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**Contact: Breck Tostevin, senior assistant attorney general, Department of Law, (907) 269-5274;
John Kotula, program manager, Department of Environmental Conservation, (907) 835-3037;
Weld Royal, DEC public information officer, (907) 465-5009**

State reaches settlement on Seabulk Pride spill and grounding

Juneau, Alaska -- The Alaska Department of Environmental Conservation (DEC) and the Department of Law today announced a settlement with Seabulk Tankers, Inc. and Tesoro Alaska Co. concerning the oil spill and grounding of the tanker Seabulk Pride on February 2, 2006.

Seabulk Tankers and Tesoro have signed an agreement with the State of Alaska to address civil oil spill claims and alleged violations of the Cook Inlet winter ice rules. The settlement resolves an enforcement action brought by the DEC. Under its terms, Seabulk and Tesoro have paid the state \$429,870. In settling the matter, the companies do not admit to any violations.

"Protecting the environment and economy from the risk of spills is very important to the state," said DEC Commissioner Larry Hartig. "The spill prevention requirements in DEC-approved oil spill contingency plans are a key line of defense."

"The state takes these types of pollution prevention violations very seriously," said Attorney General Dan Sullivan. "This settlement demonstrates our resolve to recover substantial civil assessments when those requirements are not met."

The \$429,870 settlement represents an oil spill civil assessment of \$5,000, civil assessments of \$360,000 based on the State's calculations of Seabulk and Tesoro's economic savings in not complying with the requirements of Tesoro's oil spill contingency plan, and \$64,870 in reimbursement of the state's response and investigation costs. Tesoro and Seabulk dispute the State's claims regarding economic savings. Tesoro has agreed to produce a video at a cost of at least \$35,000 to train mariners in Cook Inlet on ice hazards during winter operations.

In addition to the settlement, Tesoro and Seabulk have made improvements in their Cook Inlet operations. They include significant upgrades to the Kenai Pipeline dock mooring line tension monitoring system, providing tankers at the dock with direct access to the tension data on dedicated laptops. Tesoro has also stationed a specialty tug at the dock during winter ice conditions.

When the incident occurred, the Seabulk Pride, owned by Seabulk Tankers, was under charter to Tesoro. It was taking on petroleum products from Tesoro's refinery at Nikiski. The tanker broke away from the Kenai Pipeline Co. dock during heavy ice conditions. Its crew could not start its engine and it grounded off the East Forelands of the Kenai Peninsula.

The tanker was loading oil in extreme ice conditions. Both the U.S. Coast Guard's winter ice rules and Tesoro's Oil Discharge Prevention and Contingency Plan approved by DEC spell out requirements for operating under these conditions. The state found that the crew failed to meet key requirements: There was no captain on the bridge, the engine room was unmanned and operations were not in a state of immediate readiness.

When the ship broke away, cargo lines to the dock snapped, and oil from the loading lines spilled onto the ship's deck and into Cook Inlet, prior to grounding. The next day the Seabulk Pride was refloated with the assistance of response tugs. Its hull was damaged but, fortuitously, its cargo tanks were not. The size of the spill was relatively small (approximately 84 gallons of gasoline spilled to Cook Inlet), but the grounding of an oil tanker on the beach threatened a catastrophic oil spill. The ship was carrying nearly five million gallons of oil.

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