

STATE OF ALASKA

THE LEGISLATURE

1987

Source

Legislative
Resolve No.

HJR 33

16



Relating to the shipping of Alaska oil.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS on January 16, 1987, the United States Court of Appeals for the District of Columbia vacated a United States Department of Transportation rule under which three very large crude oil carrier ships, the Arco Independence, the Arco Spirit, and the Brooklyn, were allowed to operate in the United States domestic shipping market; and

WHEREAS the court decision would require all three ships to stop domestic shipping of Alaska oil by July 16, 1987, unless the United States Department of Transportation adopts another rule to allow the ships to continue their domestic shipping; and

WHEREAS a fourth ship, the Bayridge, that is used in Alaska oil shipping may also be affected by the court decision; and

WHEREAS Alaska oil production has increased significantly in the last year, and these four ships currently move 200,000 barrels of Alaska oil to market every day; and

WHEREAS if the four ships are prohibited from engaging in domestic shipping, a large number of much smaller, less efficient, and more expensive ships will be required to take their place to transport Alaska oil to market, and this change would raise the cost of transportation for all Alaska oil shipped in these smaller ships by an estimated \$.25 to \$1.00 per barrel, and netback values on the oil would decline accordingly; and

WHEREAS if the Arco Independence, the Arco Spirit, and the Brooklyn are not allowed to engage in the domestic shipment of Alaska oil, the direct economic loss to the state will be between \$18,000,000 and \$150,000,000 annually; and

WHEREAS if the United States Department of Transportation fails to adopt a rule by July 16, 1987, allowing these four ships to operate in the domestic shipping market, the transportation of Alaska oil may be disrupted, the transportation costs will increase dramatically, and the state and the federal government will lose a significant amount of revenue; and

WHEREAS the substitution of a large number of smaller ships could disrupt the transportation of Alaska oil because the smaller ships are often older, less well-equipped, and less safe, and because the increased number of ships could cause congestion at docking facilities; and

WHEREAS the best-equipped and safest ships should be used for the transportation of oil in order to protect the environment and communities through which the ships pass;

BE IT RESOLVED that the Alaska State Legislature respectfully urges the Secretary of the United States Department of Transportation to adopt before July 16, 1987, a rule that would enable the Arco Independence, the Arco Spirit, the Bayridge, and the Brooklyn to continue to operate in the United States domestic shipping market without interruption.

COPIES of this resolution shall be sent to the Honorable Elizabeth H. Dole, Secretary of the U.S. Department of Transportation; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.