 25 cut-off date because it was probably their only chance to receive a settlement. Holland cited existing federal law that denies many people except fishermen the chance to sue Exxon later for damages.

He asked the federal and state governments not to file claims because they have other recourse.

The 1973 Trans-Alaska Pipeline Authorization Act allows the fund to pay up to \$100 million dollars per accident to people it finds were injured by spilled pipeline oil. Congress established the fund in 1973 to quickly assist individuals hurt by a spill.

But no claims can be paid until all the requests have been processed since, according to law, claims will be distributed proportionately if they exceed the \$100-million cap.

The government claims are two of nearly 11,100 submitted by March 30, according to the fund's monthly report filed with the U.S. District Court in Anchorage on Monday.

Lawyers representing fishermen and other indi-

See Suits, back page

Page 2

Suits

Continued from page A1

viduals said the U.S. government and the state were acting unfairly by filing claims and are trying to force approval of the tentative \$1 billion settlement the state signed with Exxon on March 12.

"I think it's ludicrous, bordering on outrageous," said Dave Oesting, an Anchorage lawyer appointed as co-counsel to coordinate the numerous plaintiffs' court actions. The huge amount of the claims also show the "inadequacy and meaninglessness of the fund process," he said.

San Francisco lawyer Randall Scarlett, a member of the Melvin Belli firm representing about 1,000 people, agreed with Oesting. Because of the state and federal governments' large claims, individuals may get only "pennies on the dollar, if anything," he said.

"No, I don't think it is fair at all," Scarlett said. "Governments have other ways of raising revenues."

The U.S. government has agreed to withdraw its claim if its \$1 billion settlement with Exxon and the state is approved and if the fund promises to drop its claims against the government, the report said. The federal government seeks reimbursement for cleanup and response expenses, removal of oil, and natural resource damages.

Trans-Alaska Pipeline Liability Fund

The fund has a cap of \$100 million per accident it can pay to people affected by spilled oil. Here are some of the larger claims filed in March:

U.S. government:	\$1 billion plus
State government:	confidential
Exxon Co. USA:	\$1.3 billion plus
Other oil companies:	\$85 million
A group of property owners:	\$5 billion
A group of fishermen:	\$46.6 billion
A group of businesses:	\$4.8 billion
A group of Alaska Natives:	\$530 million
A group of cannery and seafood processors:	\$160 million

SOURCE: Trans-Alaska Pipeline Liability Fund

THESE CHART

The fund's lawyers wrote in the report they were reluctant to relieve the government of its obligations to pay for damages possibly caused by the government through negligence.

Unlike Exxon and the federal government, the state asked that the amount of its claim be kept confidential. The state wants to be compensated for natural resource damages, some response costs and lost revenues, the report said.

Alaska Attorney General Charles Cole could not be reached late Wednesday for comment.

The amount requested by the federal government, the state government and the oil companies totals nearly \$2.5 billion, the

report said.

Besides the \$1 billion for the federal government, Exxon asked for more than \$1.3 billion. BP America Inc., Atlantic Richfield Co., Phillips Petroleum Co. and Mobil Oil Corp. asked for \$85 million.

The oil companies agree to wait until everyone else, except the governments, is paid before seeking their shares, according to the report.

A five-cent-per-barrel-of-oil charge was assessed on North Slope crude until the fund reached its \$100-million limit in 1981.

With accumulated interest and investments, the fund had grown to about \$300 million, said Stephen Hut, the fund's Washington, D.C., lawyer.

e8179 jenders -----

u nbx PM--AK--ExxonSentencing

04-24 0366

ny15 ny27(

unbx(

^PM--AK--Exxon Sentencing,0283(

^NY GEN-Nano Note(

^Federal Judge Rejects Criminal Plea Agreement: 'Fines Not Adequate(

^URGENT(

^By JOHN ENDERS=

^Associated Press Writer=

ANCHORAGE, Alaska _ A federal judge today (Wednesday) rejected a criminal plea agreement that was part of a billion dollar deal between Exxon, the state and federal governments, saying the fines simply were not adequate.

Speaking before a packed courtroom, Judge H. Russel Holland said there was no question that the Exxon Valdez oil spill was "off the chart" as far as American environmental disasters go.

The tanker Exxon Valdez spilled nearly 11 million gallons of North Slope crude oil on March 24, 1989, when it slammed into a charted reef, creating the nation's worst oil spill.

Exxon did not immediately withdraw its guilty pleas on criminal pollution charges. Holland gave the company 30 days to consider what actions it may take.

Under the plea agreement negotiated by the state of Alaska, the U.S. Dept. of Justice and Exxon, the giant oil company was to have paid a \$100 million criminal fine and another \$900 million to settle state and federal civil claims for natural resource damages.

Short-term effects of the spill were the deaths of thousands of waterfowl, bald eagles, otters, seals and fish.

The long-term effects still are being studied, but lawyers for the approximately 90 law firms around the country involved in civil spill litigation have worked hard to keep the results under wraps to bolster any future court battles.

The \$900 million was to have been paid over 11 years and would go toward restoring Prince William Sound.

Holland had said last month the criminal and civil agreements were legally separate.

State Attorney General Charles Cole said after the sentencing hearing that the state intends to pursue settlement of the civil litigation against Exxon.

That includes the proposed \$900 million in restitution for the clean up, which is being reviewed by both houses of the Alaska Legislature.

Cole said he still thinks a civil settlement is in the best interests of the state.

AP-ANC-04-24-91 1040PDT(

NEWS RELEASE

STATE OF ALASKA

OFFICE OF THE GOVERNOR
P.O. BOX A
JUNEAU, ALASKA 99811

WALTER J. HICKEL
GOVERNOR



FOR INFORMATION CONTACT

ERIC REHMANN
PRESS SECRETARY

JOHN MANLY
DEPUTY PRESS SECRETARY

(907) 465-3500
FAX (907) 586-8369

FOR RELEASE: April 23, 1991
91-79

ALASKANS SUPPORT EXXON SETTLEMENT

JUNEAU--According to a recent statewide poll, Alaskans approve by a margin of two to one, of the settlement between the State of Alaska, the federal government and Exxon.

Dittman Research polled 536 Alaskans from 51 different communities and asked the following question: "The Hickel Administration, the federal government, and Exxon have negotiated a settlement that would have Exxon pay approximately one billion dollars over the next 10 years as payment for state and federal natural resource damage claims related to the oil spill. Do you think the state legislature should or should not approve this settlement?"

The response was overwhelming that the legislature **should** approve the settlement (58 percent should, 29 percent should not, and 13 percent unsure). Results of the poll show "support is wide-spread and basically uniform in the various demographic and geographic areas across the state."

"Anyone can second guess," said Governor Walter J. Hickel. "What's important is that this issue needed to be resolved and we did it. You could debate this thing in the courts until the end of time, but that wouldn't help anyone restore the Sound."

###

Unkept Exxon vows leave Cordovans mistrustful of pact

By DIRK MILLER

TIMES CAPITAL BUREAU

CORDOVA — People here have had too many broken promises the past two years to be impressed with the proposed Exxon Valdez oil spill settlement, says Mayor Bobby Van Brocklin.

Van Brocklin, testifying at Sunday's hearing of the House's settlement review committee, said the promises to Cordova began long before the Exxon Valdez tanker struck Bligh Reef on March 24, 1989. Cordovans were assured such a disaster would not happen when the trans-Alaska oil pipeline was built.

"We've had promises and promises starting 20 years before the disaster of the spill, and here we sit," Van Brocklin said at the hearing in Cordova's public library. "So our trust is at a very low level."

Many said they had been promised by Exxon representatives that the town would "be made whole again." They say it did not happen.

"Once again, it seems we're being told 'Trust us. It will happen,'" said City Council woman Nancy Bird.

State, federal and Exxon officials last month agreed to a \$1 billion settlement of federal and state lawsuits stemming from the 11-million-gallon spill. The settlement includes a \$100 million criminal fine for guilty pleas by Exxon to four federal charges and \$900 million in natural resource damages. The \$900 million is to be placed in a trust fund to be used for restoration of Prince William Sound and other oiled areas. Six trustees — three federal, three state — would decide

See Cordova, page B4

the state's trustees — attended the hearing.

Native groups told lawmakers that the spill was still disrupting their subsistence lifestyle.

Mary Gordioff, the president of the Tatitlek Corp., said villagers still could not trust the sea food they relied on for food. Tatitlek was less than five miles from the tanker accident. Gordioff said she continues to hear horror stories from fishermen about diseased sea life.

"This isn't over yet and it isn't going to be for a long time," she said.

State was not getting enough for the disaster.

"From what I learned, the state has an excellent case against Alyeska and Exxon," she said. "We are selling ourselves short."

Attorney General Charles Cole told residents at the hearing that he was keeping state studies secret to keep others from using them against the state. He said lawmakers will be given a confidential briefing on the studies this week to help them decide on the settlement.

Cole and Fish and Game Commissioner Carl Rosier — two of

"Some of these facts are just coming to light," Black said. "I would urge the Legislature to turn this down and let it digest a little."

Most of those testifying from the crowd of about 50 people urged lawmakers to try to change the \$1 billion pact or reject it. People were concerned about the size of the settlement, its effect on private lawsuits, the uses of the trust fund, and the release of state damage studies.

Melissa Rice told the panel she had worked for the state with the confidential data and that the

how the money is spent.

A federal judge is expected to decide on Exxon's guilty pleas April 24. A decision by state and federal governments on whether to approve the rest of the settlement is to be made by May 3.

Fisherman Bill Black said the date is too soon, especially since federal studies of the spill's effects just recently were released.

B4 Monday, April 15, 1991, The Anchorage

Cordova

Continued from page B1

H THOMAS

EMPIRE

sharp criticisms released by state resource agency. Hickel administration says Bureau of Land Management a "sound" job on its draft impact statement for the Alaska-Juneau gold

state's long-awaited come-re released Monday, in many state-agency critique the BLM report that some are would be edited out by administration.

a prepared statement ready by the governor's office reflect all of the concerns

environmental Coordination. "The state should not be a roadblock to it."

The governor's office today also released a letter Rusanowski wrote to David Dorris, who is in charge of BLM's impact statement. In the letter, Rusanowski said the state supports the project, and "the draft (impact statement) is sound."

The letter differs from a version released Monday by Rusanowski's office. The letter was apparently changed after a Cabinet-level meeting was held Tuesday in the governor's office.

In the first letter, which was never sent to the BLM, Rusanowski said the state supports the mine "in general."

Please turn to Comments, Page 8

"Employment through Economic Development" is the theme of this year's general assembly of the Tlingit and Haida Indian Tribes of Alaska.

The 56th annual gathering, taking place this week in Juneau, will involve about 120 delegates representing Tlingits and Haidas who live in Southeast Alaska, Anchorage, Seattle and San Francisco.

The theme will be carried through the election of an economic development commission, discussions of Native employment efforts by the state and sessions on tribal employment rights.

a.m. Thursday with opening ceremonies and addresses from politicians and organization leaders.

The assembly will adjourn about 4 p.m. Saturday.

All sessions will be held at the Andrew P. Hope Building, 320 W. Willoughby Ave., and are open to the public, said Judith George, assistant to central council president Edward Thomas. The building houses the Alaska Native Brotherhood hall.

"We welcome observers and like to have them there," George

Please turn to T-H, Page 8



nd. sic, dance, speeches and a meeting will be featured at afternoon celebration. The meeting, opened by Deputy Errol Champion, is set for m., and will discuss the top-hat is a Sustainable Future Juneau?"

s weekend's festivities will from 1 to 5 p.m. Friday with ic tree planting sponsored byaska Green Party. Trees will Please turn to Earth, Page 8

Villages sue to block oil spill settlement

By JULIA RUBIN

THE ASSOCIATED PRESS

ANCHORAGE — The proposed \$1 billion Exxon Valdez oil-spill settlement is fair, despite overwhelming public comment to the contrary, Exxon Corp. and the federal government argued in papers filed in federal court here Tuesday.

Meanwhile, five Alaska Native villages sued in federal court in Washington, D.C., to block the settlement and amend it to include their claims for compensation in the nation's biggest oil spill.

Exxon Corp., its subsidiary Exxon Shipping, and the U.S. Justice Department urged U.S. District Court Judge H. Russel Holland in separate briefs to accept the settlement.

Its terms require Exxon to plead guilty to four misdemeanors and pay a record \$100 million criminal fine.

Half of that would go to the state as restitution. Felony charges against the oil giant would be dropped.

The agreement also would settle state and federal civil claims against Exxon for the 1989 oil spill in Prince William Sound. Exxon would pay \$900 million over 11 years, with the money going into a trust to pay for the Sound's cleanup and restoration.

Holland has scheduled sentencing for April 24.

The tanker Exxon Valdez strayed off course in March 1989 and ran aground on a charted reef, tearing a hole in its bottom. It spewed nearly 11 million gallons of crude oil into the sound, tainting thousands of miles of shoreline, and poisoning untold numbers of marine animals and birds.

Of 87 public comments submitted to Holland about the criminal case, only 11 supported the plea agree-

Please turn to Exxon, Page 8

Dow closes over 3,000

THE ASSOCIATED PRESS

NEW YORK — A vigorous rally sent the Dow Jones industrial average soaring today, and the index appeared to set a record by closing above the 3,000 mark.

Traders said optimism of an improving economy drove the market to new heights. The rally is seen as a continuation of a bullish trend that has favored equities since January.

The Dow Jones average of 30 industrials crossed the record 3,000 mark for about two hours until 2:13 p.m. when it retreated.

The previous record of 3,010.60 was set July 17, 1990. The benchmark index has never closed above 3,000.

It was at 3,006.93, up 20.05, with five minutes left in trading.

Over Lightly.....Page 2
n.....Page 4
s/Money.....Page 7

WEATHER

Intermittent drizzle tonight and Thursday, high in upper 40s. Page 2

Juneau Empire

4/17/91

Plans to build a
end of the valley.
100 million tons of
he dam during the
life of the mine.
Valley is four miles
and is the watershed
area's most popular
recreation. Echo Bay's
proposal has gen-
erated criticism than
of the mine plan.

tance, vocational training and
home remodeling. George said.

dures within the tribes, George
said.

zen of the year will be
day.

Exxon...

Continued from Page 1
ment, according to the Justice De-
partment brief.

Critics argued, among other
things, that the fine was too small;
that there isn't enough information

on the spill's damage to set penal-
ties; that Alyeska Pipeline Service
Co., which operates the trans-Alaska
oil pipeline, shouldn't be immune to
possible criminal charges; that
Exxon should be tried publicly; and
that many plaintiffs, like the Alaska
Native villages, are left out.

In arguments submitted Tuesday,

the federal government argued that
the fine - 20 times the previous re-
cord for a criminal environmental
violation - "would reflect the seri-
ousness of the conduct that caused
the grounding of the Exxon Valdez ...
and send a strong message that com-
panies that violate environmental
statutes face serious punishment."

ARS
oney's worth
whole lot more.

For more
details see
ine, Shawn

or
Annette

DESCRIPTION

Refrigerator w/Icemaker (Almond)
Refrigerator w/Icemaker (Almond)
Bag Disposal
Barbecue Grill w/Pedestal & Tank
Fl. Extension Cords
Glass Vac
Gate Door Opener w/3 Transmitters
Insonic VCR
Player
Player
Player
Personal Cassette Player
Personal Cassette/Radio
Gallon Captive Air Tank
Ace Heater
Ace Heater
Insonic VCR
Mer VCR
ars Hi-Fi VCR
ars Camcorder Outfit
ars Camcorder Outfit
ny Rack System W/5 Pk CD Player
Undesign Rack System w/Remote
I Portable Disc Player
her Dual Recorder/Player Boom Box
" RCA Console TV (Traditional Cabinet)
" RCA Console TV (Oak Cabinet)
Ca.Fl. Upright Freezer (Almond)
nmore Microwave
ppan Microwave
nmore Dryer
nmore Washer - 10 Cycle
over Upright
nmore/Waxer
J Hi-PowerMate Vacuum
ser XT Computer (IBM Compatible) w/Hard Drive
ser XT Computer (IBM Compatible) w/Hard Drive

TENT SALE

QUANT.
ON HAND

WAS
PRICED

NOW
PRICED

YOU
SAVE

2		\$799.93	
1		\$569.88	
5	\$49.99	\$39.88	\$10.11
2	\$379.99	\$299.88	\$80.11
56		\$8.88	
3		\$21.88	
8		\$229.88	
1	\$488.88	\$399.88	\$89.00
2	\$195.93	\$150.00	\$45.93
1	\$229.87	\$179.88	\$49.99
2	\$129.97	\$99.93	\$30.04
17		\$19.88	
23		\$24.88	
1	\$159.99	\$59.88	\$100.11
18	\$41.99	\$28.00	\$13.99
27	\$59.99	\$42.00	\$17.99
2	\$379.99	\$312.43	\$67.56
2	\$499.99	\$449.88	\$50.11
6	\$409.99	\$299.88	\$110.11
2	\$1,099.99	\$998.88	\$101.11
3	\$1,199.97	\$698.88	\$501.09
2	\$949.99	\$899.99	\$50.00
2	\$289.99	\$259.88	\$30.11
3	CLOSEOUT	\$149.88	
2	\$179.99	\$159.88	\$20.11
1	\$729.99	\$699.88	\$30.11
1	\$629.99	\$599.88	\$30.11
1	\$455.99	\$410.99	\$45.00
2	\$235.99	\$209.88	\$26.11
2	\$259.99	\$219.88	\$40.11
3	\$468.99	\$444.99	\$22.00
1	\$541.99	\$519.93	\$22.00
2	\$129.99	\$99.88	\$30.11
1	\$224.99	\$124.88	\$100.11
3	\$249.99	\$229.93	\$20.06
3	\$1,198.77	\$499.88	\$698.89
1	\$999.99	\$599.88	\$400.11

Hot Dog,
Chips, Drink *1
Valley Chapel
Youth Group
Saturday Only
11:00-3:00

C4 Anchorage Daily News Friday, April 12, 1991

Spill officials say hot wash worked

Alaskans contend study was incomplete

By DAVID WHITNEY
Daily News reporter

WASHINGTON — Alaska oil-spill officials said Thursday that pressurized hot-water treatment of Prince William Sound beaches following the Exxon Valdez tanker spill was effective and should be used again in similar disasters.

They said a federal report this week concluding that hot-water beach washing did more harm than good was incomplete.

"We are not repudiating the National Oceanic and Atmospheric Administration's report," said Ernie Piper of the state Department of Environmental Conservation. "But it is not the whole story."

While the hot-water washing may have caused additional damage to the intertidal zone — the strip of shore between the high-tide line and the low-tide line — it helped achieve the more pressing goal of quickly removing large quantities of oil from the beaches, state officials said.

If that oil were not removed, they said, it would have seeped more deeply into the rocks and sand and some of it probably would have been washed away by the tides to contaminate other beaches and kill more wildlife.

"When you're trying to remove a lot of oil in a short time (to combat) massive pollution, you are willing to take certain trade-offs," Piper said. "We were not operating under any illusion that this was a benign treatment."

In the summer months after the March 1989 tanker grounding, which dumped nearly 11 million gallons of oil into the Sound, state and federal officials worked with Exxon Co. to develop pressurized hot-water washing technology. Hundreds of miles of beaches were treated with the equipment, often more than once.

NOAA officials said Tuesday that 1990 assessments of polluted beaches cleaned by the hot-water treatment showed they were recovering more slowly and could have longer-lasting damage than those that were not.

But Piper, the DEC's on-scene spill coordinator, and Mark N. Kuwada, oil-spill coordinator at the state Department of Fish and Game, said the federal study was focused so narrowly on intertidal areas of the spill zone that the broader benefits of the hot-water treatments were ignored.

"To focus on this is to overlook the benefits of removing a lot of bulk oil quickly," Kuwada said. "And that was our major thrust in 1989."

Kuwada said if the oil had not been blasted off the beaches, oil sheens in Prince William Sound would have been more extensive today, many beach areas would be plastered with asphalt and the subsurface would be more deeply saturated with oil.

"There were a lot more issues relating to cleanup beyond the impact to intertidal areas," Kuwada said.

In response to a draft version of the NOAA study, the state said in February there were so many variables that were not taken into consideration that its sweeping conclusions about intertidal damage were questionable.

The state cited the lack of documentation on water temperatures and pressure and the duration of the beach washings.



VALDEZ SPILL

"Furthermore, while best management practices were prescribed, they were not always followed," the state said. "Consequently, the quality of treatments varied considerably between different beaches and crews."

But Piper said the NOAA study may be useful in the future because it will make cleanup supervisors more prudent in the use of the hot-water systems.

"I think the (hot-water) Omni booms were the best piece of applied engineering that came out of the spill," he said. He said he disagreed with NOAA's conclusion that the lesson of the study was not to use hot-water washing at all.

"For me, it's to use it only in situations X, Y & Z," Piper said.

in the
World
during
An
1956,
move
Forrest
Eglin
Florida
doon
his be
He



Anchorage
Weather
278-

Updated every
24 hours

Current

HARRY CONNICK, JR.

we are in love

Including:
Recipe For Love
A Nightingale Song
In Berkeley Square
Only 'Cause I Don't
Have You

CELINE DION

UNISON

Including:



Harold Heinze

Heinze could testify in Alyeska suit

By DIRK MILLER

TIMES CAPITAL BUREAU

JUNEAU — A member of Gov. Walter J. Hickel's Cabinet could end up testifying against the state in its suit against the Alyeska Pipeline Service Co. regarding the Exxon Valdez oil spill.

Resources Commissioner Harold Heinze said Thursday he could be called as a witness for any side in lawsuits stemming from the almost 11-million-gallon spill in Prince William Sound.

Heinze is a former president of ARCO Alaska Inc. and ARCO Pipeline Co. He said he participated in Alyeska owners' meetings in 1988 concerning oil spill response plans.

State, federal and Exxon officials recently agreed to a proposed \$1 billion settlement, and lawmakers are now considering whether to approve it.

Part of the settlement, a plea agreement between the federal government and Exxon, includes a promise not to charge Alyeska

with criminal violations. It also sets up a trustee board to handle \$900 million to be used in restoration of the Sound.

Attorney General Charles Cole told senators Thursday the state is still pursuing its claim against Alyeska. The state claims Alyeska intentionally and negligently misrepresented its response and cleanup capabilities in responding to spills.

Heinze said if the state's case against Alyeska goes to court, he might be called to testify.

"Certainly I've been open about that," Heinze said. "I can be called by anybody. That's the way it was and still is." Cole said later he could not say who might be called as a witness by any side in the state's case.

"Commissioner Heinze was not appointed the state trustee because of his former association with ARCO Pipeline, one of the owners of the trans-Alaska pipeline," Cole said.

But Cole said Heinze should eventually replace him as a trustee.

Environmental Conservation Commissioner John Sandoz, Fish and Game Commissioner Carl Rosier and Cole are the state's trustees.

"I have not said when that should occur or even if it would occur when Harold Heinze is the commissioner of Natural Resources," Cole said.

Eric Rehmann, Hickel's press secretary, said the settlement gives the governor the power to choose the state's three trustees.

See Heinze, page B4

Heinze

Continued from page B1

"(Heinze) doesn't see any conflicts with himself, but if it bothers people he would be happy to delegate to someone else," Rehmann said.

California Congressman George Miller alleged in a letter Tuesday Alyeska's owners secretly decided at a 1988 meeting in Phoenix to limit their immediate spill response inside Valdez Arm and Valdez Narrows.

Outside that area, cleanup responsibility would have been with the spiller, said the letter sent to the media and to two federal judges dealing with spill litigation and to media.

"That's just flat wrong," Heinze said. He said he attended the meeting but would not comment further because lawsuits against Alyeska are still pending. He said he would save his comments until his confirmation hearing before the House Resources Committee on Tuesday.

Lawmakers say they plan to question Heinze on his role in cleanup plans. Rep. Mike Navarro, D-Kernal, said the allegations are not enough to derail Heinze's confirmation, but they raise more questions to ask Heinze at the hearing.

"I don't think it would automatically eliminate him as a trustee," Navarro said.

Commissioners must win a simple majority of both the House and Senate to be confirmed.

Miller's claims cited a July 6, 1988, letter from Stanley Factor, vice president of ARCO Marine Inc., that said Alyeska "would provide immediate response to oil spills in Valdez Arm and Valdez Narrows only."

Spill fund trustee's role scrutinized

By DIRK MILLER

TIMES CAPITAL BUREAU

JUNE 11

"I think it's cause for interrogation," said Rep. Cliff Davidson, D-Kodiak.

The other state trustees are Fish and Game Commissioner Carl Rosier and Department of Environmental Conservation Commissioner John Sandor. Three federal officials would also be trustees.

See Heinze, back p

Heinze

Continued from page A1

State, federal and Exxon officials agreed to a proposed \$1 billion settlement of litigation over the March 24, 1989, oil spill in Prince William Sound. Lawmakers are now considering whether to approve it. Part of the settlement, a plea agreement between the federal government and Exxon, includes a promise not to charge Alyeska with criminal violations.

Miller made his allegations in letters to two federal judges deciding civil and criminal cases involving Exxon and Alyeska. The letters urge the rejection of the settlement.

Gov. Walter J. Hickel responded to the letters Wednesday, saying the state is continuing its civil claims against Alyeska for failing to respond quickly to the Exxon Valdez spill.

"I appreciate Congressman Miller's continuing concern for the state of Alaska; however, if there's one thing I learned in the Exxon Valdez tragedy, it is that you cannot take any man's word as gospel, including oilmen and congressmen," Hickel said in a press release.

Some lawmakers said Miller's allegation and Heinze's role would be examined.

"It doesn't blow him out of the water for me — I want to know more about it," said Rep. Bill Hudson, R-Juneau. "I would need to know what exactly his role was in response to the oil spill."

Hudson and Davidson are members of the House Resources Committee, which will hold Heinze's confirmation hear-

ing on April 16.

The committee recommends to lawmakers whether to accept or reject his appointment. Heinze, like all commissioners, needs a simple majority of both the House and Senate to win confirmation.

Miller cited a July 6, 1988, telex from Stanley Factor, vice president of ARCO Marine Inc., that said Alyeska "would provide immediate response to oil spills in Valdez Arm and Valdez Narrows only."

Factor's telex went on to say that further cleanup in the Sound would be limited to using dispersants, and additional efforts would be the responsibility of the spiller.

Andrews confirmed the telex's validity but said the oil firm would not comment on the issue.

Heinze would not comment on the meeting.

"You'd have to ask Mr. Stanley Factor," he said.

Marnie Isaacs, Alyeska's spokeswoman, said that Factor's letter did not represent a final decision.

"The discussion was dealing with problems confronting Alyeska and owner companies on spill response," she said. "This particular discussion was part of the ongoing effort."

Heinze spoke to the House settlement panel Wednesday about the \$1 billion agreement, recommending it be approved.



Harold Heinze

"I, in my previous lifetime, had the experience of dealing with Exxon for some 15 years, and I know them to be very tough, capable negotiators," Heinze said.

Davidson asked Heinze about his involvement with Alyeska and how it affected his judgment of the settlement talks.

"You should realize that was one of the reasons I purposely disqualified myself really from any conversation with the attorney general about the settlement and all these types of things," Heinze said.

"I accept the fact that having been on the other side of this specific issue that it would be unethical in regards to those past associations to cross over and be part of the basis of the formulation of litigation strategy," he said.

Didi- These 2 articles
give some background in
what "contingent valuation"
method of resource damage
assessment is - and they
talk about the studies concluding
that \$3-8 million is value of
damage using that method.

Value of Intangible Losses From

Exxon Valdez Spill Put at \$3 Billion

By John Lancaster
Washington Post Staff Writer

controversial economic studies, conducted for the state of Alaska and the federal government, are an attempt to assign a dollar value to intangible losses said to have been suffered by the American public as a result of damage to wildlife and natural habitat. Economists polled households nationwide to arrive at the estimate, which would have figured prominently in Exxon's trial had the case not been settled out of court.

the \$3 billion figure, which was provided to The Washington Post by one of the economists involved in the studies. Federal officials defended the settlement as a landmark penalty that avoids a costly and uncertain trial while providing immediate cash for cleanup and restoration.

Exxon declined to comment on the studies.

William K. Reilly, administrator of the Environmental Protection Agency, said in an interview that while such studies "have their place

... they're new, there's not a lot of litigation, and courts haven't awarded anything on the basis of how much somebody says they're willing to pay to save a river otter."

State and federal officials, citing unresolved claims from third parties such as fishermen and Native Alaskans, have refused to make any information from damage studies available to the public. "We won't do so unless we get a commitment from the plaintiffs that they won't sue us with the information," said a spokesman for Alaska Gov. Walter J. Hickel (D).

If nothing else, the debate over the economic studies illustrates the difficulty of assessing damage to natural resources from accidents

such as the Exxon Valdez spill, the nation's worst. Some values, such as cleanup costs and measurable financial damage to tourism and commercial fishing, are relatively easy to calculate. But the question of intangible losses has proved harder to resolve.

What, for example, is the price of a dead sea otter or sea bird, both of which society presumably holds dear even though they have no commercial value?

In the past, the federal government has assigned market values to dead wildlife, such as \$15 for a fur seal or \$35.74 for a Canada goose. But the appeals court decision found that such methods did not adequately compensate the public.

and ordered federal agencies to give more weight to intangible losses in figuring the bill for environmental catastrophes.

Norman Meade, chief economist of the damage assessment branch for the National Oceanic and Atmospheric Administration, declined to comment on the substance of the economic studies and said he feels "fine about the settlement."

But he also defended the methodology of so-called contingent value studies, describing them as "the only way to get at these kinds of values." He added, "When these [resources] are interfered with, there is a social cost, the public has lost some general welfare, and that's what we're trying to estimate."

In evaluating the losses, economists hired by the state of Alaska developed elaborate surveys aimed at calculating the public's "willingness to pay" for a clean Prince William Sound. Beginning in 1989, the economists met with "focus groups" in Seattle, San Diego and Baltimore with the aim of exploring "how people think about the oil spill and its consequences," one of the surveyors said. "You use these to find out the language and assumptions people use so you can frame your questions accordingly."

After pilot surveys in San Francisco, Toledo and rural Georgia—"They're sort of middle America," the economist explained—the contractors surveyed 1,000 households nationwide. Surveyors conducted face-to-face interviews in which they displayed photographs and other information about the spill, then asked respondents how much they would be willing to pay to protect Prince William Sound from future spills.

Preliminary results from the survey, conducted in January and February, showed a median amount of \$30 for each household, or—figuring there are 100 million households in the country—\$3 billion for the American public as a whole, according to one of the economists. Although the federal government had not progressed as far with its studies, a federal official said the \$3 billion figure was "in the ballpark."

Describes
how
contingent
valuation
theory
works

Information believed to be in spill studies

By CHARLES WOHLFORTH
Daily News reporter

Studies commissioned by the state and federal government on the Exxon Valdez oil spill reportedly suggest serious, long-term damage to Alaska's coastal environment and an astronomical price tag for that damage.

• Seaweed beds in Prince William Sound that provide the basic fuel for the ecosystem of sheltered bays were badly damaged;

• Recovery is in doubt for colonies of murre on islands south of the Kenai Peninsula hit hard by the spill because the oil caused long-term disruption to their reproductive process;

The newspaper reported March 20. That figure was partly confirmed when Tom Campbell, general counsel for the National Oceanic and Atmospheric Administration, told a U.S. House committee the study's \$3 billion to \$5 billion finding might be hard to prove in court, said National Wildlife Federation attorney Doug Wolf.

The information on murre colonies first was reported in a Post article Feb. 21. It cited leaked documents that said murre colonies had suffered a total reproductive failure and might not recover for 70 years. The cause of the failure was said to be a lack of adult birds to defend eggs.

David Nysewander, investigator of the colonies for the U.S. Fish and Wildlife Service, appeared inadvertently to confirm that conclusion when he explained murre reproduction to a reporter last week.

Nysewander said murre's reproductive success depends on synchronized egg laying, which allows them to band together to defend

nesting birds. Laying usually takes place all in one month. But his group has had to change plans, extending its visits to the colonies across several months — and that suggests the egg laying is no longer well-synchronized.

"If there were changes, you have to look at it different," he said. "But I can't tell you about that."

The information on seaweed in Prince William Sound comes from environmental attorneys.

"It's only just very vaguely being leaked out by the concerned scientists involved," said Bill Rossbach, an attorney representing environmental plaintiffs against Exxon. "There are a number of scientists who are concerned."

"They're finding what the inside people say is very substantial deterioration of that crucial part of the food web," Rossbach said.

SUNDAY

SECTION B March 31, 1991

Spill lessons stay secret

Suits keep studies — and answers — under wraps

By CHARLES WOHLFORTH
Daily News reporter

The secrecy of government studies on the Exxon Valdez oil spill has led to a warped view of the spill's damage, hampered makers of public policy and an adviser on the Persian Gulf spill, and made it more difficult to evaluate a proposed agreement to

Alaska Attorney General Charlie Cole said the state's studies will remain secret as long as the state stands to lose money in court over the spill. That could be years.

People hurt by the spill are suing the state as well as Exxon because the state's lax regulation of tankers in Prince William

Sound led to the damage.

The studies were set up to measure the damage caused by Exxon's spill on March 24, 1989, of 11 million gallons of crude oil, which killed 100,000 to 300,000 birds and oiled more than 1,000 miles of Alaska coast. The two governments together have spent about \$35 million on each of the

Spill fund claims invalid

Lawyers representing groups told to resubmit individually

By DESIREE HUMPHREY

Times Writer

Five group claims for \$56.1 billion submitted to an oil-spill insurance fund are invalid because they were not filed individually, leaving thousands of Alaskans listed in the claims unregistered, according to the fund's lawyer.

Lawyers who filed the group requests with the \$100-million Trans-Alaska Pipeline Liability Fund for damages from the Exxon Valdez spill have until April 23 to submit individual paperwork, said Stephen Hut, the fund's Washington, D.C., lawyer.

Although the March 25 deadline for filing a claim has past, lawyers responsible for filing the five group claims were sent notices telling them of the extension, Hut said Thursday.

The five claims list 5,169 businesses seeking \$4.8 billion; 56,452 fishermen and crew members asking for \$45.6 billion; 6,000 cannery and seafood processors for \$160 million; about 3,000 Natives for \$330 million and a \$5 billion claim for about 107,000 separate properties, the fund's March report said.

"We couldn't possibly notify all those individuals," Hut said.

A federal judge said in February federal law prohibited many people from receiving money in court for damages caused by the spill. U.S. District Judge H. Russel Holland repeatedly told people affected by the 1989 spill to file with the non-profit fund to insure they have some chance to receive compensation for damages.

Lloyd Miller said he and other lawyers for people affected by the spill do not agree with the fund's decision. He said he believes the fund will give lawyers more time to process claims.

"It might as well be one day for my people," Miller said of the three-week extension. Miller, who has filed 1,500 claims with the fund on behalf of subsistence hunters and fishermen, said sometimes it takes a week just to get mail to residents in rural Alaska.

B-2 Friday, April 3, 1991, The Anchorage Times

TAPAA

Continued from page B1

said San Francisco lawyer Randall Scarlett. Experts differ on the amount of environmental damage and are still conducting studies, he said.

The fund also reported it had received 11,100 claims, including one from the federal government for \$1 billion, one from Exxon Co. USA for \$1.3 billion and an undisclosed amount requested by the state, the report said.

The oil companies agree to wait until everyone else, except the governments, is paid before seeking its share, according to the report.

The federal government, however, said it will drop its claim only if a tentative \$1 billion settlement signed with Exxon and the state is approved and if the fund agrees not to press it for compensation for any negligent actions that may have contributed to the spill, the report said.

lement signed with Exxon and the state is approved and if the fund agrees not to press it for compensation for any negligent actions that may have contributed to the spill, the report said.

Spill deal in Juneau hot seat

By DIRK MILLER

TIMES CAPITAL BUREAU

JUNEAU — Attorney General Charlie Cole and the House's oil spill settlement committee squared off Wednesday on why the state's spill study data should remain secret and how the \$1 billion agreement was reached.

Rep. Gene Kubina, D-Valdez, started things off on a forceful note.

"I'm kind of an impatient person so I'm going to put my major concerns to you right up front," Kubina told Cole. "Number one, I'd like to compliment Exxon on their skill in negotiating. I think they negotiated a very good settlement for themselves."

"You may think I did a bum job ...," Cole answered. "That's your view. But I'm prepared to support my view with a lot of sound experience and legal craftsmanship."

Lawmakers are considering whether to approve a settlement of federal and state lawsuits against Exxon reached last month. Their deadline for rejecting or accepting the settlement passes on May 3.

Cole and lawmakers had different views on the release of

See Deal, page B4

11 million gallons of oil in Prince William Sound. He fears the results could be used against the state in lawsuits.

"If the Legislature wants to open the state treasury 5,000 lawsuits or 10,000, frankly scares me," he said.

not on whether the state should release its secret spill data.

Cole said he would not release results of resource, social and economic damage studies until private plaintiffs release the state from claims arising out of the March 24, 1989, spill of about

pages by your refusal to release the scientific data," Kubina said. The legislators represents communities affected by the spill.

Rep. David Finkelstein, D-Anchorage, said he thinks the state has an obligation to release the studies.

"Where there's dancing to a drum, or something that helps them, that's the truth," Finkelstein said. "They ought to have access to that as well."

Cole said lawmakers should focus on the terms of the Exxon Valdez oil spill settlement and

Deal

Continued from page B1

spill study data.

Kubina said without the studies, lawmakers could not make as informed a decision on the settlement. He said not releasing the data puts the state's own residents at a disadvantage in pursuing claims against Exxon and the state.

"I'm very concerned about Prince William Sound being held hostage, and the state of Alaska allowing Prince William Sound and the affected areas to be hos-

House

A22 Friday, March 15, 1991

The Washington Post

AN INDEPENDENT NEWSPAPER

The Exxon Valdez Settlement

FISH ARE back in great numbers in Alaska's Prince William Sound, and last summer's catch was large. The sea otters appear to be flourishing again. It's been two years since the Exxon Valdez ran aground on a reef in the sound and lost a quarter of a million barrels of crude oil into the water. The damage has not been entirely repaired. There are, for example, carpets of tar buried under some of the beaches, and no one knows precisely what effect they will have on the ecology. But two years' experience with cleaning up the mess has given federal and Alaska state authorities a fairly clear idea of the size of the job that remains. That has enabled them to negotiate this week's settlement of damages with some assurance that the money will cover the decade of work ahead.

Exxon has spent more than \$2 billion on the cleanup so far. In this settlement it has committed itself to a further \$900 million in damages, to be spent by a committee of federal and state officials. At the end of that time, Exxon will be liable for another \$100 million if restoration requires work not now anticipated. In addition, the company has pleaded guilty to a series of criminal charges and will pay a fine of \$100 million, of which half will go to Alaska as restitution.

The alternative to this settlement was litigation.

The trial was scheduled to have begun next month. The state and federal governments were clearly right to have chosen negotiation instead. It means that both sides will save enormous legal costs—money that might better go into ecological protection. It means that there will be a dependable flow of funds for restoration, beginning immediately. If the question were left to a long quarrel in the courts, no one would know how much might eventually be paid, or when. The Amoco Cadiz spilled a much larger amount of oil into the Atlantic off the French coast in 1978, and damages from that wreck are only now beginning to be paid.

Many questions about the impact of the Valdez spill are still unanswered. State and federal authorities hope to establish a scientific institute in Prince William Sound that, in the course of answering them, will make itself a major contributor to marine research. The cleanup money will do more than scrub tar off rocks.

This settlement sets sound and healthy precedents for responsibility in a kind of disaster in which, until recently, there would have been little recognition of any damage to the public and little chance of compensation. Perhaps, in the political sense, it will also set a useful precedent for the current case—larger and legally much more complex—of the oil spill in the Persian Gulf.

Exxon Agrees to Pay \$1-Billion for Alaska Spill

By RONALD J. OSTROW
TIMES STAFF WRITER

WASHINGTON—Exxon Corp. agreed Wednesday to pay \$900 million in damages and a \$100-million criminal fine for the Exxon Valdez oil spill in Alaska two years ago in a settlement hailed by Atty. Gen. Dick Thornburgh as "by far the largest single amount ever paid as a result of environmental violation."

The settlement with the state of Alaska and the federal government includes a reopener clause under which Exxon may incur up to \$100 million in additional damages for natural resource effects not now foreseen.

The agreement, spelled out in a consent decree filed in federal court Wednesday, remains subject to the approval of a federal court in Alaska.

By agreeing to plead guilty to misdemeanor crimes, Exxon and its subsidiary, Exxon Shipping Co., will avoid going to trial next month on felony as well as misdemeanor charges. The trial would have further tarred the oil giant's reputation for the unprecedented damage the oil spill caused to Prince William Sound.

The Exxon Valdez tanker ran aground on a reef in the sound on March 24, 1989, spilling some 11 million gallons of crude oil and fouling more than 700 miles of Alaska's shoreline, national wildlife refuges and national parks. More than 36,000 migratory birds, including 100 or more bald eagles, and many other species of wildlife died as a result of the spill.

The settlement, announced here by Thornburgh and Alaska Gov. Walter J. Hickel, was praised by government and corporate officials for averting what promised to be a protracted court fight and channeling hundreds of millions of dollars into clean-up and restoration operations.

"We have a winner—environmentally, psychologically and financially," Hickel said.

Interior Department solicitor Thomas L. Sansonetti said that officials faced a choice of either settling now so that funds could be applied to clean-up and restoration or "spend the next decade feathering the nest of corporate and government lawyers."

Environmental groups, while praising some parts of the settlement, expressed concern about other aspects of the deal, such as its failure to require release of scientific and economic data that would help measure the true cost of the spill.

Under terms of the proposed agreement, Exxon's \$100-million criminal fine will be divided evenly by the federal government and Alaska, with the state's \$50 million to be applied to the cost of restoring damaged natural resources.

The \$900 million in civil damages is to be paid over the next 10 years to federal and state trustees. Of the total, \$135 million will cover past expenses, including clean-up and scientific research.

Exxon Chairman Lawrence G. Rawl noted that the company will be able to deduct the \$900 million in civil damages in calculating its corporate income taxes, although the \$100-million criminal fine is not deductible.

Since the spill, Exxon estimates that it has spent \$2.2 billion on cleaning up Prince William Sound and the Gulf of Alaska. The \$1-billion settlement would be over and above that amount.

Les Rogers, an Exxon spokesman, declined to disclose the after-tax cost of the settlement or its present value, which would take into account the fact that the money will be paid in increments through 2001.

Rogers described that information as "proprietary," adding: "We have elected not to make it available." The agreement provides that six government agencies—three federal and three state—will de-

cide how to allocate settlement funds to restore Prince William Sound and the Gulf of Alaska. Those decisions will affect \$765 million in damage funds remaining after past expenses are deducted.

Thornburgh noted that the federal government and Alaska are asking the federal court to allow a 30-day public comment period on the settlement—an opportunity for public reaction not required by law.

Jay D. Hair, president of the National Wildlife Federation, said that the \$1-billion settlement and criminal plea "will send a strong

message to polluters," but added: "No one can claim victory over a disaster which will impact people and the environment for decades to come."

John Adams, executive director of the Natural Resources Defense Council, criticized the failure to require release of scientific information. "Because much of the scientific and economic data will not be released, we cannot know whether the amount of the settlement fully vindicates the right of the public and the environment," he said.

William K. Reilly, administrator of the Environmental Protection Agency, said that the federal trustees who will help decide how to spend the settlement funds plan to release their data "forthwith."

Rep. George Miller (D-Martinez), acting chairman of the House Interior and Insular Affairs Committee, said that Congress and the public will raise many questions about the settlement.

Miller said that he plans a hearing April 8 to examine such questions as whether the rights of Alaska natives and other injured parties are protected, whether Exxon should be required to release all scientific data and whether settlement funds will be used to acquire timber rights and other natural resources as part of the restoration effort.

A Justice Department attempt to settle the case in February, 1990, before Exxon and its shipping subsidiary were indicted on the felony and misdemeanor charges fell through when top Alaska officials refused to endorse the settlement.

Thornburgh noted that the earlier settlement proposal fell \$400 million short of the amount contained in the final deal.

Exxon and Exxon Shipping were indicted Feb. 27, 1990, and charged with felony violations of the Ports and Waterways Act and the Dangerous Cargo Act, along with misdemeanor violations of the Clean Water Act, the Refuse Act and the Migratory Bird Treaty Act.

Under the plea agreement, Exxon will plead guilty to the Migratory Bird Treaty Act misdemeanor, while Exxon Shipping will plead guilty to all three misdemeanors.

Devin

Exxon agrees to pay record fine in spill

By JAMES ROWLEY
Associated Press

WASHINGTON — Exxon Corp. settled government claims arising from the nation's worst oil spill by agreeing Wednesday to pay a record \$100 million fine for four environmental crimes and to spend \$900 million to clean up Alaska's coast.

The largest settlement of an environmental damage case in U.S. history was reached after Exxon already spent \$2.5 billion on the cleanup. The fine is 20 times the previous record of \$5 million paid by Allied Chemical in 1976 for dumping Kepone into the James River in Virginia, officials said.

The civil settlement and guilty pleas to the four misdemeanors will avert lengthy court fights over the grounding March 24, 1989, of the tanker Exxon Valdez, which spilled more than 10 million gallons of oil into Prince William Sound.

Attorney General Richard L. Thornburgh said the deal with the federal government and the state of Alaska "represents a clear and unmistakable signal to those engaged in environmental crime that their activities are not going to go unnoticed and unprosecuted."

The record criminal fine, involving one misdemeanor charged against Exxon and three charged against its Exxon Shipping Co. subsidiary, shows that "answering for environmental spoilage cannot be done simply by paying damages," the attorney general said.

Proceeds from the fine will be split 50-50 with the state of Alaska to help finance the cleanup. By law, the federal share goes into the general treasury.

"I think it's a good settlement for the state of Alaska, it's a good settlement for the federal government... it's a good settlement for the environment," said Alaska Gov. Walter Hickel, who was governor 23 years ago Wednesday when the discovery of Alaska oil was announced.

Exxon's sales totaled more than \$107 billion last year and it reported earnings of more than \$5.1 billion.

Under the proposed consent decree, which needs court approval after a 30-day public comment period, Exxon would pay \$900 million over the next 10 years to a trust fund administered by federal and state officials.

The fund would be used to pay for costs of the continued cleanup by Exxon.

After 10 years the trustees could seek \$100 million more for any remaining environmental damage from the oil spill, which killed countless birds, fish and mammals.

By settling instead of going to court, the Bush administration and Alaska get cleanup money now and avoid "spending the next decade feathering the nests of corporate and government lawyers," said Thomas L. Sansonetti, the Interior Department solicitor.

The settlement means that more cleanup money "will be available years earlier than any recovery that

could have been secured through full litigation," said William K. Reilly, head of the Environmental Protection Agency.

The settlement "allows us to turn our full attention, finally, to the tasks of restoration," he said.

The deal settles all civil claims against Exxon by the state of Alaska and any that the federal government might have filed. It does not end the private lawsuits filed by property owners, fisherman and businesses.

The settlement was reached late Tuesday after a federal judge in Washington lifted an order halting discussions until he was assured that claims of five native Alaskan villages would not be compromised.

Environmental groups had mixed reactions.

"They did well on the criminal side. That's a very hefty criminal figure. Our concern is with the civil



RICHARD L. THORNBURGH
A signal to pollsters

fine," said Sarah Chasis, a senior lawyer for the Natural Resources Defense Council.

Chasis expressed disappointment that \$135 million of what Exxon will pay covers past cleanup expenses.

"You're really diminishing the pot for long-term research and restoration," she said. "We want to make sure the environment is made whole. We have serious questions as to whether this agreement would accomplish that goal."

Others said it was hard to evaluate the settlement because scientific data on the extent of the damage has not been made public.

"On the one hand it's the largest settlement of its kind ever," said Douglas Wolf, a lawyer for the National Wildlife Federation. "The downside is that we don't know if that was an appropriate amount for this spill because it was the largest one ever."

Rep. George Miller, D-Calif., said the House Interior water and power subcommittee has scheduled a hearing April 8 because "the Congress and the public will have many questions about the Exxon settlement."

Exxon and its shipping subsidiary had faced a criminal trial April 10 in federal court in Anchorage on two felony and three misdemeanor counts arising from the oil spill.

Exxon Chairman L. G. Rawl, who signed the deal at the Justice Department, said in a statement that the company had been ready to contest the civil and criminal charges.

"However, we have agreed to the settlements because they are in the best interests of Exxon shareholders and all other involved parties," he said. "A long and costly legal confrontation would benefit no one."

Rawl said Exxon could deduct the

Cont'd

\$900 million cleanup payments from its income taxes, but not the fine.

The two felony counts that will be dismissed accused Exxon of "willfully and knowingly" failing to make sure that the Exxon Valdez was manned by mentally and physically competent pilots.

Joseph Hazelwood, the ship's captain, was accused of drinking before the tanker left the port of Valdez, but he was acquitted of state charges that he operated the ship while intoxicated.

Exxon agreed to plead guilty to a misdemeanor violation for the death of migratory birds killed.

Exxon Shipping also agreed to plead guilty to the Migratory Bird Treaty Act violation. The Exxon subsidiary also will plead guilty to violating the Clean Water Act and the Refuse Act by negligently dumping oil into Prince William Sound.

Exxon's Bill for Spill

\$1B in damages and fines in Valdez oil accident

By Stephanie Saul
WASHINGTON BUREAU

Washington — Exxon Corporation yesterday agreed to pay \$1 billion in civil damages and criminal fines for the March, 1989, Valdez accident, in which the tanker struck a reef and spilled more than 11 million gallons of crude oil into Alaska's Prince William Sound, spoiling 700 miles of shoreline and killing thousands of birds, fish and mammals.

Attorney General Dick Thornburgh said yesterday that the agreement was the largest environmental settlement in history.

The \$1 billion settlement includes \$100 million in criminal fines. By pleading guilty to a total of four misdemeanors, Exxon and its subsidiary, Exxon Shipping Co., avoided a possible conviction on two felony charges included in the February, 1990, federal indictment against them.

The companies had been scheduled to go to trial April 10 in Anchorage.

"The extraordinary size of the fine and the fact that this resulted in guilty pleas is significant," Thornburgh said, because it sends a message that "answering for environmental spoilage cannot be done by simply paying damages."

The \$900 million in civil damages will be paid during 10 years under the agreement. Exxon also could be responsible for up to \$100 million in additional damages if unforeseen environmental problems occur, under a "reopener" clause in the agreement.

Thornburgh said the money will be spent for additional cleanup and both short- and long-term restoration projects in Prince William Sound and the Gulf of Alaska, the areas damaged by the spill. Of the total, \$135 million is committed for past expenses, such as cleanup and scientific research.

Last year, the Justice Department had been willing to agree to a \$700 million settlement, but the State of Alaska said it was inadequate and blocked the deal.

Exxon Chairman Lawrence G. Rawl said the company had agreed to the settlement because it was in the best interest of Exxon shareholders and other involved parties. "A long and costly legal confrontation would benefit no one," Rawl said yesterday.

Rawl said other than \$100 million in criminal fines, all other costs will be tax deductible. And he said the agreement will have no noticeable effect on the company's

financial results because reserves have already been established to pay the penalties.

Exxon says it already has spent \$2.5 billion for cleaning up and reimbursing state, federal and local governments for their cleanup efforts.

The company has said the amounts previously paid out already exceed its insurance coverage.

Oil industry consultant Scott Jones of Philadelphia's AUS Consultants said the settlement avoids legal fees in the tens of millions of dollars.

"I think, certainly within Exxon and certainly within the oil community of Alaska, in general, to get this thing settled and behind the industry is a strong positive step," Jones said.

Environmentalists generally reacted positively to the settlement but expressed several reservations.

"The large settlement and criminal plea will send a strong message to polluters," said National Wildlife Federation President Jay D. Hair. But Hair said his group could not fully embrace the deal, partly because it did not require the public release of scientific data on the spill, collected both by Exxon and the government. EPA Administrator William K. Reilly said, however, that his agency's data would be available.

Exxon still faces a number of private civil suits in connection with the oil spill, as does

the Valdez' captain, Joseph J. Hazelwood of Huntington.

Witnesses said Hazelwood was drinking on shore the day the Valdez left port. But he was acquitted by an Alaska jury last year of criminal mischief, reckless endangerment and operating a vessel while intoxicated. The jury convicted him of a less serious charge of negligent discharge of oil. He was sentenced to 1,000 hours of community work in Alaska and a \$50,000 fine. Hazelwood has appealed.

Of the original criminal charges against Exxon and Exxon Shipping, the parent company agreed to plead guilty to one misdemeanor, admitting that it killed migratory birds in violation of federal law.

Exxon Shipping agreed to plead guilty to three misdemeanors, admitting that it negligently discharged pollutants without a permit; that it negligently discharged refuse matter and that it killed migratory birds.

Of the \$100 million in fines, \$50 million will go into the federal treasury and \$50 million will go to Alaska coffers.

The civil settlement must be approved by a federal judge after a 30-day public comment period. Within 10 days after the approval, Exxon will pay the government its first installment of \$90 million on the civil fine.

On Sept. 1, 1992, Exxon will pay another \$150 million. It will pay \$100 million on Sept. 1, 1993, and \$70 million a year until the final payment on Sept. 1, 2001.

Exxon settles spill case

\$1 billion deal to cover fine, Alaska cleanup

By Maria Halkias

Staff Writer of The Dallas Morning News

Exxon Corp. settled criminal and civil claims arising from the nation's largest oil spill by agreeing to pay record-setting restitution for environmental violations, officials said Wednesday.

A \$1 billion settlement with the federal government and the state of Alaska was signed about midnight Tuesday in Washington by Lawrence G. Rawl, Exxon chairman and chief executive officer.

The fine — to be paid over 10 years — is in addition to more than \$2 billion that Exxon has spent to clean up Alaska waters and coastlines after the Exxon Valdez supertanker spilled more than 10 million gallons of oil into Prince William Sound on March 24, 1989.

The nation's largest oil company agreed to plead guilty to four misdemeanors and to pay a criminal fine of \$100 million plus \$900 million to restore environmental damage.

Exxon was prepared to defend itself, Mr. Rawl told reporters at the company's Irving headquarters Wednesday. "However, we have agreed to the settlements because they are in the best interests of Exxon shareholders and employees."

The plea bargain prohibits the Justice Department from bringing additional criminal charges against Exxon or any of its officers.

The government also gave up the right to prosecute Alyeska Pipeline Service Co. for allegedly failing to meet government requirements that it have an emergency oil spill cleanup plan.

Alyeska, owned by a consortium of oil companies operating on Alaska's North Slope, had piped the crude oil to the Exxon Valdez at the port of Valdez shortly before the accident.

Although not required by law, the civil settlement will undergo a 30-day public comment period in Alaska. A federal court must also approve the settlement.

In Washington, Attorney General Dick Thornburgh said the deal "represents a clear and unmistakable signal to those engaged in environmental crime that their activities are not going to go unnoticed and unprosecuted."

At the same news conference, Environmental Protection Agency Director William Reilly said he was pleased with the settlement.

"America has never seen an oil spill so large and destructive and in such a beautiful pristine environment," Mr. Reilly said.

The funds provided by Exxon "assure that necessary activities will be carried out and monitored to restore Prince William Sound," he said.

Similarly, said Jay D. Hair, president of the National Wildlife Federation: "The large settlement and criminal plea will send a strong message

to polluters. However, no one can claim victory over a disaster which will impact people and the environment for decades to come."

Of the \$100 million criminal fine that Exxon and its Exxon Shipping unit agreed to pay, the U.S. Treasury will receive \$50 million and Alaska the other \$50 million as restitution for environmental damage.

The \$100 million penalty "is by far the largest single environmental criminal recovery ever exacted," Mr. Thornburgh said. And the aggregate \$1 billion payment "is by far the largest single amount ever paid as a result of environmental violations."

The settlement has a reopener clause under which Exxon may have to pay an additional \$100 million for natural resource damages not currently foreseen.

The \$900 million civil settlement will be paid over a 10-year period. It will go toward an environmental restoration program administered by a joint federal-state trustee council, as well as for reimbursement for past and continuing federal and state cleanup and research efforts.

Any future cleanup costs that Exxon incurs will be credited against its annual restitution, which begins with a \$90 million payment into the trust fund.

All costs associated with the Exxon Valdez spill, except the \$100

million criminal fees, are viewed as tax-deductible operating expenses, Mr. Rawl said — leaving taxpayers to indirectly shoulder some costs.

The settlement "will not have a noticeable effect" on the company's financial results because reserves for the payments had been set aside for the last two years, Mr. Rawl said.

"I've been disappointed and angry since March 24, 1989. I was angry that this happened to us," he said. "It has distracted us from doing more productive work. ... We took the responsibility and we did the job."

Twice in the last two years, the federal government attempted to negotiate a settlement with Exxon after the U.S. Justice Department's indictment on Feb. 27, 1990, of Exxon and its shipping subsidiary.

Negotiations reopened in January after Alaska Gov. Walter J. Hickel called Mr. Rawl and invited him to the first of several meetings.

Mr. Hickel called the agreement "a good settlement" for his state, the federal government, Exxon and the environment.

"I'm glad this is behind us," Mr. Hickel said in Washington.

U.S. District Judge Stanley Sporkin of Washington on Tuesday afternoon set aside an earlier order temporarily blocking completion of a settlement.

The judge had halted negotiations between Exxon, the federal government and Alaska to review claims by five native Alaskan villages that they were improperly locked out of the negotiations.

The villagers had filed suit this month, asserting that a settlement could prevent them from recovering financial damages caused by the Exxon Valdez spill.

The accord will not end Exxon's legal troubles in Alaska; about 200 separate suits are pending against the company. But the agreement settles major suits brought by the federal government and Alaska.

The company said those suits aren't expected to be as material as those just concluded.

Exxon agreed to plead guilty to a misdemeanor violation for the death of migratory birds killed by the oil spill.

^AP-Exxon-Who Won

^All Sides Seen Victorious in Exxon Settlement

^An AP Analysis

^By LAURIE ASSEO-

^Associated Press Writer

WASHINGTON (AP) - Exxon Corp. isn't getting off lightly in paying a \$1 billion settlement over the 1989 Exxon Valdez oil spill. But it is getting a chance to begin closing the books on a costly public relations nightmare.

For its part, the Justice Department won a significant victory by persuading Exxon to plead guilty to criminal charges while avoiding years of litigation and the inherent risk of losing.

"I don't think there are any losers here," said Warren M. Shimmerlik, a New York investor relations adviser for several oil companies, not including Exxon. "I think this is an issue that really needed to be put to rest."

Some environmentalists complained that the \$900 million Exxon agreed to pay Wednesday may not provide enough money to fully clean and restore plant and animal life in Alaska's Prince William Sound.

But, said Eric Jorgensen, an attorney for the Sierra Club Legal Defense Fund in Juneau, "There is a great benefit to settling. The money is in hand and it can be used now for the environment."

Exxon agreed to plead guilty to four misdemeanor charges and pay a record \$100 million criminal fine plus \$900 million to complete the cleanup - the largest amount ever paid for environmental damage.

The settlement amount is higher than the \$700 million figure that was being discussed last year when talks broke down.

In exchange for the misdemeanor pleas, the Justice Department agreed to dismiss two felony counts that charged Exxon with "willfully and knowingly" failing to make sure the Exxon Valdez was manned by mentally and physically competent pilots.

Exxon Chairman L.G. Rawl told reporters his company had been ready to contest the case, but decided "a long and costly legal confrontation would benefit no one." The company already has spent \$2.5 billion to remove oil from the sound and its shores.

Rawl said Exxon could deduct the \$900 million cleanup payments from its income taxes, but not the fine.

The settlement could begin resolving much of Exxon's image problem related to the oil spill, said Simon Trimble, an international oil analyst for the Lehman Brothers brokerage firm in New York.

"In the short term it would seem that the Justice Department has won a very large settlement," Trimble said. "In the longer term Exxon may have won by removing the large part of the litigation that would have drawn public comment over a number of years."

"Exxon has been made to pay a full price for the damage that was done. That is a very positive point for the American public," which might have wound up paying more for the cleanup if a smaller company had created the spill, Trimble said.

By settling now, Exxon also saves "the drain on creative efforts in a corporation, which are the things that create profits," said Sheila Hollis, a Washington attorney and chairwoman of the American Bar Association's coordinating group on energy law.

And prosecuting the felony counts may have presented difficulties, said Assistant Attorney General Richard B. Stewart, head of the environment division.

Cont'd

The government would have had to prove that Exxon Corp., as the parent of Exxon Shipping, was criminally liable for intentionally allowing the Valdez to sail with an incompetent crew. The issue of parent corporate liability has not been tested such in criminal cases, Stewart said.

Exxon still faces private civil suits from environmentalists and others who want Prince William Sound restored to its original state.

AP-NP-03-14-91 0943EST<

The Exxon Valdez Settlement

FISH ARE back in great numbers in Alaska's Prince William Sound, and last summer's catch was large. The sea otters appear to be flourishing again. It's been two years since the Exxon Valdez ran aground on a reef in the sound and lost a quarter of a million barrels of crude oil into the water. The damage has not been entirely repaired. There are, for example, carpets of tar buried under some of the beaches, and no one knows precisely what effect they will have on the ecology. But two years' experience with cleaning up the mess has given federal and Alaska state authorities a fairly clear idea of the size of the job that remains. That has enabled them to negotiate this week's settlement of damages with some assurance that the money will cover the decade of work ahead.

Exxon has spent more than \$2 billion on the cleanup so far. In this settlement it has committed itself to a further \$900 million in damages, to be spent by a committee of federal and state officials. At the end of that time, Exxon will be liable for another \$100 million if restoration requires work not now anticipated. In addition, the company has pleaded guilty to a series of criminal charges and will pay a fine of \$100 million, of which half will go to Alaska as restitution.

The alternative to this settlement was litigation.

The trial was scheduled to have begun next month. The state and federal governments were clearly right to have chosen negotiation instead. It means that both sides will save enormous legal costs—money that might better go into ecological protection. It means that there will be a dependable flow of funds for restoration, beginning immediately. If the question were left to a long quarrel in the courts, no one would know how much might eventually be paid, or when. The Amoco Cadiz spilled a much larger amount of oil into the Atlantic off the French coast in 1978, and damages from that wreck are only now beginning to be paid.

Many questions about the impact of the Valdez spill are still unanswered. State and federal authorities hope to establish a scientific institute in Prince William Sound that, in the course of answering them, will make itself a major contributor to marine research. The cleanup money will do more than scrub tar off rocks.

This settlement sets sound and healthy precedents for responsibility in a kind of disaster in which, until recently, there would have been little recognition of any damage to the public and little chance of compensation. Perhaps, in the political sense, it will also set a useful precedent for the current case—larger and legally much more complex—of the oil spill in the Persian Gulf.

Exxon to Pay Up to \$15 Million for Spill

By ALLAN R. GOLD

The Exxon Corporation has agreed to spend \$10 million to \$15 million on environmental improvements to New York Harbor in an effort to avoid litigation stemming from a 567,000-gallon oil leak into the Arthur Kill 14 months ago, environmental groups and a government official said yesterday.

But the agreement, which is expected to be announced as early as next week, was immediately attacked by two environmental groups as inadequate, with a spokeswoman for one of the groups saying the deal "probably is not going to compensate for the damage that occurred."

Under the settlement, Exxon would spend \$5 million to buy environmentally sensitive land in the Staten Island area. It would also

pay for restoration of wetlands along the Arthur Kill, where the oil leaked, and reimburse government agencies for legal and administrative costs, said a government official familiar with the settlement who spoke on condition of anonymity.

The official said Exxon would also have to spend "quite a hunk of change" to improve its safety procedures for oil handling.

By reaching the agreement, the company would avoid costly litigation and possible criminal charges arising from investigations of the pipeline leak, which fouled the New Jersey and New York coastlines.

Yesterday, representatives of Exxon, the New Jersey Attorney General, the New York State Department of Environmental Conservation, and New York City's Department of Environmental Protection declined

to comment on details of the settlement.

Carol Ash, regional director of the New York State Department of Environmental Conservation, said there would be an announcement soon regarding the Exxon spill.

But Nina Sankovitch, a senior project attorney for the Natural Resources Defense Council, a nonprofit environmental group, assailed the settlement. She said it would not cover damage suffered by the harbor's recreational users or subsistence fishermen, nor reimburse business losses sustained when the Arthur Kill was closed to shipping traffic.

On Tuesday night, Exxon reached a \$1.1 billion settlement with the state of Alaska and the Federal Government for the Exxon

Valdez oil tanker spill of March 1989.

For months, Exxon has been in talks with Federal, state and local governments to settle litigation stemming from the New York Harbor spill. Exxon has been trying to avoid criminal indictments and settle civil suits by New York City and Elizabeth, N.J.

On Jan. 1, 1990, an underwater pipeline connecting Exxon plants in Linden, N.J., and Bayonne, N.J., leaked heating oil into the Arthur Kill, a narrow waterway separating New Jersey from Staten Island. Oil coated the marshy shorelines, killing nearly 700 birds. An oil sheen reached south toward Raritan Bay, north to Newark Bay and east along the Kill van Kull.

The spill drastically reduced breeding of the wading birds that have been making a dramatic comeback in the area, a study released yesterday by a non-profit environmental research center has found.

In the first study to be published on the spill's impact, the Manomet Bird Observatory of Massachusetts observed delayed nesting last spring among snowy egrets and glossy ibises and much higher mortality rates for young birds. The higher-than-expected death rates could result in smaller future populations of snowy egrets or local extinction if breeding adults abandon the harbor, the study found.

Killifish Suffering

"It will take a long time to recover, to get back to where we were," Dr. Katharine C. Parsons, a biologist who conducted the Manomet study, said yesterday. Dr. Parsons has been compiling information about aquatic birds living in the Arthur Kill and Kill van Kull since 1985. The Exxon spill was about a third of the oil that leaked into the harbor from leaks, barge groundings and other sources in 1990, she said.

At a news conference yesterday in Manhattan, she said the study also found big reductions in the harbor's minnow-like killifish, an important food for wading birds and bigger fish. The result, she said, was that only 46 percent of the expected number of snowy egret chicks, for example, hatched.

New Jersey's Department of Environmental Protection directed Exxon to pay \$661,250 toward Manomet's study of bird population damage.

Study Encourages Exxon

Donald D. Esch, manager of government relations for Exxon at the Bayway Refinery in Linden, said the Manomet study contained "an awful lot more good news than bad news." He said the results were "not atypical" of company-sponsored findings, and noted that it found that wading birds increased 23 percent overall from 1989 to 1990, to a total of 1,156.

But Dr. Parsons said it was not clear

how many will return this year, although the wading birds have proved resilient. They return from the south between March 15 and April 1, the New York City Audubon Society said.

Scientists have been astounded by the return of herons, egrets and ibises to the heavily industrialized Arthur Kill and Kill van Kull since the 1970's.

Before improvements in sewage treatment were made in the early 1970's, aquatic animals requiring oxygen, like fish and crabs, could not survive there. Within a few years, wading birds began to colonize the area because their food had come back.

Today, herons and egrets in New York Harbor are 40 percent of all coastal wading birds in New Jersey-New York and Connecticut, the Manomet study said.

NEWS RELEASE

STATE OF ALASKA

OFFICE OF THE GOVERNOR
P.O. BOX A
JUNEAU, ALASKA 99811

WALTER J. HICKEL
GOVERNOR



FOR INFORMATION CONTACT:

ERIC REHMANN
ACTING PRESS SECRETARY

DEPUTY PRESS SECRETARY

(907) 465-3500

FOR IMMEDIATE RELEASE

March 20, 1991

91-54

30 DAY COMMENT PERIOD ANNOUNCED ON EXXON VALDEZ SETTLEMENT AGREEMENT

JUNEAU--Notice of a 30-day comment period was announced Tuesday in the Federal Register concerning the settlement agreement of the Exxon Valdez oil spill. Alaskans, and others wishing to comment on the agreement, must do so no later than April 14, 1991.

Written comments must be submitted to Thomas A. Campbell, General Counsel of NOAA, U.S. Department of Commerce, 16th and Constitution Ave. NW, Washington, DC 20230. A copy of the comments must also be sent to Barbara Herman, Attorney General's Office, State of Alaska, 1031 West 4th Ave., Suite 200, Anchorage, Alaska 99501.

For further information, contact Daniel Addison, Office of General Counsel, NOAA, Department of Commerce, Washington, DC 20230, telephone 202-377-1400.

###

Officials discuss public's role in spending spill money

By CHARLES WOHLFORTH
Daily News reporter

State and federal officials will meet behind closed doors Thursday to discuss, among other things, how to involve the public in the spending of money won in the settlement of Exxon Valdez oil spill litigation.

The Trustee Council, a group of officials from state and federal resource agencies plus the state attorney general, also will decide what oil-spill restoration and study projects to pursue this summer. Anything they spend will come out of \$950 million designated in the billion-dollar Exxon settlement for cleanup and restoration of Alaska's spill-damaged environment.

They currently plan to spend \$33 million on about 80 studies but may change that because of the settlement, channeling money into restoration projects instead, said



council member John Sandor, Alaska's commissioner of environmental conservation.

But secrecy shrouds the choice of new restoration projects the council is considering, and after the decisions are made the work will soon begin, leaving no time for public review, said state restoration planner Stan Senner.

The council discussed the same issues last week in a series of telephone conferences, but Sandor said he asked to meet face-to-face to map out the future of the spill money.

"I'm going to urge that the council consider the establishment of an endowment fund that this

settlement money can be put into and held for perpetuity to further projects for restoration," Sandor said.

He said the public should be involved in spending the money, and the council will talk about that, too.

An agreement signed with the Exxon settlement March 13 lays out clearly the state and federal governments' rules in spending the money, but not the public's. It gives both governments veto power and says they "shall establish procedures providing for meaningful public participation ... which may include establishment of a public advisory group."

Under the agreement, the governments have 90 days after the settlement is ratified by a judge to set up "an organizational structure for decisionmaking."

So far, the structure has been secret and Byzantine. The council

lies among four levels of decision-makers, which also include the trustees, the Washington policy group and the trustee management team. All their deliberations and most of their decisions have been kept secret because officials feared disclosing information to the government's foes in court.

Council member Walt Stieglitz, who is regional director of the U.S. Fish and Wildlife Service, said the meetings still must be secret in case the legislature or courts do not approve the Exxon settlement. He said there will be public announcements of the council's decisions after they are made, not before.

But Stieglitz said he is not sure that process will change after the settlement is complete.

"No decision on that," he said. "That is part of deciding on an organization and process. I'm assuming there is going to be some

sort of public process."

The meeting Thursday will deal mostly with decisions about this summer's scientific and restoration work. The trustees this week published a book of some 80 studies planned for the summer and is seeking public comment. But the work is already going forward. Even Sandor's request for a council meeting this week delayed buying supplies for the projects by a week, said Michael Dean, who heads spill study for the Alaska Department of Fish and Game.

Carl Rosier, commissioner of the department and a council member, said the list of studies could come in for major surgery Thursday. Most of the studies were aimed at measuring the spill's damage. With the settlement, that work may not be needed anymore, he said.

"You've got a whole new set of players; you've got a whole new set of circumstances," he said.

Anchorage Daily News

Wednesday, April 3, 1991

E3

Dare to open up

State should release oil spill studies

Gov. Wally Hickel styles himself as a bold and decisive executive. He takes pride in his willingness to take risks and take whatever heat comes his way. He showed all those qualities in daring to settle the state's oil spill lawsuits with Exxon. Having put that deal on the table, he now has a chance to make another bold move: Override his attorney general's objections and release the state's oil spill studies.

Releasing the studies definitely would be daring. The conventional wisdom, as articulated by Attorney General Charlie Cole, is that such a move is legally dangerous. Mr. Cole worries that releasing the studies will give aid and comfort to the state's courtroom enemies. Scores of parties have sued the state over the spill.

But that view of the state's interest is too narrow, adversarial and legalistic. Overriding it are two broader and compelling public interests. Other scientists trying to understand the spill want and need the studies. And the information could help many Alaskans harmed by the spill to get fair and just settlements from Exxon.

The administration may be forced to release many of the studies anyway. Under legal standards governing the exchange of information in lawsuits, the state may have to let the other side see them. Fishermen, businesses and native villages cannot be expected to go out and duplicate years of costly research on their own.

And the scientific studies are unlikely to contain any smoking guns. Science is almost never open and shut. The most common scientific conclusion is "more study needed."

But science cannot progress in secrecy. The world will never fully understand the spill if years of litigation keeps state studies buried in secrecy.

Gov. Hickel likes to refer to Alaska as an "owner state." He's usually referring to the fact that the state owns vast resources and land. But here it has a different twist: The state owns valuable information, and Alaskans want to see it. Showing them the spill studies may be legally a bit risky, but it's the right thing to do.

C4 Anchorage Daily News Friday, April 12, 1991

Spill officials say hot wash worked

Alaskans contend study was incomplete

By DAVID WHITNEY
Daily News reporter

WASHINGTON — Alaska oil-spill officials said Thursday that pressurized, hot-water treatment of Prince William Sound beaches following the Exxon Valdez tanker spill was effective and should be used again in similar disasters.

They said a federal report this week concluding that hot-water beach washing did more harm than good was incomplete.

"We are not repudiating the National Oceanic and Atmospheric Administration's report," said Ernie Piper of the state Department of Environmental Conservation. "But it is not the whole story."

While the hot-water washing may have caused additional damage to the intertidal zone — the strip of shore between the high-tide line and the low-tide line — it helped achieve the more pressing goal of quickly removing large quantities of oil from the beaches, state officials said.

If that oil were not removed, they said, it would have seeped more deeply into the rocks and sand and some of it probably would have been washed away by the tides to contaminate other beaches and kill more wildlife.

"When you're trying to remove a lot of oil in a short time (to combat) massive pollution, you are willing to take certain trade-offs," Piper said. "We were not operating under any illusion that this was a benign treatment."

In the summer months after the March 1989 tanker grounding, which dumped nearly 11 million gallons of oil into the Sound, state and federal officials worked with Exxon Co. to develop pressurized hot-water washing technology. Hundreds of miles of beaches were treated with the equipment, often more than once.

NOAA officials said Tuesday that 1990 assessments of polluted beaches cleaned by the hot-water treatment showed they were recovering more slowly and could have longer-lasting damage than those that were not.

But Piper, the DEC's on-scene spill coordinator, and Mark N. Kuwada, oil-spill coordinator at the state Department of Fish and Game, said the federal study was focused so narrowly on intertidal areas of the spill zone that the broader benefits of the hot-water treatments were ignored.

"To focus on this is to overlook the benefits of removing a lot of bulk oil quickly," Kuwada said. "And that was our major thrust in 1989."

Kuwada said if the oil had not been blasted off the beaches, oil sheens in Prince William Sound would have been more extensive today, many beach areas would be plastered with asphalt and the subsurface would be more deeply saturated with oil.

"There were a lot more issues relating to cleanup beyond the impact to intertidal areas," Kuwada said.

In response to a draft version of the NOAA study, the state said in February there were so many variables that were not taken into consideration that its sweeping conclusions about intertidal damage were questionable.

The state cited the lack of documentation on water temperatures and pressure and the duration of the beach washings.



"Furthermore, while best management practices were prescribed, they were not always followed," the state said. "Consequently, the quality of treatments varied considerably between different beaches and crews."

But Piper said the NOAA study may be useful in the future because it will make cleanup supervisors more prudent in the use of the hot-water systems.

"I think the (hot-water) Omni booms were the best piece of applied engineering that came out of the spill," he said. He said he disagreed with NOAA's conclusion that the lesson of the study was not to use hot-water washing at all.

"For me, it's to use it only in situations X, Y & Z," Piper said.

in the
Work
durin
An
1956,
move
Forest
Eglin
Florida
doon
his be
He



Oil-spill answers raising questions

Settlement's OK still appears likely

By CHARLES WOHLFORTH
Daily News reporter

New information about the damage and cause of the Exxon Valdez oil spill released Monday and Tuesday created more questions about the pending \$1 billion settlement of state and federal lawsuits against Exxon, and more doubt about whether it will be approved.

Some legislators who will vote on the settlement said they have new questions and doubts, but they still predicted the legislature will approve it.

Tuesday, Rep. George Miller, D-Calif., said in a letter to the judges considering the settlement that Alyaska Pipeline Service Co. decided a year before the 1989 Exxon disaster not to prepare for a spill of its kind. That is relevant to the settlement because the agreement drops most state and federal claims against Alyeska with no compensation from the company.

And Monday, the federal government released a summary of oil-spill studies by federal and state scientists that showed the oil caused

worse and longer-lasting damage than had been publicly acknowledged. Alaska Attorney General Charlie Cole had resisted releasing the information because he said it could hurt the state in court.

Legislators were not as surprised by the new scientific information as were environmentalists and other outside experts, probably because lawmakers had a confidential briefing on the subject a couple of months ago. But the public release did influence some legislators.

"I imagine there are some people out there who are going to be asking some questions now about if the settlement is a good deal for the state," said Rep. Gene Kubinn, D-Valdez, who has said it is not. "I predicted before that the settlement would pass. Now, it's up in the air. More people are asking questions, for sure."

Rep. Mike Navarre, D-Kenai, said he still expects the settlement to be approved, although he hasn't decided

Please see Page B-2, NEW INFO

NEW INFO: New questions

Continued from B-1

how he will vote. He said the legislature must first have the state's economic data on the damage of the spill, which have not been released. He expects to get the information in a confidential session.

"We have to," he said. "If we can't ... it would make it more suspect."

Sen. Dick Eliason, R-Sitka, said he still favors the settlement. He said it is no surprise that the spill did a lot of environmental damage and that Alyeska was partly to blame, and the disclosures don't change the fact that if the settlement fails, spill litigation could drag on for years.

"If we're really serious about restoration, I think we should get money now to begin it," Eliason said.

Eliason is chairman of the Senate committee reviewing the settlement. Rep. Max Gruenberg, D-Anchorage, is chairman of the House settlement committee, of which Kubinn and Navarre are members.

Gruenberg said it is too soon to judge the political impact of the new information, but said he was "quite concerned" about Miller's allegations against Alyeska, because the settlement drops most of the Alyeska case.

Gruenberg, an attorney, said release of the scientific information will help private parties in their suits against Exxon, Alyeska and the state, but he said it also may help the state by acting as advertising for the rest of its data — private litigants may now be more willing to settle their suits against the state in return for the details of the studies.

Michael Dean, a spill study director the Alaska Department of Fish and Game, said the state has more information to release, but probably not much that would be of interest to the general public.

"Specific details of the state's were not released," he said, but added, "the overall gist is there."



The state resisted the release of the information, but the federal government did it anyway.

Lloyd Miller, an attorney for Alaska Natives in the spill cases, said the private litigants would have gotten the data anyway in the trial discovery process. But he said the information would "make a lot of difference in the settlement approval" by federal judges.

The judges — Russel Holland and Stanley Sporkin — have authority to allow or reject the settlement. For either to turn it down would be unusual, but Lloyd Miller said it could happen.

"The whole thing is unprecedented, so I think Judge Holland and Judge Sporkin are operating in new territory, and it's quite dangerous to predict what they might do," Miller said.

Holland asked for public comment before making his decision on the Exxon criminal plea bargain, and the federal government is collecting comments on the civil settlement. After the new information was released, some of the comments were bound to be negative.

"The Sound is not healthy," said Miller, the Natives' attorney. "Our clients have been saying that for months and months and months and no one has been listening and no one has been believing it."

Deb Donahoe, an attorney for the National Wildlife Federation, said her organization at first supported the settlement, but now it strongly against it and plans to tell the judges so.

"Up until now, no data has been available to judge it. Our initial impression was that it was as good a deal as we could get, but now the closer we get to it the more flaws we see," Donahoe said.

Legislators argue study's effect on deal

By DANIEL R. SADDLER

TIMES WRITER

4.10.91

Legislators differed Tuesday on whether scientific studies that show the Exxon Valdez oil spill was more damaging than first thought would scuttle a proposed \$1.1 billion settlement.

The U.S. Department of Justice released an 18-page report Monday summarizing early results of \$70 million in studies assessing damage from the spill. State and federal agencies have done scores of secret studies since the 1989 spill to determine damage should Exxon be found liable.

The preliminary findings show more fish, birds and animals died than previously suspected, death rates continue to be higher than normal, shellfish continue to absorb oil, and recovery for some species may take decades.

Exxon-supported scientists have said the Sound is recovering with little or no long-term effects.

But some lawmakers said the new information, the first public release of documents describing extensive spill damage, did not change their minds one way or the other on a proposed settlement of state lawsuits stemming from the spill. The lawmakers have only 23 days before deciding whether to settle damage claims for \$1.1 billion, or go to court.

"I was not expecting to see everything was cured," said Rep. Max Gruenberg, D-Anchorage. "I was expecting to see there were some significant problems, so I'm not particularly surprised."

"I'm pretty skeptical of it (the settlement), and this information doesn't help that skepticism," said Rep. Gene Kubina, D-Valdez.

Rep. Robin Taylor, R-Ketchikan said he will keep an open mind on the settlement, and wait for more public comment on it.

"The federal government report that the damage was a little more extensive and a little more long-lasting than some scientists have said it was does not really shock me, nor does it really impact the way I view this settlement," said Taylor.

Attorney General Charles Cole defended the settlement in the face of the new information, saying he knew all about the previously secret studies while negotiating the settlement, according to a spokesman in the governor's office.

Cole had declined to release state studies for fear they would fuel lawsuits against the state, but said Monday's release did not hurt the state. It is too early to tell whether the new damage data will prompt more lawsuits against the state, said Dave Oesting, an attorney coordinating private individuals seeking damages from the spill. But Gruenberg said the studies' release could speed settlements in some cases.

The settlement calls on Exxon to plead guilty to four misdemeanors, pay the state \$900 million over 11 years for restoration, another \$100 million fine split with the federal government, and up to \$100 million more for any as-yet undiscovered damage.

House Speaker Ben Grussendorf, D-Sitka, said the settlement would have passed the House last week, but the new information lessens its chances.

"I think there's a lot of people leaning towards the settlement who might be back on the fence, and some people on the fence may have fallen back to the other side," Grussendorf said.

The information confirmed some environmentalists' worst fears about the spill's long-term damage to Prince William Sound. Debra Donhue, an attorney for the National Wildlife Federation, said the report should prompt the state to push for more money to restore the environment.

"The closer we looked at the settlement agreement, the less we liked it, and this gives us something to base our general displeasure with the amount on," she said.

Scientists working on their studies in secret are relieved at the chance to consult openly with their peers on their work, said Paul Gertler, chairman of a management team for government land trustees coordinating spill restoration.

But plans for a third season of scientific studies, made before the settlement, are likely to continue without much change, Gertler said.

The public will have the chance to comment on the settlement in light of the new knowledge.

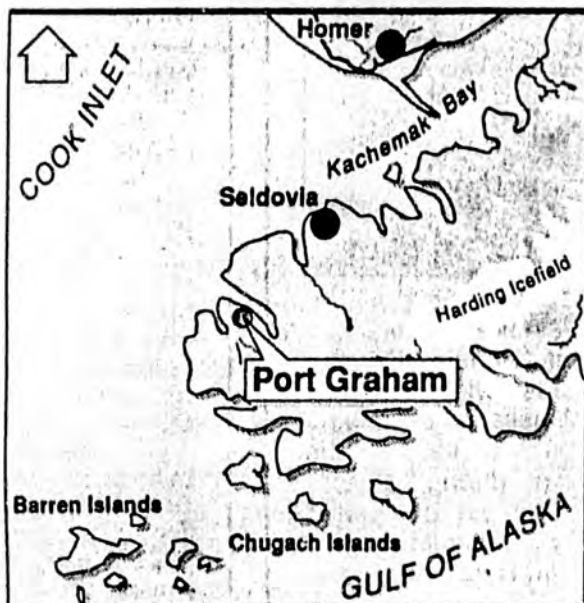
Up to seven members of the House oil spill litigation committee will visit communities impacted by the spill this weekend, said Gruenberg. Hearings are scheduled in Seward on Friday, Homer, Seldovia and Kodiak on Saturday, and Cordova on Sunday.



BOB HALLINEN / Anchorage Daily News

Elenore McMullen strolls on the Port Graham beach, which was lightly oiled from the Exxon Valdez oil spill two years ago today. She says the mussels that once covered the beach have not come back.

NOT NORMAL YET



KEVIN POWELL / Anchorage Daily News

2 years after Valdez spill, Port Graham is still recovering

BY RICHARD MAUER

Daily News reporter

PORT GRAHAM — Two years ago today, Elenore McMullen woke up to news she could hardly believe. The radio station in Homer said a tanker had run aground in Prince William Sound shortly after midnight and North Slope crude was pouring from its holds.

"I turned on the satellite television, and there was a picture of the Exxon Valdez aground and the oil spilling everywhere."

On her screen, she saw Fred Komkoff, a friend from a village near the spill, guiding a network correspondent on a skiff. She was stunned by the grief she saw in his eyes.

"I have all those friends that I know in Chenega and Tatitlek, and I knew how they would be affected," she said. "It was like slow torture every morning when I got up to

■ **SUBSISTENCE:** Harvest down, study says. B-1

see it slowly drift their way."

By the next week, the first slicks began rounding out of the Sound and into the Gulf of Alaska, and fingers of oil slipped up Cook Inlet. Soon, foamy, emulsified oil hit the beaches around Port Graham, which sits beside a tree-lined bay on the Cook Inlet side of the Kenai Peninsula. Nearby Windy Bay, on the gulf side of the peninsula, was doused with oil.

"At first it was pain and tears for my friends in the Sound, and then it was for us," McMullen said.

The oil is mostly gone now, as the beautiful pictures in oil company and tourism commercials attest. But damage

Please see Page A-4, **SPILL**



John Moonin, a lay reader at the Russian Orthodox Church who worked on the cleanup, said Exxon should pay villagers for their suffering as a result of the oil spill. "What's been here before, that the oil ruined, Exxon cannot put back. It'll take years to get it back. But money would help some of the people."

SPILL: Damage still hurts village

Continued from Page A-1

remains. The other day, McMullen said, she went down to a beach that had been lightly oiled to look for mussels, but there were none.

"I don't know what caused them to die and not be there," she said.

SPILL LEGACY REMAINS

Two years after the Exxon Valdez oil spill, life is still far from normal for villages that lie in its wake. Their fishing and economies remain disrupted, their ancient artifacts have been disturbed, their subsistence activities curtailed. And, they say, they find they must fend for themselves as they seek justice and redress for damage suffered from North America's worst oil spill.

"We felt extremely abandoned by the state and federal government," said McMullen, the village chief.

Port Graham and its village corporation were among eight villages and corporations that sought to block the recent settlement with Exxon by the state and federal governments. The Natives' suit in U.S. District Court in Washington, D.C., was prompted by an overriding concern that they were being neglected by the government, said Port Graham Corp. President Pat Norman.

That concern was spurred in December, Norman said, when Gov. Wally Hickel began talking about settling the state's lawsuit against Exxon. The Natives wrote to him, seeking to wrap their claims in with the state.

The letters were never answered, Norman said. State officials promised meetings, then canceled at the last minute.

Attorney General Charlie Cole said there was no reason to involve the Natives because their claims weren't being discussed.

"Simply because they ask to sit at the table gives them no right to sit at the table," he said. The Natives have ample opportunity in their own lawsuits against Exxon to get their claims redressed, he said.

That attitude has only heightened the villagers' sense of abandonment.

"The village people feel, rightly or wrongly, somewhat perilous against a giant like Exxon," said Anchorage lawyer Lloyd Miller, one of their attorneys. "They see the powerful engines of the state and federal government side by side with them for two years parting company. They felt that the state and federal government had an obligation to watch out for their interests."

Agnes Miller recalled that after the spill, Gov. Steve Cowper flew into Port Graham. The villagers feasted him with a potluck and a celebration.

McMullen said Cowper asked what the villagers would want if the state were able to settle with Exxon out of court. "He was including us in some way, even if only a little," she said.

EXCLUDED FROM SETTLEMENT

In Port Graham last week, the villagers were still talking about the battles ahead.

"Every time I talk about the oil spill, I get shaking mad," said Walter Meganack Sr., at 76 the leading village elder and a former traditional chief.

"These villages are part of the state. How they can carve us out? I don't know what we can do but to fight. We always fight to survive, from the very beginning. I think we had to fight with the Russians when they first come, not in a war, but fight to survive. So we have to continue to try to fight, to make them listen."

McMullen, who also is a regional health official, said subsistence activities in Prince William Sound and Cook Inlet have been sharply curtailed since the spill. And a state

study appears to back her up.

In a report that was delivered to a meeting of anthropologists this weekend, Jim Fall, regional subsistence supervisor for the Alaska Department of Fish and Game, found that the harvest of traditional foods was down about 50 percent during the year of the spill in Port Graham and neighboring English Bay. In the Prince William Sound villages of Chenega Bay and Tatitlek, it was down more than 60 percent.

Port Graham residents say they still have trouble finding some types of foods and don't trust others. Fall said that while there has been no formal study yet of subsistence harvests last year, he believes from interviewing residents that more hunting and fishing took place, but that it was not up to pre-spill levels.

"It's there on your mind," said Harrietta McGhan. "Before we never had to worry about this. Now, I never know what to expect."

A carefully wrapped package of oil-tainted seaweed that McMullen's 10-year-old nephew gave her last year still sits in her freezer. "I accepted it because it was given to me as a gift, but I never used it," she said.

"We used to do a lot of clamming," said Fred Toko. "They say it's OK to eat now, but I wouldn't know about that area below, in Windy Bay. That was the worst spot."

Ron Stanek, a subsistence specialist with the Fish and Game department, said the relatively small oil dousing that the Port Graham vicinity got shouldn't have killed many clams, mussels or bivalves, the fist-sized mollusks also known as chitons and prized in the region.

Some were already in decline before the spill because of heavy freezes and increased predation from sea mammals, he said.

But Stanek said he isn't privy to the secret state-financed studies of resource loss

that were conducted in connection with the Exxon lawsuit. Attorney General Cole said the scientific and economic research will be kept secret so it can't be used against the state in other litigation.

Jobs in the village also remain scarce. The oil spill wiped out the main source of cash for the village, the Port Graham Corp. cannery.

Norman, the corporation president, said the cannery didn't operate in 1989 because no one was allowed to fish. It didn't matter much then — virtually everyone that year worked in the spill cleanup, making more money than they ever could canning salmon.

But in 1990, uncertainty about the quality of fish led the company that had leased the cannery to walk away, even though fishing later turned out to be good. Now this year, no one seems to want to take it over, Norman said, resulting in the loss of 70 seasonal jobs and a \$150,000 annual write-off for the small corporation.

FEELING VIOLATED

More infuriating to him, though, was the public disclosure by the government of previously unknown antiquity sites — graves, cabins and villages — on the 50,000 acres owned or claimed by the village corporation. The sites were discovered by archaeologists sent out in advance of cleanup crews, and they later showed up on maps when the government was seeking bidders to evaluate how badly they were damaged.

"They're our people's sites. They need to be protected," Norman said. Officials tried to recall those maps, he said, but enough are now out in the public domain that he fears antiquities will be looted.

"That's part of our claim against Exxon," he said.

Ted Birkedal, regional archaeologist for the National Park Service, said the maps were a mistake brought about by the secrecy

imposed on damage studies by government lawyers. Villagers were not allowed to be consulted before the maps were released, he said. Though he didn't think the original maps were specific enough to give much help to looters, he acknowledged that the Natives had become acutely sensitive since the spill and "felt violated by everything."

That feeling flared again two weeks ago, when state officials from the Department of Community and Regional Affairs presented a tourism development plan to people from Port Graham and other villages in the region who were meeting in Anchorage.

Chuck Smythe, one of the state officials, said the money would come from the Exxon settlement and be used to increase access to Prince William Sound and the region around it, and for construction of lodges and other tourist facilities.

The talk frightened the villagers, who saw it as another threat.

"Our people don't have a whole lot of culture left, except what we have inside," said McMullen. "We lost our original religion; we don't make kayaks anymore. We do have our language, and we have our subsistence, but a lot of that is gone because of the oil spill. If people are impacting the Sound again, it's just going to be a lot more loss."

In an interview, Smythe said the idea came from Hickel, though the governor had not approved specific plans. He said the proposal was just a "conceptual discussion." His boss, Bob Knight, said they had come seeking ideas, not to force something on the villagers.

But Dick Rolland, director of The North Pacific Rim, the Native organization that sponsored the meeting, said it was easy to see why the villagers were upset by the state officials.

"They came in here with their flip chart already full. In general, we'd like them to come in with blank paper," Rolland said.

Cole said it was doubtful that the settlement money could be used for economic development.

Whether legal or not, Miller, the Natives' attorney, said it would be inappropriate.

"The restoration fund ought to be used on nature, on those parts of the environment that are of critical need for those people who live in the environment," Miller said.

"There's a great fear, particularly as disclosed by DCRA, that these would be used in a totally different way — to spur economic development in Prince William Sound."

SEEKING RETRIBUTION

For all the talk of restoration, there is also a sense in Port Graham that Exxon should be made to suffer, too, and people there are convinced that the settlement hasn't done that.

"It's made me real mad to see the hurt in our elders' eyes," Norman said. "People don't see that, but it's a direct impact. In any lawsuit you win, you get paid for pain and suffering. Exxon can't say, 'Well, we've cleaned up the oil, what the hell else do you want from us?' There's got to be some kind of justice, because the damage isn't just to our resources, it's to us as a people. That was the biggest, craziest thing I heard, when (Exxon Chairman) Lawrence Rawl said the settlement would have no effect on their bottom line. It was pretty insulting."

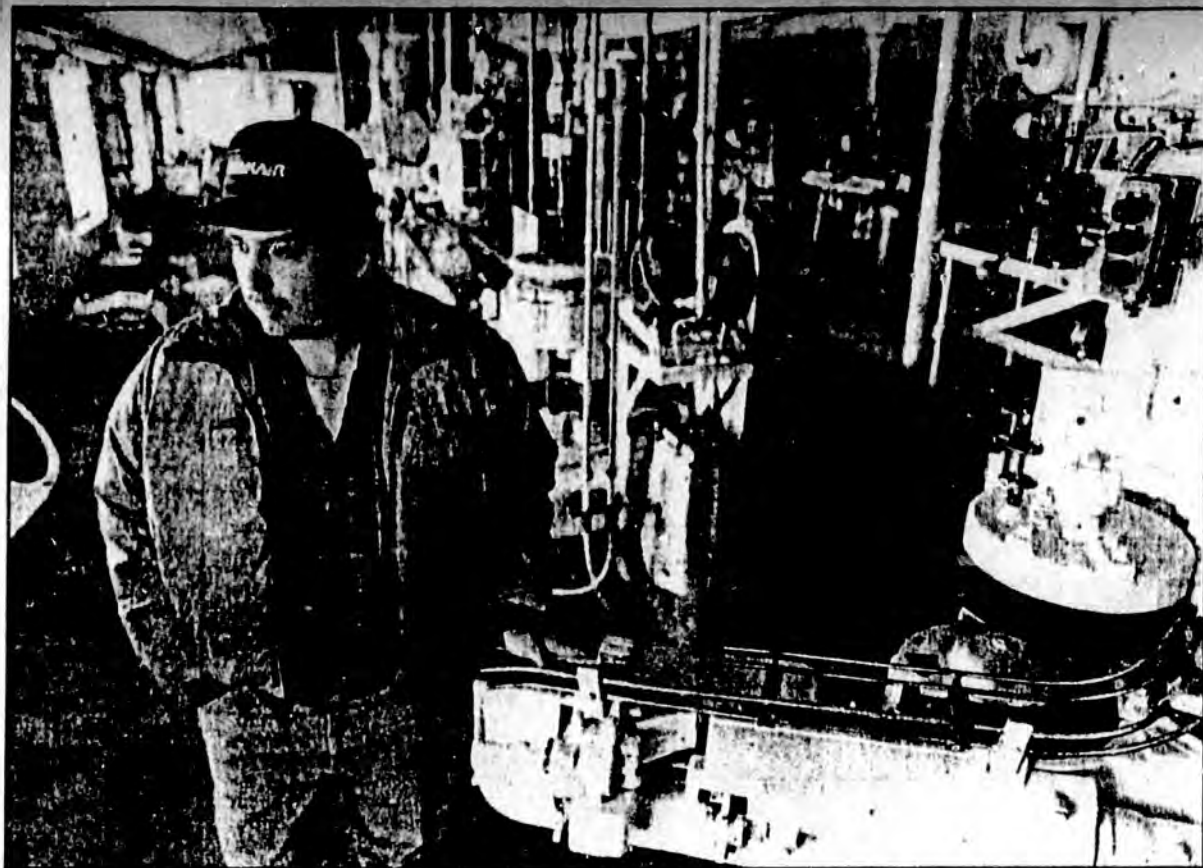
"They hurt us a lot," said Fred Toko. "All that we lost, the fishing, and cannery. Sometimes I wish they were out on the beach, the big shots, to see it and work with it."

"It's true, we got a lot of things out of the oil spill — cars and boats and Hondas. But that's not going to get our beaches and animals back. You ask yourself how it ever happened, why, and wonder if it's ever going to be back to normal. Sometimes it doesn't seem like it."

LEGACY OF THE SPILL



Debbie Meganack and son Matthew explore a Port Graham beach that she said once was covered with mussels.



Pat Norman, president of the Port Graham Corp., says no one seems to want to take over the cannery, which has been idle for two years because of the spill. The closing caused the loss of 70 jobs and an annual \$150,000 write-off for the corporation.



Randy Horman cleans the hull of the fishing boat Aries, which is owned by Riley Meganack, in preparation for the fishing season. Last year's fishing was good, but the Port Graham Corp. cannery remained closed.



Elenore McMullen holds a mussel that's smaller than the ones she harvested from the Port Graham beach before the spill.

Photographs
by Bob Hallinen



Elencre McMullen says used to gather mussels on this beach, but now the mussels are few and half the size of the ones she gathered before the Exxon Valdez spill.



N. Michigan topples UAA skaters Page C1

CLOUDY



Chance light snow
HIGH 33 LOW 30
Weather, A2

LOCALLY OWNED SINCE 1915

The Anchorage Times

Alaska's Best Newspaper

ANCHORAGE TIMES

FURNISHED BY THE ANCHORAGE TIMES
FOR MEMBERS OF THE LEGISLATURE

FLOYN TO JUNEAU COURTESY OF
ALASKA AIRLINES

ATURDAY
arch 23, 1991

25¢

VOLUME 77 NO. 82

Exxon submits four guilty pleas

Judge seeks public comment before he decides to accept

By **DESIREE HUMPHREY**

TIMES WRITER

Nearly two years to the day after the tanker Exxon Valdez spill in Prince William Sound, Exxon Corp. and its shipping company pleaded guilty to four misdemeanor counts of violating U.S. environmental laws.

The pleas were entered as part of a proposed \$1 billion deal signed by Exxon and federal and state officials to settle charges stemming from the March 24, 1989, spill.

Exxon Corp. pleaded guilty to violating the Migratory Bird Treaty Act. Exxon Shipping Co. pleaded guilty to violating that act, the Clean Water Act and the Refuse Act.

U.S. District Judge H. Russel Holland told Exxon Shipping Co. President Augustus Elmer and Exxon Corp. Chairman Lawrence G. Rawl he will listen to public comments on the proposed plea agree-

■ Coast Guard spill supervision costly A12

■ Judge is irked with Alaska lawmakers A12

ment before deciding whether it will be accepted.

Holland set an April 24 hearing to announce his decision. He said if he accepts the proposal, he would sentence the companies at that time.

The plea agreement stipulates the companies would pay a \$100 million fine, with half forgiven because of Exxon's cleanup efforts. It also calls for Exxon to pay Alaska \$50 million to repair damages caused by the massive spill.

If Holland rejects the agreement, the nation's third-largest corporation can withdraw its pleas or appeal to the 9th U.S. Circuit Court of Appeals.

Holland said free copies of the plea agreement would be available from the

See Exxon, back page

Exxon

Continued from page A1

court clerk. Comments should be typed and no more than five pages, Holland said.

Deadline for comments is April 11, he said.

Holland criticized the Alaska Legislature for trying to interfere in the criminal case to pressure Exxon in the state's pending lawsuit.

Legislators on Thursday passed a resolution asking Holland to delay a decision on the plea agreement until May 3, so lawmakers would have time to review the \$1 billion deal.

"I'm concerned and put off... by this kind of conduct by the state of Alaska," Holland said.

"The state Legislature is preciously close to doing something that, if done by a lawyer, would subject that lawyer to public sanctions.

"It is inappropriate for the Legislature to do this — the criminal and civil cases are totally separate, and I will not be a party to tying them together."

Rawl during the hearing told Holland that Exxon oil from the spill in Prince William Sound killed birds in violation of the

Migratory Bird Treaty Act, the only charge against Exxon Corp. He said it would be difficult to verify the number of birds killed by the spill if the case went to trial.

"Unfortunately, we did kill a large number of birds," Rawl said.

Elmer said his corporation, a subsidiary of the oil giant, was guilty of violating one count each of the Migratory Bird Treaty Act, the Refuse Act and Clean Water Act.

Elmer, Rawl and Exxon Corp. President Lee Raymond rushed past a horde of reporters in front of the Federal Building on Seventh Avenue, got into a car and quickly drove away after the hearing.

News of Exxon's pleas, and of Holland's courtroom chiding of the Legislature, was greeted with mixed reaction Friday.

Justice Department lawyer Charles De Monaco said after the hearing the \$100 million Exxon will have to pay in the criminal case is the largest-ever for environmental damages.

"It sends a strong message to polluters that they will be punished," he said.

In Juneau, some lawmakers chided Holland.

"If you look at a part of the civil settlement, there is reference to the plea bargain," said Rep. Ben Grussendorf, D-Sitka, speaker of the House. "And you'll also notice in there there is the \$50 million of the criminal penalty aspect for restitution that is also in that civil part."

House Majority Leader Max Gruenberg, D-Anchorage, said lawmakers had no intention of threatening Exxon. But there is a link between the civil and criminal cases, he said.

"We can't ignore the fact that the emperor has no clothes here," Gruenberg said. "I believe that we have a duty and a responsibility to have the playing field left open, so we can look at all aspects of the agreement. It's not a question of leverage."

Attorney General Charles Cole distanced Gov. Walter J. Hickel's administration from the Legislature's actions.

"Holy smokes," Cole said. "Governor Hickel and I have always said that the federal criminal proceedings are exclusively a matter for the U.S. Department of Justice and Exxon and that the state has no part in those proceedings."

Cole also said he does not understand why some groups think the proposed settlement stifles

their ability to sue Exxon.

"They didn't get short shrift in the deal with respect to the settlement between the state of Alaska and Exxon," said Cole. "Their rights are fully preserved in the settlement, and they're free to pursue against Exxon their other claims."

Elsewhere, Joann Holmes, spokeswoman for the Ivanof Village Council, said town leaders fear future litigation may be affected by any deal involving state and federal governments, Exxon and the federal court.

But what they fear most is not being able to get scientific information on the oil spill from the state or federal government, she said. State and federal officials have refused to give Ivanof the data, even though the village supplied samples taken from beaches and water around Ivanof, she said.

"There is a 30-day comment period on the settlement and we have nothing we can use to comment on," Holmes said. "It's impossible to comment on the settlement when we have no information. These people are getting shut out more and more."

Kodiak Mayor Robert Brodie, head of the Oiled Mayors group representing 26 towns and villages affected by the spill, said he was pleased with the plea

agreement.

"Exxon pleading guilty to these misdemeanors is an admission of responsibility for their actions," Brodie said. "They are admitting polluting the Gulf of Alaska and if we have to, we will use it in court. But we're still trying to get a hold of data. We're not intent on being vindictive or taking it out of Exxon's hide as some environmentalists have said. We just want the people affected by the spill to be adequately taken care of."

The Exxon Valdez spill will be the focus of a ceremony today in Valdez.

Sen. Frank Murkowski is scheduled to present federal certification of the Regional Citizen's Advisory Council, formed to supervise operation of the trans-Alaska oil pipeline terminal in Valdez.

On Sunday, leaders from six Native corporations of Prince William Sound and lower Cook Inlet will kick off their "We're Next" campaign aimed at winning money from Exxon.

A press conference is scheduled for 11 a.m. in the Captain Cook Hotel's Voyager Room in Anchorage.

David Fitch, Dave Patrick and Jay Croft contributed to this report.



Times photo by AL GRILLO

Left to right, Augustus Elmer, president of Exxon Shipping Co., Lee Raymond, president of Exxon Corp., Exxon employee Pat Shely and L.G. Rawl, chairman of the board of Exxon Corp., walk from the federal court house Friday after Exxon pleaded guilty to charges stemming from the Exxon Valdez oil spill.

Flawed cleanup supervision may cost Treasury millions

By JEFF HOUCK

TIMES WRITER

A federal study says inadequate U.S. Coast Guard supervision of the Exxon Valdez oil spill cleanup could cost the U.S. Treasury \$30.5 million, but the vice admiral in charge at the time said he did the best he could.

The General Accounting Office report examined the Coast Guard's expenses on oversight of the Prince William Sound cleanup. About 11 million gallons of oil spilled into the Sound March 1989. The GAO is in charge of monitoring congressional finances.

The study found that Coast Guard requirements for spill-related reimbursements were too restrictive and that federal agencies made multimillion-dollar billing errors.

"The Exxon Valdez spill demonstrated the confusion over the reim-

bursement process that can result among agencies from an oil spill involving many diverse federal resources," the report said. "Agencies need to know in advance of such incidents how to determine actual costs for their spill activities."

The federal government reported June 30 that it spent \$154 million on the spill but "may only recover \$123 million," the report said.

The missing amounts include:

- \$13.5 million for damage assessment billed to Exxon. The Coast Guard requires the company to reimburse only the costs for oil removal.

- \$3 million for spill-related services that agencies do not plan to charge to Exxon.

- \$6.5 million worth of Coast Guard bills that Exxon disputes.

- \$2.6 million in government legal

bills accrued before June 1990.

Exxon agreed last week to settle the state and federal government's civil and criminal spill claims for \$1 billion. It is unknown whether the \$31 million in bills would be paid according to that agreement.

The Coast Guard coordinated spill operations and oversaw work done by 13 federal departments and agencies. It also managed a \$6.5-million oil-pollution trust and paid expenses created by the agencies.

The Coast Guard declined to spend more money than was available in the trust, despite pledges by Exxon that it would manage the spill, deposit money into the fund and pay agency costs.

"Given Exxon's actions, we believe the Coast Guard should not have applied such a conservative approach in this spill to restrict agency activities that ...

could have qualified as oil removal activities."

Exxon spokesman Karsten Rodvik said he had not received a copy of the report. The Coast Guard also said it had not reviewed the GAO report as of Friday and declined to comment on its findings, Cmdr. John McElwain said.

"Our policy is not to comment on something we haven't seen yet," he said.

Vice Adm. Clyde Robbins, who coordinated spill operations from April to September 1989 and who was blamed for a large portion of the government's financial loss, said Friday he only recently learned of the report.

"I have never been questioned (about spill coordination efforts) for this report," Robbins said. "Maybe some of my staff was, but I was never questioned. The first I heard about it

was yesterday."

Robbins, who now is the Department of Transportation's intelligence and security director in Washington, D.C., said he knew Exxon would pay the bills but that some expenses were not justified.

"I was there for six months," he said. "I authorized the requests I got as long as they were bona fide requests where funds were for cleanup. We went out of our way to make sure they were legitimate."

Robbins speculated that the grind of the round-the-clock cleanup effort caused much of the agencies' mis-accounting.

"We were out there seven days a week working 17 or 18-hour days," he said. "After a while your memory begins to fade. It was just a discipline that was probably missing."

Anchorage Times 3/23/91

Judge flays Legislature for meddling

By JAY CROFT

TIMES WRITER

U.S. District Judge H. Russel Holland has kept quiet since the Exxon Valdez oil spill, but Friday he lashed out at Alaska lawmakers after Exxon pleaded guilty in his courtroom to environmental crimes stemming from the 1989 disaster.

The Legislature on Thursday asked Holland to delay until May 3 consideration of the plea agreement worked out between Exxon and the government. Lawmakers said they needed time to review the deal.

Holland said he was angered that the Legislature notified him of its action by a telefaxed message and that he was concerned legislators were trying to use the federal criminal case to their advantage in a state lawsuit against the oil giant.

Attorney General Charles Cole quickly tried to distance the Hickel administration from the Legislature's action.

"It wasn't from the state, I guarantee you," Cole said. "Not from the Hickel administration did it come."

Holland later refused to discuss the case or his remarks concerning the Alaska Legislature.

A lawyer who asked not to be identified said Holland was ang-



Russel Holland

ered by the Legislature's meddling in a criminal case to affect the state's lawsuit.

Such manipulation would violate legal ethics, he said.

Holland's words and his later silence were indicative of the quiet jurist, who began his legal career in Anchorage humbly and has gained a solid reputation as a thorough, inconspicuous judge.

He received a bachelor's degree in business administration in 1958 and got his law degree in 1961 from the University of Michigan. He moved to Alaska

and was a clerk with the Alaska Supreme Court.

Holland joined the Alaska Bar Association in 1963 and was an assistant U.S. attorney in Anchorage from 1963 to 1965, when he entered private practice with Ted Stevens.

Holland worked for the firm of Stevens, Savage, Holland, Erwin and Edwards, and later with Stevens alone. The partnership ended when Gov. Walter J. Hickel appointed Stevens to fill the unexpired term of U.S. Sen. Bob Bartlett, who died in 1968.

Holland was recommended to become a U.S. District Court judge in 1983. Mary Kay Hughes, then president of the Alaska Bar, said, "Russ is very competent, very reasonable. He has what I would call a judicious attitude."

In July 1984, at age 47, Holland was sworn in as Alaska's fifth federal judge. He was to handle cases involving Native claims, endangered species preservation, mineral leases and resources management.

At his swearing-in, speakers described Holland as "a sound craftsman who knows his profession" and a man of "compassion, uncanny good sense, courage, who also is free of any arrogance."

When he was appointed, Hol-

land described the federal judgeship as "sort of the ultimate goal" in the career of an attorney. "I'm kind of excited about it," he said.

Before his appointment, he had worked in partnership with George Trefry, and had handled commercial cases.

Of the seven lawyers who applied for the federal post, Holland was ranked third in the "extremely well-qualified" category by nearly 800 members of the Bar. State Superior Court Judges Douglas Serdahely of Anchorage and Thomas Schutz of Ketchikan were ranked higher.

Anchorage lawyer Edgar Paul Boyko described Holland as conservative, cautious and principled.

"He's going to interpret the law and not make national policy," Boyko said.

"If I were a liberal environmentalist, I would feel a little nervous about his natural conservatism. But I think that would be a needless worry because I feel in the end he would be fair to everybody."

"The one comforting thing about him is you can be sure he's not going to go off the deep end on either side. At times (he's) a bit naive about the world, but learning."

Anchorage Times 3/23/91

Business-Native coalition sues Exxon for negligence

By STEVE PILKINGTON

TIMES WRITER

A coalition of businesses, Alaska Natives and commercial and sport fisherman sued the state Friday, accusing it of negligence over the 1989 Exxon Valdez oil spill. The action was taken just hours before a two-year statute of limitations ran out.

The suit was filed in Anchorage Superior Court hours after Exxon Corp. officials pleaded guilty to criminal charges in federal court. The suit asks for an undisclosed amount of damages.

But state Attorney General Charles Cole said he had not seen the lawsuit and did not understand why the state was the target.

"It's a mystery to me," Cole said. "I don't think it will in any way affect the Exxon settlement."

Cole also said he failed to understand why individuals and groups think a recent \$1 billion settlement between the state and Exxon hampers people's ability to sue Exxon.

"They didn't get short shrift in the deal with respect to the settlement," he said.

The 11-million-gallon oil spill occurred March 24, 1989, after the tanker Exxon Valdez ran aground on Bligh Reef in Prince William Sound.

Friday was the last business day before the March 24 deadline to sue over the spill. Under Alaska law, the state's and Exxon's

See Lawsuit, back page

Lawsuit

Continued from page A1

liability would last two years from the spill's date.

The class-action suit was filed by hundreds of people hurt by the spill's aftermath, said Lloyd Miller, an Anchorage lawyer representing several Native groups.

Named in the suit were the Native Village of Chenega and the Native Village of Larsen Bay.

"The villages were extremely reluctant to sue the state," Miller said.

The complaint cites lost commercial- and sport-fishing resources, disrupted subsistence lifestyles and economic and property loss for landowners and businesses around the Sound.

Miller said Native groups were disappointed with the state and Exxon's settlement because Native groups were excluded from the negotiations.

Cole had refused to grant an extension on the time groups had to file lawsuits over the spill so the groups had to sue Friday to preserve their legal standing, Miller said.

Native villages around Prince William Sound will continue trying to negotiate an out-of-court settlement with the state, Miller said.

The suit also seeks attorneys' fees and a fund for studying the damage caused by the oil spill.

Numerous civil suits were filed against Exxon and Alyeska Pipeline Service Co. this week before the deadline passed.

C.R. Kennelly, an Anchorage lawyer for several who are suing Exxon, said a federal ruling has guided how litigation proceeds against the company.

Kennelly said the ruling meant people must try to negotiate a settlement with Exxon before March 24 and could still sue any time afterward.

"It's closer to exhausting a grievance procedure under a contract," he said.

Many lawyers decided to file suits before Friday because they wanted to ensure Exxon would not claim the two-year limit had run out, Kennelly said.

"I'm filing them at this point as a precautionary matter," he said.

Kennelly said Exxon's guilty plea in federal court Friday would help civil suits against the corporation. "It's an admission."

A barrage of other civil suits were filed this week before the deadline, said Diane Alford, a legal technician with the Alaska Court System.

Alaska Native villages also sued in federal court Friday seeking an undisclosed amount of damages from a \$100-million oil spill insurance fund.

Spill still commands attention worldwide

Two years ago, on March 24, 1989, the tanker Exxon Valdez ran aground in Prince William Sound. Exxon and the state of Alaska appear to have forged a \$900 million agreement to settle civil or criminal lawsuits brought by the state or federal governments. That amount, added to the reported cleanup costs, would bring spending by Exxon alone in the aftermath of the accident to about \$3 billion — an extraordinary figure.

Meanwhile, the spill continues to dominate the minds of many who witnessed it — a testament to the emotional and physical toll exacted by the accident. And

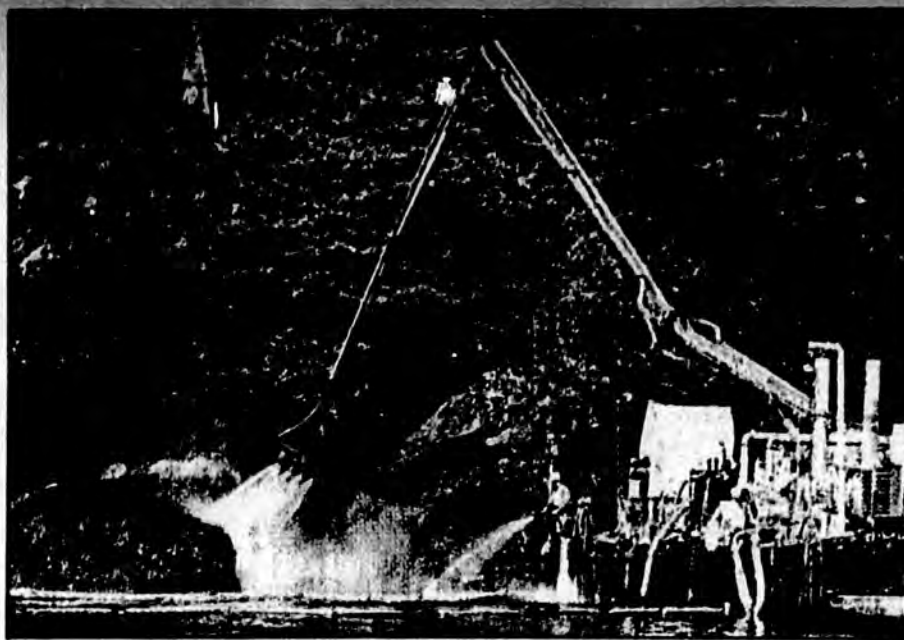
JEAN-MICHEL COUSTEAU

the spill continues to command attention.

After all the dollars spent, some oil appears intractable and some Alaska beaches remain fouled, according to a recent survey conducted under the auspices of the National Oceanic and Atmospheric Administration.

About four miles of shoreline remain oiled, and some sites are unchanged since 1989. Where oil still resides below the surface, it

Please see Page E-8, **COUSTEAU**



FRAN DURNER / Daily News file photo

A cleanup crew uses a boom with high-pressure spray nozzles on an oiled beach in 1989.

Anchorage Daily News 3/24/91

COAST GUARD: Exxon spill cleanup commands attention 2 years later

Continued from Page E-1

remains liquid. Where it clung to surface sand and rocks, rough winter storms have weathered the oil to the consistency of asphalt or tar. This means that, without the massive cleanup effort, many of the 1,200 miles of shoreline affected by the spill might today resemble paved roadway.

Preliminary results of studies show that biological recovery resulting from the cleanup has been promising. So we should be pleased with the cleanup strategy and that Exxon could afford to pay for it.

But even as Exxon prepares to leave the Valdez spill behind, it faces new allegations of abuses in oil shipping that could also affect other oil companies currently involved in transporting oil through Prince William Sound.

In a letter to the Administrator of the Environmental Protection Agency, William Reilly, a former oil broker, Charles Hamel, has alleged that Exxon has been violating the national Clean Water Act by illegally disposing of toxic oil residue and filtrates in the sound for the last three years.

Hamel says: "It is the practice of Exxon Shipping to transfer toxic wastes originating in California, via EXXON lightering tankers/barges, to Valdez-bound EXXON vessels. These liquid wastes are diluted and disguised in the ballast water of Exxon's Alaska-bound tankers. Much of the water soluble concentrations of chemicals, corrosive solvents, heavy metals and toxic aromatic hydrocarbons are ultimately disposed of, undetected, into Prince William Sound through ... the Ballast Water Treatment facility.... Tons of toxic sludge were disposed of by dilution in the ballast water of Alaska-bound tankers and dumped in Valdez disguised as seawater."

When asked for a response, a spokesman for Exxon read the following statement: "We are confident that the record will show no bases for his allegations and will support our position that we have not violated any requirements. There are procedures in place ... that Exxon has

followed to treat and monitor discharges of ballast water to ensure compliance with ... permits."

Harold Geren, the Seattle-based chief of the EPA permit office responsible for Prince William Sound, said in a telephone interview that the agency is investigating Hamel's allegations in detail. But Geren added that "the permits do mention cleaning agents, but not some of the other material in the allegations."

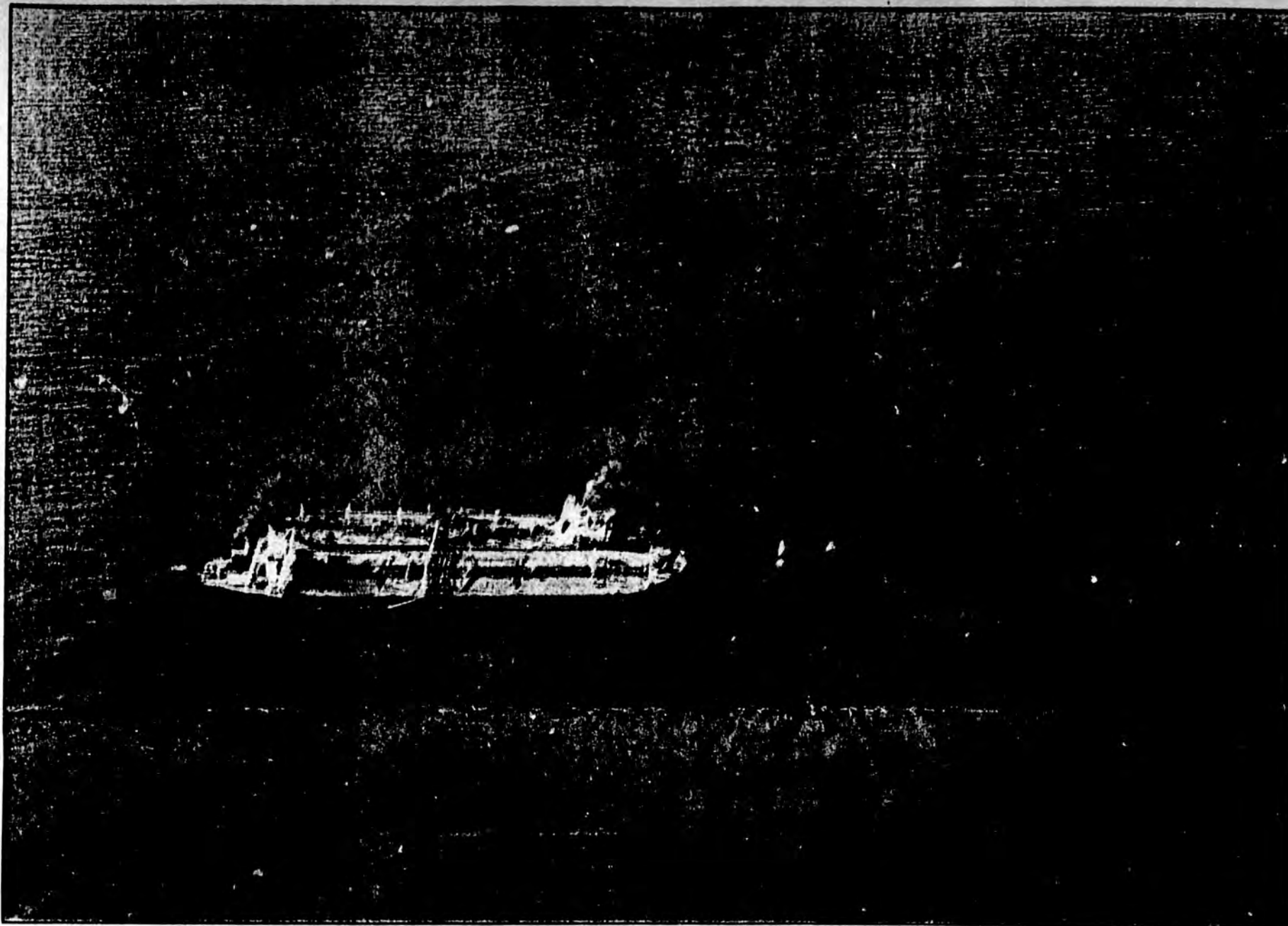
He also said EPA had learned of the practices only through Hamel's letter, and has now found them common among other oil carriers in the Sound.

At a minimum, there seems to be a major discrepancy between the spirit and the letter of the permits. But surely no permit meant to ensure clean water could have intended to authorize the use of Prince William Sound as a sewer for toxic wastes too cumbersome or costly to dispose of otherwise.

Two years after the Valdez ran aground, I remain convinced of the far-reaching implications of the now-infamous event. Even today, attention continues to focus on the credibility of the oil industry. Thus, a single ship and the single rocky reef that gashed its hull continue to have singular potential for influence on national and international energy and environmental policies.

□ Jean-Michel Cousteau is a syndicated columnist.

OILY ANNIVERSARY



A sheen spreads from the Exxon Valdez as oil is loaded to another tanker after the 1989 spill.

ERIK HILL / Daily News file photo