

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990
6026 HOUSE RESOURCES 8672

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follow the legal trail of the report:

" Future vigilance vests in the hands of state and federal leaders, industry and public agency officials, terminal operators, tanker officers and crew, technical advisors, and, perhaps most important of all, citizens exercising a watchdog presence and role."

It was that invitation which prompted me to attend the first Commission hearing before the legislature in January, and to continue to pursue this process as a source of information and a hope for prevention of another environmental disaster.

Some of the testimony offered by the experts alarmed me: the age and condition of the tanker fleet; the Coast Guard's greater concern on a national level about crack cocaine than cracked hulls; the statistical probability of minimizing the effects of a spill like the Exxon Valdez by the requirement of double hulls; and the gross negligence which resulted from complacency.

But the one area that impacted me most strongly was the testimony of Professor Zygmunt Plater whose research team pointed out the amazing weakness of Alaska's legal authority to regulate and protect its own resources. One pivotal lawsuit brought the state to its knees and continues to be an axe waiting to fall again. Many of the preventative measures called for in the commission's report were all in place as part of the original program in the late 1970's, but lack of diligence and dollars dissolved them in the wake of the Chevron, et. al. vs. Hammond case.

Once again legislation is on the table to restore our legal ability to prevent oil-related disasters, respond when they occur, and ensure

The recovery of the natural environment.

In light of the responsibility incumbent upon you, I'd like to share the words of another artist, playwright and president of Czechoslovakia, Vaclav Havel, who delivered them recently to a joint session of the U.S. Congress:

" We are still incapable of understanding that the only genuine backbone of all our actions, if they are to be moral, is responsibility. Responsibility to something higher than my family, my country, my company, my success -- responsibility to the order of being where all our actions are indelibly recorded and where and only where they will be properly judged."

I urge you to act decisively and with strength and courage on the legislation before you. Statistics indicate that another major oil spill is a matter not of "if", but "when". Perhaps with these measures in place, I won't have to draw another picture like this for a long, long time.

Thank you.

Alaska Rural Electric Cooperative Association
Comments Regarding
House Bill 567 -and- Senate Bill 504

March 8, 1990

Section 2 of SB 504 would have a devastating impact on the electric utilities throughout the state.

Just among ARECA members alone, the following small cooperative or municipal utilities have fuel tanks large enough that Section 2(b)(2), as presently written, would require them to maintain \$50,000,000 in storage facilities liability insurance:

Kotzebue Electric Association
Nome Joint Utilities
Nushagak Electric Cooperation (Dillingham)
Naknek Electric Association

It would be an utter impossibility for these small systems to comply with that requirement. Moreover, some of the larger electric utilities -- such as Chugach Electric Association in Anchorage -- maintain fuel oil storage facilities as back-up generation fuel or as primary fuel. For these utilities, too, \$50,000,000 liability coverage would be prohibitively expensive or impossible to find.

In all cases, insurance costs would be borne by the utilities' consumers in the form of rate increases -- very large ones in many cases.

Present law requires even the small utilities to demonstrate financial responsibility for \$1 million. Quotations for pollution liability insurance policies with very restricted coverage* have ranged from \$23,000 to \$45,000 per year each.

Nushagak Electric presently maintains a \$1 million pollution liabilities insurance policy with Lloyds of London at an annual cost of \$23,000. The other cooperatives decided that so little of their real exposure to potential clean-up costs would be covered by the commercial policies available that they have arranged to be essentially self-insured through a program made available by the ARECA Insurance Exchange. This arrangement complies with DEC requirements, but it does nothing to transfer the liability to a third party.

* Coverage on available insurance policies is limited to third party liability cases. They pay nothing for cleanup of oil spills on the insured's own property. All of the tanks owned by these utilities are properly diked, so the utilities fully expect any likely oil spills to be confined to their property, in which case the insurance policy would be of no benefit.

To provide an understanding of the scale involved in the small utilities, we would submit the following information from Nushagak Electric as a representative example.

Nushagak Electric serves fewer than 1,100 consumers. Its net assets are a little less than \$2 million, and its annual revenues are about \$2.4 million. Approximately \$2.2 million is spent to pay for annual operating expenses. Despite its small size, Nushagak Electric has more than 24,000 barrels of fuel tank capacity. This amount of storage is necessary because of the limited time available to receive fuel shipments each year.

In addition to the above examples, there are many even smaller electric utilities providing essential service to small villages or other communities scattered throughout the state. Many of these systems would be impacted by Section 2(b)(1), which would require \$1,000,000 in liability coverage for refined oil storage facilities between 5,000 and 10,000 barrels in size. The \$1,000,000 requirement for these very small utilities would be as impossible as the \$50,000,000 would be for those with storage facilities greater than 10,000 barrels.

The present law imposes a hardship on the electric utilities -- most of them non-profit corporations or municipally owned -- for which we have unsuccessfully sought relief in earlier legislative sessions.

We propose that refined petroleum products be exempted from the requirement of Section 2(b)(1) and (2) of the proposed legislation. We believe this makes good sense because this would exempt electric utilities from an impossible requirement, and because refined petroleum products do not have the same level of toxicity as crude oil. We hope reason will prevail here.

TESTIMONY OF WALT SCHLOTFELDT
BEFORE THE SENATE OIL & GAS COMMITTEE
RE: SENATE BILL 504
MARCH 6, 1990

I would like to preface my comments on SB 504 with an introduction to our company. Petro Star is a wholly owned subsidiary of the Arctic Slope Regional Corporation. Our operations include the refining and distribution of heating/diesel fuel products in Alaska, primarily the Interior. Our refinery takes approximately 6,500 bpd of State of Alaska Royalty Crude from the Trans-Alaska Pipeline. Approximately 1,500 bpd of heating/diesel fuels are produced and stored in five tanks ranging in size from 2,500 bbls to 10,000 bbls. Our total storage capacity at the refinery is 27,500 bbls. These products are distributed by truck to our customers. We have outlets in Fairbanks, North Pole and Delta Junction.

I have many concerns with SB 504. I would like to raise my concerns point by point, starting at the beginning of the Bill.

-- Under existing statutes, "A person may not cause or permit the operation of an oil terminal facility in the State unless an oil discharge plan for the facility has been approved by the Department..." Due to the delays incurred in obtaining approval from the Department, for whatever reasons, I suggest that this be amended to "submitted." This would then place the burden on the DEC to quickly review the plan and make their recommendations in a timely manner. This is especially important if SB 502 is passed, and penalties of from \$2,500 to \$100,000 per day

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\$ so they
can do
their job
quicker

may be assessed. Petro Star just received (after four months) approval of our plan. The DEC's approval gives us one month to modify, with their specific recommendations, our submitted plan. It's approval is limited to a three-year period. We also must re-submit for approval of a new plan once the Department has finalized their review and revisions of contingency plan approval criteria.

-- Sec. 1(a): Adding the language "...and has been properly implemented" is very subjective.

-- Throughout the Bill, the words "tanker vessel" and "tank vessel" are used interchangeably. Although this Bill does not affect tanker trucks, the current definition of tank vessels ("tank vessel" means a self-propelled vessel that is constructed or converted to carry liquid bulk cargo in tanks...) appears to allow tanker trucks to be "tank vessels". This should be clarified. HB 315 was amended to correct this in the House Judiciary Committee. Their amendment defines tank vessel as "a vessel that is constructed or adapted to carry or that carries, as a means of transportation by water, oil or hazardous material in bulk as cargo or cargo residue."

-- Sec. 1(d): The term "timely" is very subjective and should be further defined.

-- Sec. 1(e): The approval of an oil spill contingency plan is currently not an easy process. Approval may be delayed for significant periods of time. DEC is charged with protecting the environment of Alaska. The inclusion of the Department of Fish & Game and the Department of Natural Resources in the approval process

would be a serious mistake. I can envision the requirements of contingency plans expanding exponentially to the point of meaninglessness. The time to get approval on a plan would be lengthened. The practicality and effectiveness of a plan would be questionable.

-- Sec. 1(f): This section is totally unreasonable. Requiring applicants for oil discharge contingency plans to maintain all of the resources necessary to remove a spill in its area of operation (on-site), is totally unrealistic. What does "shall maintain in its area of operation" mean? The industry would probably have difficulty in committing to a pooling of resources because we are not willing to assume any potential liability for non-responsiveness to our competition. Please note that this paragraph applies to "applicants." Why would an applicant need to maintain all of the resources if an applicant is not allowed to operate a terminal? I have serious problems with the requirement that we have all manpower in our "area of operation". Does this mean that I must keep all staff required on the payroll ready to respond to a spill? This could be terribly expensive. I am concerned about the cost of maintaining the other resources required.

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The meaning of the term "realistic maximum oil discharge" is very confusing to me. In interpreting the definition, I would presume that, due to our total tank capacity, PSI would be required to plan for a 27,500-bbl. spill. This is ludicrous, since our largest storage tank is only 10,000 bbl. I do not think we should be required to plan to respond even to a 10,000-bbl. spill because these tanks are installed within a lined containment area.

What is the national incidence of complete tank failures? As you see, Section 1(f) would be terribly detrimental to PSI.

-- Sec. 1(g): It will be costly to Petro Star to resubmit a contingency plan every three years. We are currently required to submit a new contingency plan if we change our operations. As I have already stated, the DEC is currently limiting the approval period for these plans to three years. The existing requirement to resubmit plans upon changes in operations seems adequate.

-- Sec. 1(h): The word "reasonable" is subjective and should be defined. ^{Enough resources to carry out plan} The words "sufficient resources" are subjective. ^{immediately} The word "shortest" is very subjective. Is 36 hours the shortest possible time? I interpret the words "best available technology" to mean that we will be required to continually upgrade all of our plan and equipment as new technology is developed. Technology in this area is currently developing very rapidly and we would be hard-pressed to monitor and acquire such technology at the speed that we would probably be required. Why should the Department require an applicant to demonstrate ability through training, exercises and equipment? Would these be required prior to the start-up of a new facility? 7 really?

-- Sec. 1(j): The word "shortest" is subjective.

-- Sec. 2: What is a crude oil facility? In last night's testimony, the pipeline was referred to by the DEC as an adjunct to the Valdez terminal. Could the Petro Star refinery be considered an adjunct to the Valdez

terminal? We currently have less than 1,000 bbls. of crude oil in process at any given time. Does this crude oil make us a crude oil terminal facility? Please define crude oil terminal facility.

-- Sec. 2(d)(2) & (3): We currently deliver to barges on the Tanana and on the Yukon. These barges (Yukon) can be as large as 10,000 bbls. What evidence of financial ability will these barge owners provide us prior to loading fuel? Can we accept a notice from the Department which may have subsequently been rescinded? How will we know for sure? Am I inheriting some liability in this area?

-- My most serious problem with this Bill is the requirement in Section 2(b)(2) to have \$50 million proof of financial responsibility. This would be a very serious problem for PSI and would likely put us out of business. I believe any reasonable person would be hard-pressed to determine how our small operation could possibly generate a \$50 million risk. We currently have \$1 million insurance.

I have highlighted the many concerns I have with SB 504. The Department is over-reacting to the Exxon Valdez spill by imposing requirements on many segments of the State which would be unreasonable. I hope that the Governor, the Legislature and the Department have considered the staffing levels and availability of knowledgeable, experienced personnel to be able to effectively implement the significant changes which the Governor's oil spill packages will create. Also, please consider the punitive nature and level of penalties which SB 432, SB 502 and HB 315 would impose, even under SB 504. Lastly, and most significantly,

please consider my request to input some REASON into any oil spill bills and consider their effects on facilities around the State of all sizes and potential risks. Please consider the consequences to the people of the State as consumers.

I appreciate this opportunity to provide input and would be happy to answer any questions now or at my office tomorrow (488-0730).

STATEMENT OF
MIKE WILLIAMS
Vice President for Environmental Planning & Control
Alyeska Pipeline Service Company
to the
Senate Oil and Gas Committee
on
March 1, 1990

Thank you for inviting Alyeska Pipeline Service Company to describe the Tanker Spill Prevention and Response Plan for Prince William Sound. My name is Mike Williams. I am Vice President for Environmental Planning and Control at Alyeska. Shortly after the EXXON VALDEZ spill, I was transferred by my employer, British Petroleum, to lead the team that developed and implemented Alyeska's new Tanker Spill Prevention and Response Plan that I will describe during my testimony.

My career with BP began in 1958 as an apprentice on board tankers. Ultimately, I earned an unlimited master's license. During the construction of the pipeline, I was assigned to the Marine Department of Sohio.

Alyeska wishes to cooperate with the Legislature in its evaluation and, where appropriate, enactment of the Oil Spill Commission recommendations. We urge, in the process of consideration of any new legislation related to oil spills, that you include comprehensive analysis of federal and state laws. That analysis will be essential to effective, fair and responsible legislation. For the most part, we at Alyeska believe that existing laws provide an adequate framework for prevention and management of oil spills.

and the General Accounting Office, the Commission concluded that it is impossible, given existing technology, to remove all of a catastrophic spill. In a study for the General Accounting Office, ECO, which also provided technical support for the Oil Spill Commission, concluded that if all of the recovery equipment and manpower assembled in Prince William Sound by August last year had been immediately available to respond to the spill, only 35% to 45% of the oil would have been recovered. Few people urge that thousands of people and hundreds of skimmers should be positioned in Prince William Sound, Cook Inlet, southeast and western Alaska to respond if another catastrophic spill occurs.

Instead, most agree with the Oil Spill Commission's recommendation, that in light of the limited ability to recover spilled oil, our first priority should be prevention.

Prevention is the only way to protect the oceans and coastlines from oil spills. Once it reaches the water, spilled oil is extremely difficult to contain and collect, even under ideal conditions. And the conditions under which oil is spilled are seldom ideal.

General Accounting Office data suggest no more than 10-15 percent of oil lost in a major spill is ever recovered.

AOSC Executive Summary, p. 11

As initial responder on behalf of tankers in Prince William Sound, Alyeska has developed a Tanker Spill Prevention and Response Plan that is being reviewed by the state and federal agencies and the public, in a series of 19 public hearings. Prevention of spills from tankers is the first priority in the

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Alyeska's goal is to determine and meet reasonable expectations for prevention efforts and response capability in Prince William Sound. We feel compelled to remind you that even as Alyeska achieves that goal, you still must resolve difficult issues such as the appropriate role for state government in Prince William Sound spill response and the appropriate blend of federal, state and private efforts in the rest of Alaska. During the next year, enactment and implementation of comprehensive federal legislation will establish major new components of a national prevention and response system. Also, the State's planning and response capability mandated last year will be developed during 1990. All involved should strive through coordination and cooperation to achieve maximum benefit from the private and public funds expended.

The Alaska Oil Spill Commission has made several recommendations that are addressed by bills before this Committee. My testimony will describe the prevention and response planning under way at the Valdez Marine Terminal and in Prince William Sound. I will also briefly comment on SB 503 and SB 504. Alaska should encourage prevention and response capabilities that are compatible with other state and federal efforts, are based on achievable, economically realistic standards, and are unambiguous and easily understood by all parties. We at Alyeska are prepared to work with the State to meet those guidelines.

The Oil Spill Commission's report provides an appropriate starting point for your policy deliberations. Like the Coast Guard

and the General Accounting Office, the Commission concluded that it is impossible, given existing technology, to remove all of a catastrophic spill. In a study for the General Accounting Office, ECO, which also provided technical support for the Oil Spill Commission, concluded that if all of the recovery equipment and manpower assembled in Prince William Sound by August last year had been immediately available to respond to the spill, only 35% to 45% of the oil would have been recovered. Few people urge that thousands of people and hundreds of skimmers should be positioned in Prince William Sound, Cook Inlet, southeast and western Alaska to respond if another catastrophic spill occurs.

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plan. A comprehensive risk assessment for Prince William Sound, by a contractor to Alyeska, identified the risks that should be addressed by prevention strategies. Independently of Alyeska's risk assessment and planning work, the Commission's technical experts assessed the risks of spills in Prince William Sound and recommended appropriate prevention strategies.

As shown in the following table, Alyeska has implemented ECO's prevention strategies that are directly applicable to Alyeska.

Before describing the tanker plan for Prince William Sound, I would like to make a few additional comments on the Commission's report.

While reviewing legislation based on the Commission's recommendations, you must independently evaluate the direct and indirect costs to the state. During earlier testimony, Commissioners estimated that implementation of all of its prevention recommendations for Prince William Sound would cost six cents per barrel. Alyeska's prevention and response costs already exceed that level. Not counting administrative and capital costs, we are now spending around \$44,000,000 per year, which equals over seven cents per barrel at an average throughput of 1.9 million barrels per day. That cost per barrel will rise with inflation and declining throughput. Many believe that other areas cannot support the level of protection now in place for Prince William Sound. Obviously, important public policy issues are involved as the Legislature establishes standards for industry and makes appropria-

tions for oil spill programs. We hope that before creating new programs, you determine whether existing ones, with adequate funding, can be molded to meet new demands.

Alyeska agrees with the Commission's conclusion that regulation of industry should meet the expectations of Alaska citizens. In our opinion, the best way to achieve this goal is through a constructive professional relationship between industry and its regulators. We agree with Commissioner Parker's testimony last night that liability is not an effective enforcement tool. To establish and maintain a constructive relationship between the state and industry, regulations must be rational, scientifically based, and predictable. It is critical that agencies - especially the DEC - are adequately funded. Without adequate funding, the DEC is unable to develop and implement clear and concise regulations. Without adequate funding, the agency cannot employ enough qualified employees to interpret and enforce these regulations across all walks of industry. Without good, clear, concise and scientifically accurate regulations, it is difficult -if not impossible - for industry to operate free of controversy with an agency. With funding, both sides benefit.

On the subject of our relationship with the DEC, Alyeska desires to establish a constructive relationship consistent with the need for safety and our prerogative to make daily operational decisions. The Commission has expressed concern about DEC access to the Valdez Marine Terminal. During discussions in November 1989 with DEC personnel in Valdez, we renewed our commitment to provide

TABLE VI-2. COSTS ASSOCIATED WITH
PRINCE WILLIAM SOUND MARINE TRANSPORTATION SYSTEM
MODIFICATIONS *

<u>SYSTEM MODIFICATION</u>	<u>ALYESKA PREVENTION EFFORTS</u>
GROUP I	GROUP I
1. Mandatory Drug and Alcohol Testing	1. Alcohol testing for Masters and Crew
2. Emergency and High-risk Navigation Area Training	2. Endorse Navigation Committee
3. Port Closure System	3. Endorse Navigation Committee
4. Two Person Watchstanding Requirement	4. Vessel prerogative
5. Improved Loading/Unloading Procedures	5. All vessels boomed at Terminal; booms monitored
6. Local Spill Prevention Involvement	6. Regional Citizens Advisory Committee; Area and Community Response Centers
7. Spill Response Equipment Coordination	7. Incident Command System; predesignated call out, including contracts with fishermen
 GROUP II	 GROUP II
1. Vessel Monitoring System	1. Support mandatory Vessel Traffic System
2. Traffic Separation Lanes with One-Way Traffic	2. Vessels to stay in lane; reduce speed if encounter ice. One way traffic in Valdez Narrows
3. Designated Anchorage Areas	3. In Spill Prevention and Response Plan
4. Emergency Response Pollution Control Vessels	4. Five ERV's in Valdez. Two vessels escort laden tankers
5. Improved Loading/Unloading Design	5. Will review when full response available
 GROUP III	 GROUP III
1. Improved Tanker Design	1. Issues for tankers

* Reproduced based on Table VI-2, ECO Report to Alaska Oil Spill Commission

rapid, escorted access to the DEC in Valdez that would not delay or impede legitimate regulatory processes. Recently, I have discussed access with DEC officials and believe we will agree that DEC employees will be allowed to proceed immediately, without escort, to vessels or to an office on the terminal provided by Alyeska. Escorts to other areas from the DEC office on the terminal will be provided within 10 minutes of the request. In turn, we believe that local and state government agents should conduct an exit interview after inspecting a facility and should, as a matter of course, provide written documents generated as a result of a site visit. We anticipate receiving this cooperation from the DEC in the future.

Alyeska also agrees with the Commission recommendation that the company employ an executive whose principal responsibility is to achieve compliance with environmental regulations. That is my job which Alyeska's new President, Jim Hermiller, created last fall. Alyeska has created a new division, which I head, employing approximately 50 people with an additional 100 people employed under contract as crews on the Emergency Response Vessels and as spill response workers. For the past nine months, I have focused much of my energy on directing the development of a new spill prevention and response plan for Prince William Sound. I am also responsible for environmental compliance company-wide and will provide internal review of contingency planning and preparedness and response to spills.

I would like to summarize the prevention and response systems that I mentioned earlier. State and federal law places liability and clean up responsibility for an oil discharge on the spiller - in this case a tanker owner/operator. As operator of the pipeline, Alyeska has no direct affiliation with tanker owners and operators. However, to centralize prevention and initial response efforts on behalf of those tankers, Alyeska has developed the Prince William Sound plan. Once approved, the Tanker Spill Prevention and Response Plan developed by Alyeska will be incorporated into tanker contingency plans that must be approved by the DEC for each vessel in the TAPS trade. Alyeska will contract with the vessels to provide this service. Those contracts and the vessel plans will prescribe an orderly transition of spill response management from Alyeska to the vessel in the event of a large spill. An overview of the plan is submitted for your reference. One copy of the three volume plan is provided to the Committee.

Alyeska agrees with the Commission that recovery of all the oil from a catastrophic spill is impossible and, therefore, prevention is the first priority. Programs to prevent tanker accidents in Prince William Sound include:

1. Tanker crew members returning from shore leave are tested for alcohol if their conduct or breath odors indicate consumption.
2. Tanker masters are given a breathalyzer test within one hour prior to sailing.

3. Drug testing will be implemented once federal regulations are in place.
4. Alyeska installed new communications sites in Prince William Sound in order to maintain radio contact with tankers in the Sound.
5. Each laden tanker is escorted in Prince William Sound by two vessels that have the capability to tow a fully loaded tanker. This system proved its effectiveness when the vessel Atigun Pass lost power in the vicinity of Bligh Reef and was taken under tow by its escorts.
6. Alyeska supports Coast Guard operation of an appropriate Vessel Traffic System in Prince William Sound.
7. Through its escort system, Alyeska has obtained tanker agreement to abide by traffic rules in Prince William Sound, including a 10 knot speed limit, no deviation from traffic lanes, and a decrease in speed when ice is encountered.
8. Alyeska will not provide escort services if the weather in the Sound would appear to create unacceptable safety hazards for personnel on the ERV. Through this approach, Alyeska is in effect saying tankers will not sail in bad weather. We are building an experience base to determine the safe operating conditions. Presently, if bad weather

develops during the transit of the Sound, the Coast Guard and the masters decide how to proceed.

9. We are working with the Coast Guard to develop rules governing tanker operations in the port area during adverse weather conditions.

Prevention strategies must be backed up by appropriate oil spill response strategies. Alyeska's strategies are based on the assumptions that oil will spread rapidly once it is on water, and that weathering and changing environmental factors make recovery more difficult as time passes. If a spill occurs, our initial strategy will be to control the oil as close to the source as practical. Then we will endeavor to remove the oil quickly, prior to weathering or loss of control due to weather or sea conditions.

To enable these two fundamental strategies, booming and skimming equipment is kept in proximity to laden tankers traveling through the Sound. Under the tanker plan, response capability includes:

1. Rapid response with booms and sea skimmers from at least one of the escort vessels.
2. Additional large scale skimming and lightering capability from vessels anchored in Prince William Sound midway along the tanker route.
3. Additional ocean skimming equipment and response material in Vaidez.

4. Pre-positioned equipment and pre-trained spill responders in communities and hatcheries.
5. Larger stockpiles of dispersants and Alaska-based application equipment.
6. Larger stockpiles of fire boom and igniters for in situ burning.

Alyeska's response to a tanker spill will utilize the Incident Command System (ICS), recommended to us by Prince William Sound communities and wholeheartedly endorsed by the Oil Spill Commission. This ICS will be tailored to facilitate coordination between industry and government response efforts and to structure transition of response management from Alyeska to the spiller. Alyeska held its first major desk top drill of the Incident Command System in Valdez the last week of January 1990. Alyeska, shippers and government personnel, along with representatives of potentially impacted communities participated in, and critiqued, the drill. It may be of interest for you to know that BP used the ICS system developed by Alyeska in its successful response to the Huntington Beach spill.

It is essential to note that despite our desire and commitment to prevent an oil spill, or to clean up as much oil as possible after a spill, there can be no guarantee that all accidents will be prevented or all spilled oil recovered. Nonetheless, we believe the prevention and response systems now in place are second to none.

Alyeska is funding and working with an independent citizens advisory committee that represents a cross-section of the concerned communities, to evaluate these new measures and assist our training and diligence. Our goal for Alyeska is to meet our responsibility to the people of Alaska while operating the pipeline efficiently. We are receptive to your suggestions, on behalf of your constituents.

I would like to conclude with a few general comments on SB 503 and SB 504.

SB 503. At the urging of Prince William Sound communities, and with the support of the Commission, Alyeska has developed an Incident Command System to organize its response to tanker spills. The system will be used to manage industry response internally, coordinate it with federal and state response to a spill and establish the capability for rapid, military style decision making. However the state allocates response capability, state responders should be at least as well trained as their industry and federal counterparts and should be prepared to make decisions as rapidly as necessary. This may require making decisions based on limited information or based on tradeoffs that seem appropriate at the time. State and regional plans should be designed to effectively integrate the state response with other efforts. Industry should be encouraged to participate in all of the state's response planning and on commissions that oversee the government effort.

SB 504. Alyeska's primary concern with this bill is what response capability will be required. Last night, Walt Parker, Chairman of the Oil Spill Commission, reiterated that complete removal of a catastrophic spill is an unachievable goal with existing technology. As a result, you must establish a policy that will create achievable standards applicable throughout Alaska. Alaska law should encourage and nurture prevention. After prevention, we would suggest that on hand response capability focus on the most likely spills. In addition, in Prince William Sound, we are preparing for another catastrophic event of 250,000 barrels. Because of numerous variables, neither Alyeska nor the tankers can guarantee removal of all the oil spilled. With the civil and criminal penalties in place, no responsible business would guarantee recovery of a large spill. If legislation requires unattainable performance guarantees, our operation would end and the state would be presented with the difficult goal of meeting its energy needs when businesses are not capable of providing guarantees for movement of refined and crude petroleum.

Rather than seeking unachievable guarantees for worst case spills, the state should require transporters to have realistic crisis management plans that detail equipment and manpower mobilization for response in the event of a worst case spill. Rather than requiring a replication of these large scale mobilization plans for each facility and vessel covered by this legislation, the state's master plan should provide a system to be utilized by all in the state. This could be achieved by a coopera-

tive planning effort between transporters and the state. The final crisis management plan could be incorporated into each individual plan.

After we hear more about this legislation from the administration, we would appreciate the opportunity to comment further on specific issues that are of concern.

Thank you for the opportunity to testify this evening.

TESTIMONY - HB 567

MY NAME IS DAVE BOUKER. I AM THE GENERAL MANAGER OF NUSHAGAK ELECTRIC COOPERATIVE, A SMALL RURAL NON-PROFIT ELECTRIC UTILITY WHICH PROVIDES POWER TO THE COMMUNITIES OF DILLINGHAM AND ALEKNAGIK.

I AM HERE TO TESTIFY ON HB 567 AND MORE SPECIFICALLY ON THAT SECTION WHICH MODIFIES AS 46.04.040 TITLED, "PROOF OF FINANCIAL RESPONSIBILITY."

AT THIS TIME, AN OIL TERMINAL OPERATOR OF A FACILITY WITH 10,000 BARRELS (BBLs) OF STORAGE, OR GREATER, IS REQUIRED TO SHOW ABILITY TO SELF-INSURE OR TO HAVE AN INSURANCE POLICY OF \$1 MILLION TO INDICATE PROOF OF FINANCIAL RESPONSIBILITY FOR A SPILL DURING TRANSFER OPERATIONS. THE POLICY WHICH WE CURRENTLY HAVE IN FORCE IS WRITTEN BY LLOYDS OF LONDON AND COSTS US IN EXCESS OF \$21,000 PER YEAR.

THE PROPOSED HB 567 WOULD INCREASE THE REQUIRED COVERAGE FROM \$1 MILLION TO \$50 MILLION. AN INCREASE OF 50 FOLD. WE HAD EXTREME DIFFICULTY IN OBTAINING THE EXISTING POLICY BECAUSE NO U.S. CARRIER WOULD TOUCH IT. OUR NET WORTH IS LESS THAN \$2 MILLION AND I DO NOT BELIEVE THAT WE ARE INSURABLE FOR ANYTHING OVER THAT AMOUNT.

WE ARE LOCATED NORTH OF DUTCH HARBOR AND THIS MEANS THAT WE CAN ONLY RECEIVE FUEL DELIVERY DURING THE SUMMER MONTHS. THEREFORE, WE

HB 567 Testimony, Page 2

HAVE TO HAVE THE STORAGE CAPACITY TO CARRY US THROUGH FROM SEPTEMBER TO MAY OR JUNE. THE LOCAL WHOLESALE DISTRIBUTOR IS IN MUCH THE SAME POSITION. IF THE INSURANCE COVERAGE REQUIREMENTS INCREASE 50 FOLD, YOU CAN BE ASSURED THAT THE ATTENDANT COSTS OF THAT INSURANCE WILL MEAN SUBSTANTIAL INCREASE IN COST OF POWER, HEATING FUEL, AND GASOLINE TO RURAL COMMUNITIES LEAST ABLE TO PAY.

ONE POSSIBLE ALTERNATIVE TO THIS ISSUE MIGHT BE TO INCREASE THE EXEMPTION IN AS 46.04.050 TO 50,000 BBLs OF REFINED PRODUCTS, BECAUSE THEY ARE FAR LESS DANGEROUS THAN CRUDE AND RAPIDLY DISSIPATE IN THE ATMOSPHERE IN THE EVENT OF A SPILL. IN ADDITION, AN EXEMPTION AT THIS LEVEL WOULD PROBABLY ACCOMMODATE MOST FUEL INVENTORIES IN WESTERN ALASKA. HOWEVER, THIS ASPECT SHOULD BE LOOKED INTO BEFORE ANY FINAL DECISION IS MADE.

WE BELIEVE THAT THE CATASTROPHE OF THE OIL SPILL IN PRINCE WILLIAM⁶ SOUND GENERATED THIS BILL. HOWEVER, IT SHOULD BE NOTED THAT THE OIL COMPANIES ARE NOT AS FINANCIALLY IMPACTED BY THE BILL AS THE SMALL RURAL COMMUNITIES BECAUSE MOST OF THE OIL COMPANIES ARE FINANCIALLY SOUND ENOUGH TO SELF-INSURE WHILE WE HAVE TO IMMEDIATELY PUT UP THE CASH TO BUY INSURANCE FROM SOME FOREIGN ENTITY OR PURCHASE A LETTER OF CREDIT AND, OBVIOUSLY, WE WILL HAVE DIFFICULTY IN PURCHASING A \$50 MILLION LETTER OF CREDIT. I WOULD URGENTLY RECOMMEND THE COMMITTEE TO REVIEW THESE PROPOSED REQUIREMENTS AND THEIR ECONOMIC IMPACT BECAUSE THEY APPEAR TO PRESENT IMPOSSIBLE CONDITIONS TO US. (3/9/90:lwb\rptdb)

PETRO STAR INC.

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P.O. Box 56239
North Pole, Alaska 99705

Walt Schlotfeldt
President

March 7, 1990



Mr. Curt Menard
Co-Chair
House Resources Committee
Alaska State Legislature
P.O. Box V (M-3100)
Juneau, Alaska 99811

RE: HB 567

Dear Chairman Menard:

I would like to preface my comments on HB 567 with an introduction to our company. Petro Star is a wholly owned subsidiary of the Arctic Slope Regional Corporation. Our operations include the refining and distribution of heating/diesel fuel products in Alaska, primarily the Interior. Our refinery takes approximately 6,500 bpd of State of Alaska Royalty Crude from the Trans-Alaska Pipeline. Approximately 1,500 bpd of heating/diesel fuels are produced and stored in five tanks ranging in size from 2,500 bbls to 10,000 bbls. Our total storage capacity at the refinery is 27,500 bbls. These products are distributed by truck to our customers. We have outlets in Fairbanks, North Pole and Delta Junction.

I have many concerns with HB 567. I would like to raise my concerns point by point, starting at the beginning of the Bill.

-- Under existing statutes, "A person may not cause or permit the operation of an oil terminal facility in the State unless an oil discharge plan for the facility has been approved by the Department..." Due to the delays incurred in obtaining approval from the Department, for whatever reasons, I suggest that this be amended to "submitted." This would then place the burden on the DEC to quickly review the plan and make their recommendations in a timely manner. This is especially important if SB 502 is passed, and penalties of from \$2,500 to \$100,000 per day may be assessed. Petro Star just received (after four months) approval of our plan. The DEC's approval gives us one month to modify, with their specific

recommendations, our submitted plan. It's approval is limited to a three-year period. We also must re-submit for approval of a new plan once the Department has finalized their review and revisions of contingency plan approval criteria.

-- Sec. 1(a): Adding the language "...and has been properly implemented" is very subjective.

-- Throughout the Bill, the words "tanker vessel" and "tank vessel" are used interchangeably. Although this Bill does not affect tanker trucks, the current definition of tank vessels ("tank vessel" means a self-propelled vessel that is constructed or converted to carry liquid bulk cargo in tanks...) appears to allow tanker trucks to be "tank vessels". This should be clarified. HB 315 was amended to correct this in the House Judiciary Committee. Their amendment defines tank vessel as "a vessel that is constructed or adapted to carry or that carries, as a means of transportation by water, oil or hazardous material in bulk as cargo or cargo residue."

-- Sec. 1(d): The term "timely" is very subjective and should be further defined.

-- Sec. 1(e): The approval of an oil spill contingency plan is currently not an easy process. Approval may be delayed for significant periods of time. DEC is charged with protecting the environment of Alaska. The inclusion of the Department of Fish & Game and the Department of Natural Resources in the approval process would be a serious mistake. I can envision the requirements of contingency plans expanding exponentially to the point of meaninglessness. The time to get approval on a plan would be lengthened. The practicality and effectiveness of a plan would be questionable.

-- Sec. 1(f): This section is totally unreasonable. Requiring applicants for oil discharge contingency plans to maintain all of the resources necessary to remove a spill in its area of operation (on-site) is totally unrealistic. What does "shall maintain in its area of operation" mean? The industry would probably have difficulty in

committing to a pooling of resources because we are not willing to assume any potential liability for non-responsiveness to our competition. Please note that this paragraph applies to "applicants." Why would an applicant need to maintain all of the resources if an applicant is not allowed to operate a terminal? I have serious problems with the requirement that we have all manpower in our "area of operation". Does this mean that I must keep all staff required on the payroll ready to respond to a spill? This could be terribly expensive. I am concerned about the cost of maintaining the other resources required.

The meaning of the term "realistic maximum oil discharge" is very confusing to me. In interpreting the definition, I would presume that, due to our total tank capacity, PSI would be required to plan for a 27,500-bbl. spill. This is ludicrous, since our largest storage tank is only 10,000 bbl. I do not think we should be required to plan to respond even to a 10,000-bbl. spill because these tanks are installed within a lined containment area. What is the national incidence of complete tank failures? As you see, Section 1(f) would be terribly detrimental to PSI.

-- Sec. 1(g): It will be costly to Petro Star to resubmit a contingency plan every three years. We are currently required to submit a new contingency plan if we change our operations. As I have already stated, the DEC is currently limiting the approval period for these plans to three years. The existing requirement to resubmit plans upon changes in operations seems adequate.

-- Sec. 1(h): The word "reasonable" is subjective and should be defined. The words "sufficient resources" are subjective. The word "shortest" is very subjective. Is 36 hours the shortest possible time? I interpret the words "best available technology" to mean that we will be required to continually upgrade all of our plan and equipment as new technology is developed. Technology in this area is currently developing very rapidly and we would be hard-pressed to monitor and acquire such technology at the speed that we would

probably be required. Why should the Department require an applicant to demonstrate ability through training, exercises and equipment? Would these be required prior to the start-up of a new facility?

-- Sec. 1(j): The word "shortest" is subjective.

-- Sec. 2: What is a crude oil facility? In last night's testimony, the pipeline was referred to by the DEC as an adjunct to the Valdez terminal. Could the Petro Star refinery be considered an adjunct to the Valdez terminal? We currently have less than 1,000 bbls. of crude oil in process at any given time. Does this crude oil make us a crude oil terminal facility? Please define crude oil terminal facility.

-- Sec. 2(d)(2) & (3): We currently deliver to barges on the Tanana and on the Yukon. These barges (Yukon) can be as large as 10,000 bbls. What evidence of financial ability will these barge owners provide us prior to loading fuel? Can we accept a notice from the Department which may have subsequently been rescinded? How will we know for sure? Am I inheriting some liability in this area?

-- My most serious problem with this Bill is the requirement in Section 2(b)(2) to have \$50 million proof of financial responsibility. This would be a very serious problem for PSI and would likely put us out of business. I believe any reasonable person would be hard-pressed to determine how our small operation could possibly generate a \$50 million risk. We currently have \$1 million insurance.

I have highlighted the many concerns I have with HB 567. The Department is over-reacting to the Exxon Valdez spill by imposing requirements on many segments of the State which would be unreasonable. I hope that the Governor, the Legislature and the Department have considered the staffing levels and availability of knowledgeable, experienced personnel to be able to effectively implement the significant changes which the Governor's oil spill packages will create. Also, please consider the punitive nature and level of penalties which SB 432, SB 502 and HB 315 would impose, even under HB 567. Lastly, and most significantly,

Chairman Curt Menard
March 7, 1990
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please consider my request to input some REASON into any oil spill bills and consider their effects on facilities around the State of all sizes and potential risks. Please consider the consequences to the people of the State as consumers.

I appreciate this opportunity to provide these comments, and would be happy to answer any questions that you may have.

Sincerely,



Walt Schlotfeldt
President

Chevron



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

FAX TRANSMITTAL RECORD

FAX NUMBER - (907) 452-1033
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Date Mar. 8 1990

TO: House Resources Committee ATTN: _____

FAX: % Rep. Sharp (Gloria) SUBJECT: H.B. - 567

1-465-2294 (#Pages Sent: This plus one)

Message: Testimony offered to members of the House Resource Comm.
relative to H.B.-567:

My name is Bernie Saupe' - I have owned and operated a small fuel distributorship here in Fairbanks for 15 years.

I appreciate the opportunity to testify, because I'm one of the little guys that will be put out of business by this Bill.

It is heartening to me, and to others like me, to know that you all share the concern, confusion, and uncertainty that we feel regarding H.B.-567. I applaud any attempts to identify exactly what the Bill will require, and I share your fear that the regulations may not coincide with the intent of the Bill.

The chairman of the study commission stated that their study included 3 large marine terminals and huge ocean-going super-tankers - yet the requirements proposed in "567" include little operations like my Fairbanks bulk plant! In fact, plants as small as 1/4 our size, along with many river barges, would also be put out of business by "567" - many rural villages depend on facilities like these for economical fuel delivery! (I might note here that while we have almost 40,000 Bbls. of storage on site, we typically use only about 5,000 Bbls. at any given time.)

The DEC has indicated an adequate contingency plan includes virtually absolute and predictable control of 250,000/barrel releases. "567" requires me and many others like me to maintain the capability of recovering an unspecified portion of such a spill in an unspecified period of time. This is totally unrealistic - first of all, it would literally take us a whole year to spill that much product, based on our average thru-put for any 12-month period. A year-long spill is probably as unlikely a scenario as our being able to meet "567"'s requirements! Secondly, if it's impossible for major companies like Arco Shipping to comply with this contingency plan, it's utterly ridiculous for anyone our size to even suggest we could comply in any respect!

It's pretty obvious there are significant differences between a 1,000-foot ocean-going vessel and our little plant on Illinois St. There are worlds of differences between us and an Alyeska, or a Nikiski, or even a Drift River. There are even major differences between us and the 3 other plants like mine that are within 600 feet of my office! Yet "567" fails to see any difference between all of these examples! Again, if folks like Arco can't comply, it's clear that I and dozens of others like me, are instantly out of business!

Even greater and more immediate impacts are revealed by the "fantasy-world" financial-responsibility requirements of "567". It would be sheer hysteria for me to even anticipate \$50 million coverage from any source! If my customers would tolerate a 20 or 30¢ increase in my prices, I might be able to handle premiums for a year or so, but there's still nobody out there to offer the coverage if I could afford it! The \$50 million requirement would instantly strangle my business, and my company could then be faced with a subsequent bankruptcy.


For the last 4 or 5 years, we've been hard-pressed to obtain the \$1 million coverage presently required - and we usually have only one carrier available to write it. Several years ago I attempted to add an extra umbrella of \$500,000 but the additional premium for just the $\frac{1}{2}$ million extra was \$53,000!! Multiply that sort of costs by a 50-fold increase, and you could only guess what the annual premium might be!

Fortunately I don't have to attempt such estimates and projections. I'd like to quote verbatim from a letter I received ~~Monday~~ from my insurance broker: Quote:

"The limit of \$50 million per incident is simply not available for an operation of your size in today's marketplace. Underwriters I contacted stated not only no, but "Hell No."..... and,

"If, by some stretch of the imagination, this limit was available to you, the cost of this coverage alone would be in the neighborhood of half a million dollars." End of Quote.

I don't know what else I could tell you, or of any nicer way to say it - so I'll just say thanks for hearing me, and I sincerely hope you'll remember all us little guys out here while you figure out what our future may hold! Thanks again!


Bernie Saupé

COMMENTS OF EXXON COMPANY, U.S.A.

TO

HOUSE RESOURCES COMMITTEE

ON

HB 566 AND HB 567

MARCH 9, 1990

GOOD AFTERNOON. MY NAME IS MICHAEL SMITH AND I AM THE ALASKA AREA ATTORNEY FOR EXXON'S ALASKA OPERATIONS. I WELCOME THE OPPORTUNITY TO PROVIDE EXXON'S COMMENTS TODAY REGARDING HB 566 AND HB 567. ALTHOUGH THESE BILLS ARE BOTH PART OF THE ADMINISTRATION'S PACKAGE, THEY ARE IN REALITY QUITE DIFFERENT FROM ONE ANOTHER IN PURPOSE AND EFFECT. EXXON SUPPORTS REASONABLE LEGISLATION AIMED AT PREVENTION OF OIL SPILLS. WE ALSO SUPPORT IMPROVING THE STATE'S ABILITY TO EFFICIENTLY RESPOND TO ANY EMERGENCY.

THE ALASKA OIL SPILL COMMISSION STATED, IN ITS FINAL REPORT, THAT THE STATE'S RESPONSE TO THE EXXON VALDEZ ACCIDENT WAS MARRIED BY BUREAUCRATIC CONFUSION. HOUSE BILL 566 APPEARS INTENDED TO IMPLEMENT SOME OF THE COMMISSION'S RECOMMENDATIONS TO CORRECT THIS.

HB 566 PROPOSES CHANGES IN THREE MAIN AREAS: GIVING THE GOVERNOR SPENDING AUTHORITY OVER THE HAZARDOUS SUBSTANCE RELEASE FUND, GIVING THE DEC THE LEAD ROLE IN RESPONDING TO EMERGENCIES, AND STATUTORILY AUTHORIZING THE ALASKA STATE EMERGENCY RESPONSE COMMISSION.

WHILE THESE ARE OBJECTIVES THAT MAY NEED TO BE ADDRESSED, HB 566 IN ITS PRESENT FORM RAISES SOME QUESTIONS. OUR MAJOR CONCERN WITH THE BILL IS THAT IT UNFORTUNATELY LEAVES CONSIDERABLE ROOM FOR CONFUSION AS TO THE RESPECTIVE ROLES OF THE DEC AND THE DEPARTMENT OF MILITARY AFFAIRS, DIVISION OF EMERGENCY SERVICES. IN AN EMERGENCY, IT IS CRITICAL THAT ALL OF THE PARTIES INVOLVED, BOTH PUBLIC AND PRIVATE, UNDERSTAND WHO IS IN CHARGE OF WHICH ASPECTS OF THE RESPONSE EFFORT. THE OIL SPILL COMMISSION INVESTIGATION AND OTHER SOURCES HAVE DISCUSSED THE CONFUSION, AND TENSION THAT EXISTED BETWEEN DEC AND DES DURING THE VALDEZ EMERGENCY. THE

COMMISSION RECOMMENDS THAT DES, UNDER THE DEPARTMENT OF MILITARY AFFAIRS, HAVE THE CLEAR LEAD AUTHORITY IN THESE MATTERS. UNFORTUNATELY THE CURRENT LANGUAGE IN SECTIONS 3 AND 5 OF HB 566 RAISES A QUESTION AS TO "WHO'S ON FIRST?" HERE. SECTION 3 OF THE BILL SEEMS TO MAKE THE DEC LEAD AGENCY, YET THE LANGUAGE IN SECTION 5 APPEARS TO PRESERVE A SOMEWHAT INDEPENDENT ROLE FOR DES AND STATES THAT THE DEC SHALL COORDINATE ITS RESPONSE TO A CATASTROPHIC OIL DISCHARGE WITH THE DES EMERGENCY RESPONSE. THERE ARE NO GUIDELINES AS TO HOW DEC AND DES SHALL "CONSULT AND COORDINATE" IN EMERGENCY SITUATIONS. THUS, THERE IS STILL THE POTENTIAL CONFLICT BETWEEN THESE AGENCIES. EXXON BELIEVES THAT A CLEARLY DEFINED SINGLE LEAD STATE AGENCY OPERATING UNDER THE DIRECTION OF THE GOVERNOR IS THE APPROPRIATE METHOD TO DIRECT THE RESPONSE OF THE STATE TO AN EMERGENCY. IF IT IS AN ENVIRONMENTAL MATTER, THE DEC WOULD CERTAINLY HAVE A ROLE AS A SCIENTIFIC ADVISOR.

WITH REGARD TO THE GOVERNOR'S AUTHORITY OVER THE HAZARDOUS SUBSTANCE RELEASE FUND, THERE IS NO INDICATION IN HB 566 AS TO WHAT ROLE, IF ANY, THE LEGISLATURE SHOULD PLAY IN AUTHORIZING OR REVIEWING THE USE OF FUNDS. WE MERELY RAISE THIS POINT AS AN AREA WHICH THE COMMITTEE MAY WISH TO ADDRESS.

OVERALL HB 566 PRESENTS QUESTIONS WHICH ARE CRITICAL TO THE PROPER MANAGEMENT OF AN EMERGENCY. WITH SOME THOUGHTFUL CHANGES THIS LEGISLATION COULD SIGNIFICANTLY ENHANCE THE STATE'S RESPONSE CAPABILITY AND ALLOW IT TO WORK CONSTRUCTIVELY WITH ALL OTHER PARTIES INVOLVED. AS WRITTEN IT WOULD ONLY MAKE EMERGENCIES MORE DIFFICULT.

UNFORTUNATELY, HB 567 WILL NOT BE AS EASY TO REPAIR. THE APPROACH ADOPTED IN HB 567 IS FUNDAMENTALLY FLAWED. THE AVOWED GOAL IS PREVENTION OF POLLUTION, HOWEVER, IN REALITY THE ONLY WAY THAT THIS BILL MIGHT REDUCE THE RISK OF OIL SPILLS IN ALASKA IS BY DRIVING SOME OPERATORS WHO HANDLE OIL TO FORSAKE THE OPPORTUNITY TO DO BUSINESS IN THIS STATE. TAKEN AS A WHOLE, THIS BILL IS ENTIRELY UNREALISTIC. WHILE WE RECOGNIZE THE NEED FOR REASONABLE OVERSIGHT AND ENFORCEMENT AUTHORITY TO PROTECT THE ENVIRONMENT, HB 567 IS PATENTLY EXCESSIVE. EVEN THE LARGEST OPERATORS WILL BE UNABLE TO COMPLY WITH SOME OF THE PROPOSED REQUIREMENTS. IN ADDITION, OTHER SMALLER COMPANIES THAT PROVIDE VITAL SERVICES TO MANY OF THE STATE'S COMMUNITIES COULD FIND IT FINANCIALLY IMPOSSIBLE TO CONTINUE OPERATIONS.

WE HAVE FOUR SPECIFIC AREAS OF MAJOR CONCERN WITH HB 567. THE FIRST IS WITH THE VAGUENESS OF ITS LANGUAGE AND THE LACK OF MEANINGFUL DEFINITIONS IN THE BILL. THE SECOND IS THE SWEEPING POWER HANDED TO DEC WITHOUT EITHER LIMITS OR CLEAR LEGISLATIVE GUIDANCE. THIRD, IT SETS UNREALISTIC GOALS WHICH ARE VIRTUALLY IMPOSSIBLE TO ATTAIN, AND FINALLY, IT CONTAINS FINANCIAL RESPONSIBILITY REQUIREMENTS UNRELATED TO RELATIVE RISKS WHICH WOULD BE IMPOSSIBLE FOR MANY CURRENT SHIPPERS AND SUPPLIERS TO PROVIDE. WITH YOUR INDULGENCE, I WOULD LIKE TO TAKE THIS OPPORTUNITY TO BRIEFLY POINT OUT SOME OF THE PARTICULARLY TROUBLESOME PROVISIONS.

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

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

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

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

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

THESE ARE BUT A FEW OF THE MORE NOTABLE REASONS WHY HB 567 SHOULD NOT BE PASSED INTO LAW. TAKEN AS A WHOLE, THE BILL OFFERS NOTHING WHICH WOULD ACCOMPLISH THE PRIMARY GOAL IDENTIFIED BY THE OIL SPILL COMMISSION - PREVENTION. EXXON AGREES WITH THE COMMISSION THAT PREVENTION IS THE BEST AND MOST REALISTIC WAY TO AVOID ENVIRONMENTAL DISASTERS. WE ARE WILLING TO WORK WITH ALL APPROPRIATE GOVERNMENTAL AUTHORITIES TO ACHIEVE THAT COMMON GOAL.

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3/8/90

BP EXPLORATION (ALASKA), INC.
Testimony Before the House Resources Committee
March 9, 1990

Good afternoon, my name is John Ringstad. I am representing BP Exploration (Alaska). Thank you for giving BP the opportunity to comment on House Bills 565, 566 and 567. While most of BP's comments will be directed towards this legislation, it is important to understand that oil spill legislation combined with other state and federal actions, will implement Alaska's total oil spill response program. To accurately judge any piece of legislation, the entire program must be viewed as a whole. Therefore, my comments also address the general subject of laws affecting oil spill response.

HB 565

House Bill 565 increases the penalties on all oil spills. BP Exploration doesn't handle any refined productions in Alaska, so a good portion of this bill doesn't apply directly to us. BP does believe, however, that these types of penalties would be very damaging to many smaller businesses in Alaska who do distribute refined oil products.

Imposition of the required penalties on crude oil and refined product spills of any size (by deleting the 18,000 gallon minimum) will discourage additional development of marginal oil reserves, result in increased paperwork and discourage the reporting of all spills as we now do.

HB 566

Portions of House 566 attempt to implement recommendations made by the Alaska Oil Spill Commission. BP supports the Oil Spill Commission's recommendation that the Division of Emergency Services be given primary responsibility to respond to an oil spill. The Division of Emergency Services, as part of the Department of Military and Veteran's Affairs, uses a military command structure and has experience in dealing with complicated logistics and supply problems. This type of experience and operational command is exactly what is needed in an oil spill response. Experience plus a clear and effective chain of command will promote prompt decisions and a rapid response to a spill.

While the Department of Environmental Conservation has scientific and technical expertise, it is not as well equipped as the Division of Emergency Services to deal with the logistics of responding to a spill. Consequently their services should be used to provide the Division of Emergency Services with scientific and technical direction, in coordination with the applicable facility, regional or state oil spill plan as ultimately developed by the DEC. As the Oil Spill Commission recommended, the Division of Emergency Services should be the lead State Agency for oil spill response.

House Bill 567

House Bill 567 seeks to strengthen oil spill contingency requirements, increase financial responsibility requirements, and give the Department of Environmental Conservation the authority to inspect

the structural integrity of tank vessels and oil barges. Viewed in the abstract, these goals are reasonable. However, when the bill is examined section by section, it becomes increasingly apparent that these new provisions are unreasonable as well as impractical.

1. Delays in Reviewing Oil Spill Contingency Plans. In the past, the DEC has not been able to review or approve oil spill contingency plans in a timely manner. For example, since January 1988, BP has had its Prudhoe Bay and Endicott oil spill contingency plans pending before the DEC. If HB 567 was enacted tomorrow, both fields would be required to cease operations because the spill contingency plans had not been approved. While the extensive administrative discretion incorporated in HB 567 might permit waivers to be granted by the DEC, essentially HB 567 relinquishes all decisions about the operation of oil terminal facilities and tanker vessels or oil barges to the DEC. BP believes that the DEC is not the appropriate agency to exercise such discretion. Further, any legislation which links continued operation of a facility with approval of the oil spill contingency plan should also contain provisions which force approval of submitted plans within a definite time, and which outlines the contents of an acceptable plan.

2. The Cleanup Standard. Subsection (f) of Section .030 requires the permittee to maintain "in its area of operation . . . sufficient oil discharge containment, storage, transfer, and

removal equipment, manpower and resources to rapidly contain a realistic maximum oil discharge and remove that discharge within the shortest possible time." A maximum oil discharge is further defined as the DEC's estimate of the maximum and most damaging oil discharge that could occur during the life of a facility. The magnitude of oil produced from North Slope fields and the immense volume of oil transported through TAPS make literal application of this provision impossible. Even though significant changes have occurred in cleanup capability at the Valdez terminal, the concept of maintaining equipment and manpower equal to what was required during the Exxon Valdez disaster across the entire North Slope and along the entire length of the pipeline is simply unworkable.

3. Financial Responsibility. While it is desirable to require proof of financial responsibility for operators of facilities subject to this legislation, the increase in limits and the use of ambiguous language in the legislation combine to make it difficult, if not impossible, to implement the provisions of the bill. For example, the legislation requires that the limits be on a "per incident" basis but the meaning of this phrase is not defined in the bill. The Committee should also be aware that the continued operation of the facilities covered by the legislation is conditioned upon obtaining proof of financial responsibility. Consequently, the feasibility of insurance should be understood before a provision of this nature is adopted.

4. Inspection of Tanker Vessels and Oil Barges. The U.S. Coast Guard currently inspect tanker vessels and oil barges; this legislation would establish a second regulatory regime requiring inspection by the DEC, an agency with no previous experience in this area. Inspection of tanker vessels and oil barges is a specialized, complicated and sometimes dangerous process requiring entry into the compartments where oil is stored. The legislation provides no guidelines for the methods or frequency of inspections to be provided by DEC. Further, there is no evidence of appropriate fiscal or manpower resources within DEC to implement such a program. Rather than renewed testing of the limits of Alaska's jurisdiction in this area, a more constructive approach would be to require close cooperation between the Coast Guard and the DEC concerning the approval of tanker vessels.

In closing, BP hopes that this committee view the entire oil spill legislative and regulatory program before enacting specific pieces of legislation. BP will continue to help and assist in this process.



Alaska State Legislature

Senator Zharoff &
Local Senator & the
House Resources

Please enter into the record my testimony to the House Resources committee name

committee on See below , dated 9 March 90
bill/subject

SUGGEST:

HOUSE BILL NO. 565 - SECTION 1, AS 46.03.758(a)(2)(1),
(c) \$50.00 per gallon of oil that enters an unconfined salt-
water environment . . . <Pg 3, 1>

HOUSE BILL NO. 566

Under Sec 46.13.040 suggest the designee
for the Department of Environmental Conservation
be ~~a person~~ in charge of keeping an up to
date "Emergency Response Plan". Up dating
the Local Emergency Planning Committees with
changing technologies in the field should also
fall to this designee.

Thank you for your time.

Signed: William Breth
Testifier

myself
Representing (Optional)

1516 clmailow PO Box 1398 KODIAK AK
Address 99615

486-2504 HOME / 486-6760 WORK
Phone No.

D R A F T

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting three bills implementing recommendations made by the Alaska Oil Spill Commission.

One bill authorizes the governor to use the oil and hazardous substance release response fund, established under AS 46.08.010, to respond to declared disaster emergencies under AS 26.23.020(c). The bill also repeals the exception in AS 46.04.080(a) that requires the Department of Environmental Conservation (DEC) to perform the duties of the Division of Emergency Services during a catastrophic oil discharge. Finally, the bill creates in statute the State Emergency Response Commission, presently established by an administrative order.

Another bill extensively revises AS 46.03.758 - 46.03.763, which deals with civil penalties for oil spills. In general, the bill increases penalties for spills and eliminates unwarranted exemptions and defenses.

The third bill strengthens DEC's authority to require compliance with oil discharge contingency plans. Of particular significance is the requirement that applicants for contingency plans must maintain sufficient resources to contain and remove, within the shortest possible time, a realistic maximum oil discharge. Next, this bill increases the financial responsibility requirements for offshore oil exploration and production activities, to guarantee

that in the event of another spill, significant financial resources will exist to compensate damaged parties, including the state. Finally, this bill authorizes DEC to inspect oil industry facilities and tankers to guarantee compliance with contingency plans and to assure structural integrity of the equipment.

Sectional analyses of each bill, describing the bills in detail, are attached.

As you know, the Oil Spill Commission "Executive Summary," issued last month, includes over 50 recommendations. Through this legislation, as well as other bills already under consideration by the legislature (House Bill 409, Senate Bills 359, 421, and 497), most of those recommendations are being addressed. Furthermore, additional legislative proposals based upon these recommendations are still under consideration, and, after review of the full commission report, just released, additional proposals might be forthcoming.

The Oil Spill Commission, after extensive study, has identified several ways for the state to improve its ability to prevent future spills and to better respond if a serious spill occurs again. These bills are critical to prevent another disaster like the Exxon Valdez spill. I therefore urge your serious discussion, consideration, and passage of these measures.

Sincerely,

Steve Cowper

Governor

Testimony by Annie McKenzie
House Resources Committee
March 9, 1990

HB 567

Mr. Chairman and committee members: My name is Annie McKenzie. I am a small business owner from Seldovia and am currently serving as a volunteer for the Alaska Environmental Lobby. I served as volunteer coordinator for the Seldovia response team during the Exxon-Valdez spill. From that perspective, I'd like to comment on contingency plans in house bills 567.

Contingency plans must prepare for cleanup of total discharge of contents within 72 hours. If this is impossible to achieve, as stated by Jerry Asplund of ARCO Marine (Senate Special Subcommittee on Oil & Gas hearing, March 5, 1990), then the amount of product being transported should be decreased to a level than can be adequately dealt with. The bill must also include language for immediate implementation of contingency plans.

Contingency plans must call for adequate equipment to be stockpiled in strategic locations. Industry testimony earlier this week at Senate Oil & Gas indicated they plan only to list equipment availability. Stockpiling of emergency materials for a worst case scenario became evident in Seldovia & other coastal communities outside PWS during the Exxon-Valdez spill. We built cumbersome home-designed log and seine boom to protect our bays since all available commercial boom was used initially in Prince William Sound.

The industry was also unable to provide sufficient tankerage for waste oil. A modified fleet of Seldovia fishing boats collecting oil off the water, was shut down a number of times because barges, we were told, were all being used in Prince William Sound. These are a couple of examples of the lack of preparation by the oil industry for a large spill and the need for stockpiling of materials.

The contingency plan for the area south of Seal Rock Hills only for use of dispersants. This is inadequate since weather does not always allow for their use. We should have well-stocked stockpiles of equipment and materials along with coast with plans for utilization.

All oil-spill contingency plans should have well-developed

methods for disposing of all collected waste materials. Exxon-Valdez waste was disposed of in landfills outside the state, a method which threatens purity of groundwater, and by incineration, a method which releases dioxins and furans into the environment. Dioxins and furans are some of the most powerful and deadly toxins known. Minute amounts of these chemicals are known to cause cancer, birth defects, and immune deficiency responses. They are fat soluble, remaining in the food chain from the smallest organisms up through fish and mammals to humans. Incinerating away from populated areas does not protect humans from their damage, since contaminated fish can travel long distances before being caught and consumed. The purity of Alaskan fish and the health of consumers should not be placed at risk by incineration of oily waste.

A Citizens Guide to
Hazardous and Toxic
Waste Sites
of Fairbanks, Alaska



prepared for:

Northern Alaska Environmental Center
218 Driveway
Fairbanks, Alaska 99701
(907 452-5021

prepared by:

Carl Reller
Box 101255
Anchorage, Alaska 99510
(907) 243-4783

July 10, 1989

21	Earth Movers of Alaska	
22	Wise warehouse	
23	Bloom Enterprises	
24	Air North	
25	Westours bus barn	
26	Alaska Battery Enterprises	
27	Chena Lakes, Tare Nike Site	
28	2nd & Lathrop, Growden Park	
29	Petty farm	
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31	Gerstle River /Fort Greely	(not on map)
32	Murphy Dome	(not on map)
33	Alyeska Nordale yard	

Maps

Map 1 sites 8,11,13,17

Map 2 sites 1,2,4,6,7,10,11,14,16,19,21,22,23,24,25,26,28

Map 3 sites 15,20,33

Map 4 sites 3,9,18,27

Map 5 sites 5,29

cover photograph from:
 State of Alaska Ombudsman Annual Report and
 Fairbanks Daily News-Miner

CORRECTION

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

A Citizens Guide to
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Waste Sites
of Fairbanks, Alaska



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cover photograph from:
 State of Alaska Ombudsman Annual Report and
 Fairbanks Daily News-Miner

FAIRBANKS HAZARDOUS - TOXIC WASTE SITES

The Northern Alaska Environmental Center compiled this data using public information. We found almost every kind of hazardous-toxic waste problem imaginable, from a residential yard sprayed with PCBs to chemical warfare agents dumped on the outskirts of a military base, to buried experimental military nuclear reactors. The risk of exposure and subsequent health impacts varies greatly. Some problems affect only a few people; such as, unsuspecting customers walking through a pile of PCB contaminated incinerator ash in a salvage yard. Other problems affect nearly everyone; like, public and private drinking water wells contaminated with fuel. It was impossible to identify every site and determine the degree of risk posed by each, but as public awareness increases both new problems will be found and hopefully existing ones solved.

You can do something about hazardous - toxic wastes in your community. Read the public record, organize your community, contact your legislator, and follow up on promises and plans. Whoever dumped the waste benefited from cheap and convenient disposal, you shouldn't have to bear the risk.

WHERE DOES THE WASTE COME FROM ?

GOVERNMENT

The Fairbanks economy is largely tied to local, state, and federal government expenditures and so are the waste problems. Fort Wainwright and Eielson have multiple dumps containing chemical warfare agents, PCBs, lead, selenium, pesticides, and solvents. The Army records are in worse shape than the Air Force, and we know Eielson may have the largest fuel spill in North America, reportedly over 10 million gallons, potentially covering 2.7 square miles, what Fort Wainwright has dumped and spilled remains to be seen. The Alaska Railroad freight yard has over four feet of fuel floating on the water table. Old city landfills are now homes and parks. At least three locations including a playground, were contaminated with PCBs from exploding MUSE electrical equipment. The University of Fairbanks did not keep track of where they dumped laboratory and low level radioactive waste in the past.

PRIVATE

The biggest private property problems are from salvage yards which attempt to recycle government waste. McPeak salvage represents an imminent and substantial threat to human health and the environment due to PCBs, metals in the ground water and over a thousand drums of waste. Miller salvage yard with it's numerous illegal dumps was almost turned into a housing complex. The Shoupe property was in the process of development when acutely toxic waste were discovered including sodium cyanide, mercury, and low level radioactive waste. The FBI, Army, and DEC removed some waste but many questions are still unanswered including what happened to the waste, are surface soils and ground waters contaminated, and who is responsible ?

OIL INDUSTRY

At MAPCO serious violations of federal and state law started a lengthy clean up process that will continue on for decades. The biggest problems came from dumping hazardous waste into the sewer system and oil recycling tanks. As a result hazardous waste flowed into the waste water treatment plant, and probably leaked from the sewer into ground waters. Toxic waste was injected into the refinery stack where it evaporated and contaminated the air.

LEAKING FUEL TANKS

The most common hazardous - toxic waste problems are leaking gasoline tanks. Benzene (5% of local gasoline) rapidly dissolves into the ground water. Even clean ups pose risks, the most common remedial efforts extract fuel from the ground water by spraying it into the air, causing localized air pollution. Eielson Air Force Base has over 50 oil recovery wells, what happens to the contaminated groundwater is unclear.

WHAT SHOULD I DO ?

There are two steps. Go directly to the company or person that did the dumping. Ask them what they are doing now. Some companies are trying to protect your health and their business. Then go to the public agency in charge of regulatory actions.

It is usually very difficult to find someone who will answer your questions. Public agencies tend to work on narrowly defined tasks with little concern for problems not on their job description. Often you will be treated with condescension - do not tolerate patronizing treatment. Government exists because of the citizens, not in spite of them. Remember - public employees are public servants, treat them with respect and expect the same.

Try these questions for a start:

1. Has there been any testing, and if so, what was tested for? Ask for a written copy of the results. Mention your rights of access to public information guaranteed under the Freedom of Information Act.
2. Were toxic or hazardous chemicals found?
3. What was the maximum concentration found?
4. Ask "at what concentration (in air, water and soil) does the chemical pose a health risk to exposed persons?"
5. Are there any reports, memos, letters or other documents available? If so ask to see the records and read them, take notes. Make copies of all "Compliance Orders" and "Notices of Violation".
6. Ask which local, state, and federal regulations apply to the site, find who is responsible for each regulation.

7. Ask who will do what and when. Ask to be put on a mailing list of interested parties.

8. Summarize in your own words the real problems. Ask if your understanding is correct and discuss your conclusions.

9. Go home, review your notes, mail the agency or company a letter explaining what you think needs to be done, thank them for their help. Send a copy of the letter to your legislator and the press.

10. Follow up a month later to check on progress.

Your first inquiry may take an hour or several days depending on the severity of the problem. But with each follow up it will take less time. Be persistent, courteous, and have patience. The waste probably wasn't dumped there overnight and it will take even longer to clean it up.

COMMONLY USED TERMS

The Fairbanks hazardous - toxic waste sites are ranked using established criteria published in the federal register (40 CFR part 300); such as, the number of people affected, waste volumes, toxicity, and containment. EFA occasionally calculates relative degrees of risk and assigns a number to a particular site. The method is called a Hazard Ranking System score (HRS). Ask if this number was calculated for your site. A brief explanation of terminology you will be confronted with follows.

Superfund or CERCLA - Comprehensive Environmental Response
Compensation and Liability Act

A federally funded program concerned with "hazardous substance" problems (except oil spills). If the HRS score is above 28.5 federal enforcement may follow. If below 28.5 the state is responsible.

NPL - National Priorities List

A site scores above 28.5 and is being considered for a major Superfund follow up. Several Fairbanks sites fit this category but actual scores are currently withheld by the DEC and EPA.

RCRA - Resource Conservation and Recovery Act

A joint federal-state program that regulates a narrow and strictly defined class of "hazardous waste".

LUST - Leaking Underground Storage Tanks

Another joint state-federal program that affects gas stations and owners of underground fuel tanks. The most toxic chemicals controlled are benzene and aromatic hydrocarbons.

TSCA - Toxic Substances Control Act

A federal program that controls PCBs and several other "toxic substances".

Investigation

This term is broadly used to mean samples were taken and analyzed for suspected contamination.

Consent Order

A legal document used to remedy pollution. There are no provisions for public involvement, but the "Order" is public information after signing.

NOV - Notice of Violation

The first step of an enforcement action. An NOV is an official way to tell someone they violated the law, but it carries no penalty or fine.

COMMONLY NEEDED PHONE NUMBERS

DEC Fairbanks	452-1714	DEC Juneau	465-2600
EPA Anchorage	271-5083	EPA Seattle	(206) 442-2806
Wainwright	353-6211	Eielson	377-2116
Fairbanks MUS	456-1000	Fairbanks Borough	452-4761
MAPCO	488-2741	Alaska RailRoad	456-4364

FAIRBANKS HAZARDOUS - TOXIC WASTE SITES
RANKED BY THREAT TO PUBLIC HEALTH AND THE ENVIRONMENT

1 Fairbanks MUS city wells (site can be found on map 2)

The sole source of all Fairbanks public water is contaminated with fuel. This is the most serious drinking water contamination problem in all of Alaska. Benzene (a human carcinogen) is present in city wells up to 13 ppb (the drinking water standard is 5 ppb). As recently as 1986 the problem was on the increase.

waste description: contaminated aquifer

toxic chemicals: benzene and other aromatic hydrocarbons

containment: none

action: Investigation, monitoring, pilot recovery

references: DEC file No. 102.45.023; 102.23.007;

102.16.003;

DEC Consent Order 86-3-6-008-2

DEC Oil Spill ID No. 88350127402

EPA TSCA Docket 1087-03-06-2615

EPA Superfund site No. AKD980495600

2 McPeak Salvage (site can be found on map 2)

A private salvage yard is littered with drums of military waste, a dump with over 200 tons of ash, and a pile of PCB laden ash (1,200,000 ppm) on the surface without fence, sign, or cover. Recently the name was changed to Arctic Surplus. The expired DEC solid waste permit required no monitoring wells.

waste description: several hundred tons of ash, 1,300 drums

toxic chemicals: PCBs - known, dioxins - highly probable

containment: none

action: Superfund Investigation, NPL

references: DEC file No. 100.15.010

DEC Oil Spill ID No. 89310902502

DEC solid waste permit #8331-BA003

EPA Superfund site No. AKD980988158

3 MAPCO (site can be found on map 4)

Because MAPCO violated numerous state and federal laws they were fined for polluting drinking water, not reporting spills, selling improperly identified fuel, and dumping hazardous waste. Residents of North Pole would be well advised to oversee the "clean up" of oil and hazardous waste. Benzene contaminates the groundwater 4,000 times in excess of drinking water standards. Watch for the expiration of the air permit.

waste description: hazardous waste lagoons, massive spills

toxic chemicals: aniline, chlorinated solvents, benzene

containment: none

action: RCRA and Oil Spill Consent Orders

references: DEC file No. 100.23.106

DEC Oil Spill ID No. 88310120504

DEC air permit No. AQ 8431-AA008
expires 30 OCT 89

EPA RCRA Orders 1087-12-01-3008a, &
1088-11-14-3008h

Ombudsman Complaint F87-0011

EPA Superfund site No. AKD000850701

4 Fort Wainwright Army Base (site can be found on map 2)

Wainwright is an old army base and in the past kept few if any records of waste disposal. Recently the presence of buried chemical warfare agents left over from WW II was confirmed. At least one gasoline/diesel spill contaminated over 40 acres and nine underground fuel storage tanks leak. This Army base needs to conduct an in depth investigation of their operations including sites off base; such as salvage yards, which may have unknowingly received hazardous waste. Over 3 million pounds a day of waste water are injected underground, watch for the expiration of this permit on September 3, 1989. As much as 10,000 gallons of hazardous waste was dumped on coal piles, spread around with heavy equipment then burned. Watch for the air permit expiring on January 30, 1993. The dump has questionable past practices of waste disposal, watch for the solid waste permit expiration on August 15, 1991. The Army is far behind the Air Force concerning identification of problems and attempting corrective action.

waste description:	dumps, spills, waste water
toxic chemicals:	chemical warfare agents, metals, solvents
containment:	none, or minimal
action:	Army investigation
references:	DEC file No. 100.02.002; 100.02.004; 100.45.092; 100.45.093; 100.23.004
	DEC Oil Spill ID No. 883501322
	DEC solid waste permit No. 8631-BA006 expires 15 AUG 91
	DEC waste water permit No. 8431-DB004&5 expires 03 DEC 89
	DEC air permit No. AQ 8731-AA007 expires 30 JAN 93
	EPA RCRA Compliance Order 1088-01-15-5001
	EPA Superfund site No. AKD6210022426

5 Eielson Air Force Base (site can be found on map 5)

Over 56 sites are known to be problems because of hazardous waste or fuel spills including possibly the largest underground fuel spill in North America, reportedly over 10 million gallons affecting 2.7 square miles. The pollution is so widespread a lake on base is nicknamed "POL lake"; short for "petroleum - oil & lubricants". Watch for the solid waste permit expiration on May 31, 1991. Also Eielson has a proposal to DEC to inject 12 million tons/year of waste water underground !

waste description: spills, leaks, thousands of unmarked drums
toxic chemicals: PCBs, fuel, solvents, methanol, ash
containment: none, or minimal
action: Air Force Investigation, NPL, Enforcement
Docket 1087-03-25-6001
references: DEC file No. 100.15.05; 100.45.58;
100.02.003A; 100.23.03
DEC Oil Spill No. 87350108301
DEC solid waste permit #8231-BA006
expires 31 MAY 91
EPA Superfund site No. AKD1570028646

6 Alaska Rail Road (site can be found on map 2)

The Alaska Rail Road is a major source of waste problems around the state; from the chemical tank car disaster in Moose Pass to dumping trash along the tracks, and spraying pesticides. The Fairbanks yard is no exception. Known problems include an abandoned 10 acre dump, four feet of fuel floating on the water table and failed air pollution tests. Overall, the Alaska Railroad has a poor waste management track record.

waste description: dump, air pollution, 4 feet of fuel on water
toxic chemicals: benzene, metals, air pollution
containment: none
action: Superfund Investigation
references: DEC file No. 102.02.007; 102.23.020;
102.15.002
DEC Oil Spill ID No. 87350128901
DEC air permit #8631-AA020 , NOV
expires 31 JAN 92
EPA Superfund site No. AKD980983183

7 Fairbanks Landfill (site can be found on map 2)

This dump was investigated by EPA and scored high enough to make the "worst of the worst" (NPL) list. The adjacent community has not received needed protection; such as, adequate monitoring wells and identification of contaminate plume extent and direction. The HRS score of this site indicates a need for further action. Watch for the expiration of this permit May 31, 1991.

waste description: dump, contaminated ground water

toxic chemicals: benzene, solvents, hazardous waste

containment: none

action: Superfund Investigation, NPL

references: DEC file No. 100.15.002; 100.23.001;
102.07.001

DEC Oil Spill ID No. 89310902504

DEC solid waste permit No. 8631-BA003

expires 31 MAY 91

EPA Superfund site No. AKD045771235

9 PetroStar (site can be found on map 4)

Fuel spills contaminated the soils and groundwater. Monitoring wells between MAPCO and Petrostar are now contaminated.

waste description: fuel spills

toxic chemicals: benzene and aromatic hydrocarbons

containment: none

action: none

references: DEC Oil Spill ID No. 8831010631

10 10th & Lacey, McCullum & Moore, 7th & Cowles

(site can be found on map 2)

Exploding transformers containing very high levels of PCBs (up to 140,000 ppm) sprayed residential yards, toys, and public sidewalks. MUS replaced the toys and raked a yard. The clean up included poor methods; such as, hosing down with water and raking leaves. A strong possibility exists that PCBs still contaminate homes and yards. Shortly after three PCB accidents EPA investigated the MUS transformer storage yard but failed to follow up on the clean up of residential yards. waste description: electrical equipment explosions

toxic chemicals: PCBs
containment: none, spilled in yard inadequate clean up
action: MUS fined \$171,000 by TSCA, Consent Order
references: DEC file No. 102.23.007

11 Shoupe property (site can be found on map 1)

During property development in 1987 dangerous chemicals were discovered, possibly injuring children. The site was rapidly fenced off and investigated by the FBI. No evidence of sampling or follow up was found in the record.

waste description: chemicals and drums

toxic chemicals: cyanide, acids, mercury, low level
radioactive

containment: none

action: FBI/Army/DEC partial clean up, fence

references: DEC file No. 100.23.019

DEC Oil Spill ID No. 89310902505

12 Miller Salvage (site can be found on map 2)

The owner of this site attempted to sell it for residential housing. Several buried rail road cars full of waste oil leaked and created "oil lakes".

waste description: pools of oil, military waste
toxic chemicals: lead, zinc, polynuclear aromatics
containment: none
action: Superfund Investigation, RCRA violations
references: DEC file No. 102.23.017
DEC Oil Spill ID No. 8931092522
EPA Superfund site No. AKD103386744

13 University of Alaska (site can be found on map 1)

UAF has numerous problems including violations of hazardous waste storage, treatment, and disposal regulations, dumping coal ash at an unpermitted site (across the street from 'Hot Licks'), another unpermitted dump, and widespread groundwater contamination from an unknown source near Geist Road (benzene up to 30 times above the drinking water standard). UAF has permits to handle both high level (Am-241 & Co-60) and low level radioactive materials. The disposal of unregulated low level waste including "experimental animal bodies and sterilized dirt", is a problem. UAF has made recent inquiry to DEC regarding such a disposal site in the nearby area. Watch for air quality permit expiring on September 30, 1992.

waste description: unpermitted dump, fuel leaks

toxic chemicals: probable laboratory and low level radioactive

containment: none

action: Superfund Investigation

references: DEC file No. 105.02.002; 105.23.001;
105.25.001; 100.73.068

DEC Oil Spill ID No. 88310129114;
88310129115

DEC air permit No. 8731-AA005
expires 30 SEP 92

Nuclear Regulatory Commission permit No.
50-02430-07; 50-0243-09

EPA Superfund site No. AKD049679567

14 Chevron tank farm (site can be found on map 2)

The bulk tank farm is located at 418 Illinois Street. It is one of a few sites in Alaska where fuel is pumped out of the ground and recovered. The spilled fuel recovery needs citizen monitoring to assure the recovery pumps aren't turned off prematurely. Almost two tons of hazardous waste (leaded tank bottoms) were shipped out of state.

waste description: leaking fuel
toxic chemicals: benzene
containment: none, ground water problem unknown
action: extraction wells
references: DEC file No. 102.23.010; 102.45.007
DEC Oil Spill ID No. 84350111601

15 McCall property (site can be found on map 3)

A poor investigation by the state and EPA (only one sample was taken) concluded with "no further action recommended", although evidence was found of fuel and solvents contaminating the ground water. A bank repossessed the property, construction workers buried an unknown amount of waste and started a large fire which emitted off toxic fumes. The site was formerly used during pipeline construction. BUYER BEWARE !

waste description: buried drums, contaminated ground water

toxic chemicals: trichloroethane, acetone, benzene

containment: none

action: Superfund Investigation

references: DEC file No. 100.23.025

EPA Superfund site No. AKD981767080