

Sarah Palin

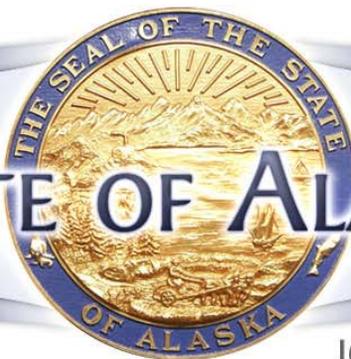
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STATE OF ALASKA



## Press Release

JOINT DEPARTMENTAL RELEASE

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### State settles oil spill penalty, wreck removal and lost fish tax claims against owner and operator of Selendang Ayu

*Civil penalty among Alaska's largest ever recovered; companies previously paid more than \$111 million in cleanup costs and other charges*

(Juneau, Alaska) IMC Shipping Co. (IMC) and Ayu Navigation have paid the State of Alaska \$844,707 to settle oil spill, wreck removal and lost fish tax claims arising out of the 2004 grounding of the M/V Selendang Ayu. IMC Shipping of Singapore was the operator and Ayu Navigation Sdn. Bhd., the owner, of the 738-foot Malaysian-flagged bulk freighter.

Under terms of the settlement, IMC and Ayu Navigation paid a spill penalty of \$802,389. It paid trespass damages, a beach monitoring fund and lost fish tax claims of **\$42,318**. The settlement also includes a \$1 million letter of undertaking issued by the vessel's insurers to cover wreck removal if any remaining portions of the submerged vessel move onto tidelands or beaches before August 30, 2015.

In December 2004, the Selendang Ayu went aground and broke in two off Unalaska Island. As a result of the grounding, some 354,218 gallons of oil spilled into the ocean, oiled miles of coastline, and spilled thousands of tons of soy beans into the Bering Sea. Six people died when a helicopter crashed during an attempt to rescue crew members.

Under the oversight of a federal and state unified command, including the Alaska Department of Environmental Conservation (DEC), and the U.S. Coast Guard, IMC and Ayu Navigation removed fuel remaining on the vessel and undertook beach oil spill cleanup.

On behalf of DEC, the Alaska Departments of Natural Resources and Revenue, the Alaska Attorney General's Office asserted legal claims against IMC and Ayu Navigation for removal of the wreck, trespass damages to state submerged and tidelands, recovery of State response and oversight costs, oil spill penalties under AS 46.03.758, and recovery of lost fish tax revenues under AS 43.75.015 (Fisheries Business Tax).

The State has already recovered more than \$2.5 million in costs for cleanup, monitoring and other work related to the grounding.

IMC and Ayu Navigation previously paid a federal penalty of \$9 million. Some \$3 million of the penalty is for a comprehensive risk assessment of vessel accidents and spills in the Aleutian Islands and for projects identified to minimize those risks. DEC is one of the agencies managing the risk assessment.

“There is no silver lining once oil hits the water. Loss of human life, damage to resources, and oil spill cleanup costs all underscore the importance of preventing spills in the first place,” said DEC Commissioner Larry Hartig.

“We are glad to bring this legal matter to a successful closure and to focus on lessons learned,” said Larry Dietrick, DEC's director of spill prevention and response.

“With the exception of the Exxon Valdez, the oil spill penalty collected today is the largest civil oil spill penalty ever recovered by the State of Alaska. Together with the spill cleanup cost of \$100 million, the \$9 million federal criminal penalty and the recovery of the state's \$2.5 million in cleanup costs, this settlement sends a strong message to international shipping companies of the tremendous costs associated with marine casualties in our waters and the need for them to undertake immediate actions to improve shipping safety on the Great Circle Route which transits through the waters of the Aleutian Islands,” said Acting Attorney General Richard Svobodny.

The State is pursuing separate natural resource damage claims in cooperation with state and federal natural resource trustee agencies. Those natural resource damage claims are not affected or resolved by this settlement.

In addition to the Aleutian Islands Risk Assessment, DEC, the City of Unalaska and the Coast Guard have joined forces to obtain emergency towing packages housed in Dutch Harbor that can be deployed by helicopter or vessel to a disabled ship in the Aleutian Subarea as part of an emergency towing effort by a tug of opportunity.