



ALASKA OCEANS PROGRAM

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1st Probe of Major U.S. Oil Spill Calls Government Response “A Near Total Disaster” “Underlying Dereliction of Duty” Impedes Reduction of Spills & Damage in U.S., Reports Finds

Anchorage, AK – The government’s response to the worst oil spill in U.S. marine waters since 1991– the December grounding of the Selendang Ayu freighter in Alaska’s Aleutian Islands – “must be considered a near total disaster,” according the first independent, nongovernmental probe of the accident. The report was prepared by Parker Associates, whose president, Walter Parker, chaired the Alaska Oil Spill Commission that investigated the Exxon Valdez oil tanker spill. The Coast Guard completed an internal Senior Incident Review Panel investigation in January, but has not released it. The National Transportation Safety Board also is investigating the accident, but has not finished its report.

“The findings of the Parker Associates’ investigation may be an ominous sign that federal and state agencies are ill-prepared in preventing, limiting and responding to potential oil spills from the thousands of oil tankers and oil powered freighters that travel through U.S. waters,” said Mark J. Spalding, J.D., MPIA, Senior Program Officer of the Alaska Oceans Program (www.alaskaoceans.org). The Alaska Oceans Program funded the report to provide recommendations to the Shipping Safety Partnership, a coalition of business and environmental interests formed in response to the Selendang Ayu accident.

The report says that large container ships represent the bulk of the transpacific traffic and present the greatest oil spill threat next to the large tankers because of the massive quantities of fuel oil they need for propulsion. There are about 1,600 container vessel transits annually through the Aleutians and many more that closely approach the Aleutians on the Southern shores from ports in **San Francisco, Oakland, and Los Angeles/Long Beach**, which handles one third of all U.S. cargo traffic and is the busiest U.S. port. The largest of the container ships transiting through the Aleutians carries 2.75 million gallons of the fuel, which is a persistent pollutant when spilled. Ever growing container ships and tankers require the most powerful rescue towing tugs to prevent groundings. The report notes: “the increasing risk of a truly catastrophic persistent oil spill must be recognized with the increasing production and export of Russian Far East crude oil.”

The Selendang Ayu grounding broke the six-year-old vessel in half, causing a spill that ultimately released more than 335,000 gallons of oil into the Alaska Maritime National Wildlife Refuge, which supports the largest U.S. fishery, generating \$2 billion in revenue annually. A U.S. Coast Guard helicopter attempting to rescue the freighter crew crashed while lifting personnel off of the freighter deck, killing six Selendang Ayu crewmembers. Four vessels, ranging from 1,550 to 6,800 horsepower, attempted to take the 73,000 dead weight ton freighter under tow prior to its grounding, but severe sea conditions either broke the towline or otherwise rendered rescue too hazardous. Despite the heroics of the crew, the tugs were not appropriately equipped for rescue towing. The report blames the U.S. Coast Guard (USCG) and the Alaska Department of Environmental Conservation (ADEC) for their failure to require or acquire the appropriate salvage and spill response assets to prevent and respond to oil spills in the known severe Aleutian environment.

“This report underscores the tragic neglect the Coast Guard and the State of Alaska have shown toward shipping risks along the Aleutian route,” said Prof. Richard Steiner, a conservation biology professor at the University of Alaska who helped organize the emergency response to the Exxon Valdez disaster. “This is one of the most heavily traveled shipping routes in the world, but the governments have treated it as ‘out-of-sight, out-of-mind,’ at least until now. This is simply going to have to change.”

“There are no public or private towing vessels in the Aleutians that could provide effective rescue towing of ships the size of the Selendang Ayu during storms and virtually all of the limited spill response assets in the region are designed for use in calm, low-current inland waters,” the report says. “The responsible government agencies have, in effect, predestined the total failure of all spill prevention and response efforts unless the incident happens to occur under improbable extended calm weather conditions and at locations where ocean currents will not cause rapid drifting of the disabled vessel or spread of an oil spill.”

The report notes that “The touted excuses for the failure of spill prevention and response efforts proffered by state and federal regulators, that the ship was exempt from regulation under international treaties and that the weather was too severe to do much of anything in the way of response, is belied by their failure to effectuate their respective duties under law to plan for such contingencies in a regional spill prevention and response plan.”

“The underlying cause of these deficiencies in public and private spill response is political pressure exerted by the regulated and taxed industries upon the regulators and legislatures to illegitimately minimize both the private and public costs of established spill prevention and response requirements,” the report adds. “There is a corrosive underlying dereliction of duty that substantially impedes enforcement of laws that would substantially reduce the number of spills and damage.”

The report estimates that the combined costs of spill recovery and wreck removal could approach \$200 million with approximately \$75 million paid to Selendang Ayu’s owner, IMC Shipping, Co., as a public subsidy of cleanup costs paid by IMC above its \$24 million liability limits and subject to claim from the Oil Spill Liability Trust Fund (OSLTF). This figure, of course, doesn’t yet include the short and long-term losses of local fishermen, including the cancellation of the local tanner crab season, due to the spill, not to mention damages to natural resources. More than 1,600 dead oiled birds have been recovered so far.

The report concludes that “the failed and delayed efforts to prevent and respond to this spill demonstrates systemic deficiencies in contingency planning for both regulated and unregulated spill sources.” An examination of the incident, regional environmental conditions, regulatory environment, and spill prevention and response technologies leads to the following conclusions and recommendations:

- Discerning the largest ships in the trade over the next 20 years and the greatest quantity of persistent oil cargo transported to establish criteria for purpose-built salvage tugs and to determine quantity of response assets needed.
- Reinstating the five-cent per barrel tax on oil produced domestically and imported that sustains the OSLTF is necessary to avoid profound funding conflicts that could undercut full funding of the necessary regional response assets and spill response efforts. Conflicts in OSLTF expenditures are expected to occur as soon as FY 2007 and Fund assets may be totally exhausted by FY 2009. (On June 28, the Senate passed an amendment by **Commerce Committee Chair Ted Stevens, R-AK**, to restore the OSLTF tax, but the House hasn’t taken any action to restore the OSLTF tax).
- Increasing liability limits that vessel owners must pay for spill damage and cleanup (which haven’t been raised since 1990) since actual costs have consistently exceeded liability limits, thereby draining the OSLTF through an inappropriate subsidy of polluters.
- Implementation of a vessel tracking/traffic management system that can: detect disabled ships; ensure enough drift time for a tug to respond before grounding; and prevent vessel collisions.
- Promote the development of a cost contribution matrix that equitably distributes the cost of the above assets and actions among: federal facilities and their fuel suppliers; USCG under Unified Plan obligations; ADEC under Regional Contingency Plan obligations; unregulated tank vessel owners; regulated tank vessel owners; non-public facilities; unregulated non-tank vessel owners; regulated non-tank vessel owners.
- Participation in the long overdue USCG rule-making process is strongly recommended for: casualty reporting; salvage and firefighting requirements; and non-tank vessel response plan requirements.

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