

STATE OF ALASKA

FILE COPY

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DEPT. OF ENVIRONMENTAL CONSERVATION
DIVISION OF SPILL PREVENTION AND RESPONSE
INDUSTRY PREPAREDNESS AND PIPELINE PROGRAM

June 30, 2003

**OIL DISCHARGE PREVENTION
AND CONTINGENCY PLAN APPROVAL**

Mr. Robert I. Shoaf, Vice President
Alyeska Pipeline Service Company
P. O. Box 196660
Anchorage, AK 99519

Dear Mr. Shoaf:

SUBJECT: Extended Plan Approval Period for Trans-Alaska Pipeline System, Pipeline Oil Discharge Prevention and Contingency Plan (C-Plan), dated December 31, 2003; ADEC Plan No. 015-CP-4131.

The Alaska Department of Environmental Conservation (Department) has extended the approval period of the Trans-Alaska Pipeline System, Pipeline Oil Discharge Prevention Contingency Plan No. 015-CP-4131, dated December 31, 2001. As noted below, the approval period has been extended by two years as required by the recently enacted Senate Bill 74 (an Act extending the renewal period for Oil Discharge Prevention and Contingency Plans).

Plan Name and Dates:	Trans-Alaska Pipeline System, Pipeline Oil Discharge Prevention and Contingency Plan, December 31, 2001
Supporting Documents:	Environmental Atlas of Trans-Alaska Pipeline System, EA-119, dated June 1993.
Plan Holder:	Alyeska Pipeline Service Company P. O. Box 196660 Anchorage, AK 99519
Covered Facilities:	Pipeline and Pump Station operations for the Trans-Alaska Pipeline System from Pump Station 1 to the boundary of the Valdez Marine Terminal, including Pump Stations 1 through 12.



PLAN APPROVAL: The Department has determined that the referenced plan satisfies minimum planning standards and other requirements established under applicable statutes and regulations with the exception of the specific spill prevention and response issues associated with the TAPS Milepost 400 Release (October 4, 2001).

The Department is negotiating a legal settlement agreement with the plan holder under the Department's authority (AS Title 46). The settlement agreement will specifically outline required plan amendments under the authority of 18 AAC 75.490. Proposed plan amendments based on facility improvements and planning recommendations from the February 8, 2001 "Joint After Action Report on the TAPS Bullet Hole Response" will undergo public review using Department review procedures set out at 18 AAC 75.455. The first set of amendments proposed in response to the MP 400 Release is undergoing review now. The outstanding amendment recommendations that are still being addressed by Alyeska will undergo review as outlined above once they are submitted to the Department.

Therefore, approval of the referenced plan is hereby granted, effective June 30, 2003. This approval supersedes the plan approval and certificate of approval dated November 29, 2001

A certificate of approval stating that the contingency plan has been approved by the Department is enclosed.

The approval is subject to the following terms and conditions:

TERMS AND CONDITIONS:

Condition Number 1. Multi-year Exercise Schedule Public Review Requirement

The plan holder has taken pro-active steps committing to develop a comprehensive exercise program that is referenced in the plan. To assist the Department with communicating the details of the exercise program to the public, the plan holder provided the following to the Department in January of 2002: a) a three-year Oil Spill Response Exercise Program Schedule that includes drills and exercises that will be carried out through November of 2004, b) a list of exercises commensurate with the plan scenario exercises completed during the previous three year plan approval period and c) an explanation of the scope and objectives of each type of exercise to be conducted through November of 2004. The exercise program schedule was submitted to the Department as a Supplementary Information Document to the plan and underwent public review.

In order to fill in exercise program gaps created by the two year plan renewal extension, the Department is requiring that the plan holder submit the following information by October 1, 2004: a) an updated Oil Spill Response Exercise Program Schedule that extends through the end of the new plan renewal period (November 30, 2006), including at least eight (8) drills and exercises that are commensurate with the Combined Resource and Scenario exercises that will

be conducted between November 2004 and November 2006, and an explanation of the scope and objectives of each type of exercise to be conducted during the extended renewal period. To ensure that the public has adequate opportunity to review and comment on non-routine plan amendments, the amendment will be reviewed in accordance with the Department review procedures outlined in the regulations under 18 AAC 75.455.

In pursuit of continuous plan improvement, and as a demonstration of plan compliance, the plan holder has added text to Section 2.8.10 of the plan stating that at each plan renewal, the plan holder will provide the Department and the associated agencies of the Joint Pipeline Office a schedule of oil spill response exercises. The Department requests that the plan holder substitute a five year schedule for the three year schedule to reflect the extended term of the plan..

This condition is reasonable and necessary as a plan implementation condition to ensure the plan holder's continuous compliance with the plan through periodic training, response team exercises, and verifying access to inventories of equipment, supplies and personnel (AS 46.04.030(d)(1) – (3)) as well as to ensure that the plan holder demonstrates that designated oil spill response personnel are trained and kept current in the specifics of plan implementation, including deployment of containment boom, operation of skimmers and lightering equipment, and organization and mobilization of personnel and resources (18 AAC 75.445(J)). The department uses the procedures set out in 18 AAC 75.455 to review non-routine plan amendments.

Condition Number 2. Revised Response Scenarios Public Review Requirement

The plan holder pro-actively committed to re-formatting the plan response scenarios. The scenarios were reformatted by a team comprised of the plan holder, the Department, and the associated agencies of the Joint Pipeline Office. A plan amendment consisting of the final revised response scenarios was submitted to the Department on May 30, 2003. To ensure the public has adequate opportunity to review and comment on non-routine plan amendments, the amendment is being reviewed in accordance with the Department review procedures outlined in the regulations under 18 AAC 75.455. The public review begins on July 1, 2003.

In pursuit of continuous plan improvement, the plan holder added text to Section 1.7.1 of the plan stating that the response planning scenarios will be reformatted within one year of plan approval. This condition gave the plan holder additional time to make these formatting changes. The new matrix format is consistent with that in use for the Valdez Marine Terminal Oil Discharge Prevention and Contingency Plan. The Department uses the procedures set out at 18 AAC 75.455 to review non-routine plan amendments.

EXPIRATION: This approval expires November 30, 2006. After the approval expires, facility operations are prohibited by Alaska law until an approved plan is once again in effect.

RENEWAL: As part of this plan approval, the Department is requiring that in order to renew this approval, the plan holder must submit a complete application by May 30, 2006. This is to

ensure the submitted plan is approved before the current plan in effect expires. (AS 04.030(d) and 18 AAC 75.420).

REVOCAION, SUSPENSION, OR MODIFICATION: This approval is effective only while the plan holder is “in compliance with the plan” as approved on June 30, 2003 and with all of the terms described in this letter. The Department may, after notice and opportunity for a hearing, revoke, suspend, or require the modification of an approved plan if the plan holder is not in compliance with it, or for any other reason stated in AS 46.04.030(f). In addition, Alaska law provides that a vessel or facility that is not “in compliance with the plan” may not operate (AS 46.04.030). The Department may terminate approval prior to the expiration date if deficiencies are identified that would adversely affect spill prevention, response or preparedness capabilities.

DUTY TO RESPOND: Notwithstanding any other provisions or requirements of this contingency plan, a person causing or permitting the discharge of oil is required by law to immediately contain and cleanup the discharge regardless of the adequacy or inadequacy of a contingency plan (AS 46.04.020).

NOTIFICATION OF NON-READINESS: Within twenty four (24) hours after any significant response equipment specified in the plan becomes non-operational or is removed from its designated storage location, the plan holder must notify the Department in writing and provide a schedule for equipment substitution, repair, or return to service (18 AAC 75.475(b)).

NOTICE OF CHANGED RELATIONSHIP WITH RESPONSE CONTRACTOR: Because the plan relies on the use of response contractor(s) for its implementation, the plan holder must immediately notify the Department in writing of any change in the contractual relationship with the plan holder’s response contractor(s), and of any event including but not limited to any breach by either party to the response contract that may excuse a response contractor from performing, that indicates a response contractor may fail or refuse to perform, or that may otherwise affect the response, prevention, or preparedness capabilities described in the approved plan.

CIVIL AND CRIMINAL SANCTIONS: Failure to comply with the plan may subject the plan holder to civil liability for damages and to civil and criminal penalties. Civil and criminal sanctions may also be imposed for any violation of AS 46.04, any regulation issued thereunder, or any violation of a lawful order of the Department.

INSPECTIONS, DRILLS, RIGHTS TO ACCESS AND VERIFICATION OF EQUIPMENT, SUPPLIES AND PERSONNEL: The Department has the right to verify the ability of the plan holder to carry out the provisions of its contingency plan and access to inventories of equipment, supplies and personnel through such means as inspections and discharge exercises, without prior notice to the plan holder. The Department has the right to enter and inspect the covered vessel or facility in a safe manner at any reasonable time for these purposes and to otherwise ensure compliance with the plan and the terms and conditions

(AS 46.04.030(e) and AS 46.04.060). The plan holder shall conduct exercises for the purpose of testing the adequacy of the contingency plan and its implementation (18 AAC 75.480 and 485).

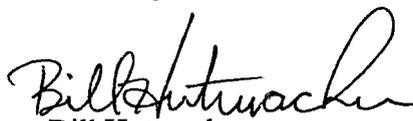
FAILURE TO PERFORM: In granting approval of the plan, the Department has determined that the plan, as represented to it by the applicant in the plan and application for approval, satisfies the minimum planning standards and other requirements established by applicable statutes and regulations, taking as true all information provided by the applicant. The Department does not warrant to the applicant, the plan holder, or any other person or entity: (1) the accuracy or validity of the information or assurances relied upon; (2) that the plan is or will be implemented; or (3) that even full compliance and implementation with the plan will result in complete containment, control, or clean-up of any given oil spill, including a spill specifically described in the planning standards. The plan holder is encouraged to take any additional precautions and obtain any additional response capability it deems appropriate to further guard against the risk of oil spills and to enhance its ability to comply with its duty under AS 46.04.020(a) to immediately contain and clean up an oil discharge.

COMPLIANCE WITH APPLICABLE LAWS: If amendments to the approved plan are necessary to meet the requirements of any new laws or regulations, the plan holder must submit an application for amendment to the Department at the above address. The plan holder must adhere to all applicable state statutes and regulations as they may be amended from time to time. This approval does not relieve the plan holder of the responsibility for securing other federal, state or local approvals or permits, and the plan holder is still required to comply with all other applicable laws.

APPEAL: This is a final decision. Aggrieved persons with standing may appeal this decision to the Alaska Supreme Court within 30 days as provided by the Alaska Rules of Appellate Procedures.

If you have any questions, please contact Becky Lewis at (907) 257-1374.

Sincerely,


Bill Hutmacher
Program Manager

Enclosure: Certificate of Approval Number 03-CER-5600

cc: Jerry Brossia, AO, BLM/JPO
John Kerrigan, SPC, ADNR/JPO
Kaye Laughlin, DGC
Carl Lautenberger, EPA/JPO
Mike Wrabetz, BLM/JPO
Dennis Gnath, ADNR/JPO
Sam Means, ADNR
Jim Taylor, USDOT/OPS, Washington D.C.
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Wes Willson, APSC