

8.
Prime Minister

(2)
Prime Minister

To see. You have
already agreed to
Mr Jenkin's proposal.

MAJOR MARINE OIL AND CHEMICAL INCIDENTS

I have seen your Private Secretary's letter of 11 August to Patrick Jenkin's Private Secretary, expressing the view that the case for the transfer to Transport of coastal pollution responsibilities had not been fully made out. I would certainly accept that with the additional responsibilities now placed on Transport my Ministerial team have a very full workload. Nevertheless I think that the Royal Commission were quite right in recommending that the planning and command arrangements for meeting major marine pollution incidents should be unified, and I agree with the further explanation that Patrick Jenkin has now given you.

I am particularly impressed by the scope for greater efficiency. We are only speaking of small numbers, of course: all that is proposed is to transfer five posts from Environment to add to the existing Marine Pollution Control Unit under Admiral Stacey here. But it should then be possible, with some rationalisation, to achieve economies and to reduce the total staff of the enlarged Unit by, perhaps, 10%.

As for the extra burden on Ministers, this is insignificant if there is no major incident. If there is a major incident, then inevitably a Minister in this Department will be heavily committed in any case, and the only difference is that without the transfer there are likely to be two Ministers in the Government heavily committed.



I would therefore support Patrick Jenkin's proposal.

I am copying this minute to him, and to George Younger, Nicholas Edwards, Jim Prior, Michael Jopling, Peter Rees and Sir Robert Armstrong.

NR

NICHOLAS RIDLEY

3 November 1983



FILE SH
cc: D/Transport
SO
WO
NIO
MAFF
CSO CO

10 DOWNING STREET

From the Private Secretary

4 November, 1983

Dear John,

Major Marine Oil and Chemical Incidents

The Prime Minister has considered the arguments set out in your Secretary of State's minute to her of 3 November, and now agrees that Ministerial responsibility for handling major marine oil and chemical incidents should be transferred from the Environment Departments to the Department of Transport.

I am sending copies of this letter to the Private Secretaries to the recipients of yours.

Yours ever,

David

DAVID BARCLAY

J. Ballard, Esq.,
Department of the Environment

84

sets out a great variety of steps which are being taken both nationally and internationally to minimise the risk of accidents and deliberate polluting discharges.

"As for clean-up, the Royal Commission recommended a fully integrated response to a major spill - on land and at sea. The Government accepts this recommendation. The GB environment Departments' direct responsibilities in relation to onshore clean-up - both of oil and of chemicals - are therefore to be transferred to the Department of Transport's Marine Pollution Control Unit, who already have responsibility within Government for dealing with oil at sea. Following discussions between the Government and the United Kingdom Petroleum Industry Association, the private sector will also be playing a fuller part in clean-up operations. The new arrangements will help to ensure that all concerned - central Government, local authorities and industry - are better able to mount a swift, co-ordinated and, most important, effective response when necessary.

"We see no need to take legislative powers to compel local authorities to help to clean up in a particular way following a spill: we believe that the present voluntary arrangements are adequate. Nor do we see the need to alter the present financial arrangements whereby each organisation bears the immediate costs of any operation which it initiates or controls, except in the case of costs which are directly attributable to a particular area being used as a safe haven. From now on, central Government will reimburse such clean-up costs as are reasonably attributable to the use of a place as a safe haven.

"However, the extent to which we differ from the Royal Commission is far outweighed by the extent to which we are at one with them. My Rt Hon Friends and I are most grateful to the Commission for their excellent report."

NOTE TO EDITORS

The Royal Commission on Environmental Pollution's report, "Oil Pollution of the Sea", was published in October 1981 (Cmd 8358). A copy of the Government's response (Pollution Paper Number 20, Department of the Environment, December 1983) is attached: it includes the Royal Commission's main conclusions and recommendations.

Scott Mack

responsibility for marine oil & chemical spills
April 83

NOV 4 1983





a unified marine pollution organisation in central government, we should be in the position of rejecting all the Royal Commission's main recommendations in this area, which I think would be unfortunate.

Oil pollution is a sensitive issue which can generate a great deal of public concern - particularly in coastal areas. The Royal Commission's report on the subject has been well received by the various interested parties, and if we are seen to reject all their major recommendations - including a proposed unified structure which offers improvements in efficiency and costs us nothing to implement - we would leave ourselves open to criticism both now and in future when we had a major incident and inevitably all did not go quite according to plan.

In the light of this rather more extensive description of the rationale behind it, may I ask you to reconsider the proposal that the Environment Departments' marine oil and chemical incident duties be transferred to the Department of Transport?

I am copying this, as before, to the Secretaries of State for Transport, Scotland, Wales and Northern Ireland, the Minister of Agriculture, Fisheries and Food, and the Chief Secretary; and to Sir Robert Armstrong.

PJ

P J

3 November 1983

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Apr 83,
Oil & Chemical
Spills

3 NOV 1983

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5 6 7 8 9



On the specific points mentioned in your Private Secretary's minute, if the transfer took place:

a. responsibility for dealing with an incident and for planning would lie clearly with a single Minister. He would need to have regard to other interests affected and to consult colleagues in the normal way, but responsibility would no longer be divided. The only continuing interest in marine oil and chemical pollution, which I would have, would stem from the need to coordinate Government policy on pollution control overall. The Secretaries of State for Scotland and for Wales would in addition need to keep in touch with developments affecting Scotland and Wales in view of their wider responsibilities. None of us would in any way duplicate the work of the Secretary of State for Transport.

b. only five posts (of Principal and below) would be transferred to the Department of Transport's complement. The Secretary of State for Transport sees no problem in absorbing the work which, except in a major incident, is unlikely to make noticeable demands on Ministers or senior staff.

As well as the unification of Trade (now Transport) and Environment responsibilities, the Royal Commission recommended legislation to enable us to direct local authorities' clean-up efforts in an incident and 100% Government finance for the whole enterprise pending recovery of costs from the ship/cargo owners and/or their insurers. In our response to RCEP8 we have been proposing to reject these last two recommendations on the grounds that a unified central Government organisation with sufficient finance to support its own direct involvement in clean-up activity would be sufficient. If we do not have

Prime Minister



PRIME MINISTER

Mr Jenkin's response to your earlier doubts about this is set out on page 3.

Agree to the transfer?

Y
M

Doubt
3/11

MAJOR MARINE OIL AND CHEMICAL INCIDENTS

In my minute of 1 August, I set out briefly the case for a transfer of Ministerial responsibility from the GB Environment Departments to the Department of Transport for handling the effects on beaches of major oil and chemical spillages at sea. Your Private Secretary's letter of 11 August says that you did not think the case had been fully made out. My colleagues and I remain fully convinced that there is a strong case for the transfer, and I am encouraged by the terms of your response to spell things out in a little greater detail.

At present, the Department of Transport's Marine Pollution Control Unit deals directly with shipping incidents involving oil and chemicals in UK waters: they have powers to intervene and the wherewithal to clean up. In cases where oil or chemicals come close inshore or onshore in England, Scotland or Wales, county and district councils (region and island councils in Scotland) have accepted responsibility for dealing with them, though they have no specific statutory duty to do so. In the event of a really major coastal incident, there are arrangements for my Department to establish a Coastal Pollution Co-ordination Centre in local county council premises to bring to bear our own expertise and stockpile of cleaning equipment and finance - with similar arrangements covering Scotland and Wales (though in Northern Ireland, responsibility lies with DOE/NI).

We have gone about as far as we can under the present arrangements to prepare for a major coastal incident on a voluntary/co-operative basis. The arrangements are, however, far from



ideal; and the Royal Commission on Environmental Pollution in their Eighth Report on Oil Pollution of the Sea ("RCEP 8") identified as a particular weakness the split in responsibilities between the Department of Trade (now Transport) for the sea, and the Environment Departments for the land, which they felt could lead to divided and confused command in a major incident, together with inefficient contingency planning, and a distorted allocation of investment and research between at-sea and on-shore cleaning up operations.

I see considerable force in the Royal Commission's arguments. If the Environment Department's responsibilities were transferred to Transport, in the event of a major incident central Government would have a single command better able to co-ordinate its response at sea and on land and to cajole disparate local authority (and other) interests into line. There would also be less scope for confusion and for criticism or muddle arising from split responsibility within the Government.

Unified responsibility would also make planning for a major incident most cost-effective. There would be only one Government Department dealing with each of the local authorities involved, instead of two, saving both local authority and central Government time. Savings could also be made in the maintenance and storage of the stockpiles of equipment currently held separately by DOE and DTp. In addition, the small but separate departmental research programmes could be merged, allowing for a single more balanced programme and rectifying the problem, identified by the Royal Commission, that although to date there has been plenty of emphasis on techniques of dealing with oil at sea, there has not been enough emphasis on ways of treating it onshore.

In short, a unified Government response to a disaster would be more efficient and effective, while contingency planning would be more rational and economical.



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3ED
01-212 3434

My ref:

Your ref:

CBG
[Handwritten initials]

25 April 1986

The Rt Hon Nicholas Ridley AMICE MP
Chairman
MISC 19
Department of Transport
2 Marsham Street
LONDON
SW1

1. CDP
2. NBPA.

Dear Nick,

Since the Torrey Canyon incident in 1967 the United Kingdom has played a leading role in securing international agreement on compensation in respect of marine oil pollution incidents. The Civil Liability Convention 1969 and the International Oil Pollution Compensation Fund Convention 1971 were ratified by the UK and came into operation under the provisions of the Merchant Shipping (Oil Pollution) Act 1971 and the Merchant Shipping Act 1974.

While both Conventions have operated satisfactorily experience has shown that there could be procedural improvements and that the maximum levels of compensation set in 1969 and 1971 are now too low. The danger of future costs in the event of a major incident being more than the maximum level of compensation was demonstrated by the level of costs arising from the Amoco Cadiz (1978) and Tanio (1980) incidents on the French coast.

Two new Protocols amending the 1969 and 1971 Conventions were agreed at an International Conference in London in 1984. The Protocols provide for a significant increase in the maximum compensation payable in the event of an incident. Under the 1969 Convention the maximum compensation payable by the shipowner will increase from £10.3 million to £44 million. Under the 1971 Convention the maximum payable in respect of a single incident will increase from £44.2 million to £150 million. The Fund is financed by a levy on oil companies based on annual oil imports.

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UK interests have been consulted and the responses have shown strong support for ratification of the Protocols. There have been no objections raised. Early ratification by the UK would show our continuing commitment to internationally agreed oil pollution compensation and could encourage other States to ratify the Protocols thus speeding their entry into force.

I am writing to seek policy approval to move towards ratification of the Protocols. New primary legislation will be required either as a free standing short Bill or as part of a Merchant Shipping, or shipping related, Bill. While it may be some time before a suitable slot is available in our legislative programme I would welcome your agreement to start the procedures towards ratification.

I am copying this letter to colleagues on MISC 19, Angela Rumbold and Wyn Roberts.

Yours truly

Malcolm

THE EARL OF CAITHNESS

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CONCLUSION

The Exxon Valdez incident is an environmental disaster of the first magnitude - the economic significance however has yet to unfold in the media. However:

- Oil prices are rising.
- The USA and Alaskan economies will be affected.
- OPEC will try to take advantage of the situation.
- The oil companies will have to reassess their environmental protection efforts.



GREG BOURNE

EL3DKZ

Two million barrels per day also represents 10 per cent of OPEC production and 4 per cent of free world consumption.

Already the impact of the reduction and possible shut down of Alaska's production is being reflected by crude oil and product price rises.

How long this situation will last is as yet unknown. The tanker will be removed by next Tuesday - full production could then technically be recommenced. However the Sierra Club have filed an injunction against the Alyeska Pipeline Service Company aimed at keeping Port Valdez closed. The oil companies hope that at least limited tanker movements will be allowed (eg in daylight hours and with tugs).

While restrictions last the production deficit will be felt by:-

- The US economy reflected by an increased trade deficit and increased product prices.
- The Alaskan economy reflected by a vast drop in State Domestic Product at a time when they are running a budget deficit.
- OPEC who on one hand will be glad of the price rises and on the other will want to increase production quotas.
- The Oil Companies those involved in Alaskan production will see significant reductions in cash flow. Those not involved will make windfall profits.

LONG TERM SIGNIFICANCE

In a matter of a few days the USA has gone from importing 40 per cent of its oil requirements to nearly 55 per cent. President Bush, an oil man himself, will already have realised the strategic significance of this disasterous event.

Had the import requirement risen on a steady basis over a few years, the logical answer would have been to open up the Arctic National Wildlife Refuge (ANWR) for oil exploration and production.

This can now be ruled out for at least 2-3 years.

The United States will be faced with either accepting that imports will rise inexorably or that consumption should be managed more carefully. Extreme pressure will now be brought to bare by environmentalists and conservationists to adopt all possible energy efficiency measures.

Oil companies will come under increasing scrutiny and will have to prove that they can cope with future events. The costs of developments are likely to rise.

THE UK

Could it have happened here? Yes! Would we have been any better at handling the problems?

I believe that we are far better placed in the UK to handle such disasters - we learned the hard way with the Torrey Canyon.

X | I recommend however that you formally ask the Secretary of State for Energy for an assessment of the UK Oil Industry's preparedness in the event of a large oil spill.

(Answered by the Prime Minister on Monday 19 December 1983)

UNSTARRED Mr John Ward:

NO. 285 To ask the Prime Minister, whether she is satisfied with the present interdepartmental arrangements for dealing with marine oil spills.

At present, the Department of Transport's Marine Pollution Control Unit is, within Government, responsible for all aspects of cleaning up oil spills at sea, while local authorities in England, Scotland and Wales have voluntarily assumed a primary role in cleaning up the coastline, with the appropriate environment Department providing advice and co-ordination as necessary.

In their Eighth Report ("Oil Pollution of the Sea"), the Royal Commission on Environmental Pollution recommended that the MPCU should assume the GB environment Departments' direct responsibilities in this area, in the interests of securing more economical and effective contingency planning and cleaning, particularly in relation to major spills. I have decided to accept this recommendation. The MPCU will assume its new responsibilities on 1 January 1984.

My Rt Hon Friend, the Secretary of State for the Environment, is making a separate announcement on the Government's response to the Royal Commission's Eighth Report as a whole.

MARINE OIL SPILLS: DRAFT PARLIAMENTARY QUESTION AND ANSWER

QUESTION

To ask the Prime Minister whether she is satisfied with the present interdepartmental arrangements for dealing with marine oil spills.

DRAFT ANSWER

DMS At present, the Department of Transport's Marine Pollution Control Unit is, within Government, responsible for all aspects of ^{cleaning up} oil spills ~~occurrence~~ at sea, while local authorities in England, Scotland and Wales have voluntarily assumed a primary role in cleaning up the coastline, with the appropriate environment Department providing advice and co-ordination as necessary.

DMS In their Eighth Report ("Oil Pollution of the Sea"), the Royal Commission on Environmental Pollution recommended that the MPCU should assume the GB environment Departments' direct responsibilities in this area, in the interests of securing more economical and effective contingency planning and ^{cleaning,} ~~cleaning,~~ particularly in relation to major spills. I have decided to accept this recommendation. The MPCU will assume its new responsibilities on 1 January 1984.

My Rt Hon Friend, the Secretary of State for the Environment, is making a separate announcement on the Government's response to the Royal Commission's Eighth Report as a whole.

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MARINE OIL POLLUTION:
PATRICK JENKIN ANNOUNCES GOVERNMENT RESPONSE
TO ROYAL COMMISSION REPORT

1. Patrick Jenkin, Secretary of State for the Environment, today announced publication of the Government's response to the Royal Commission on Environmental Pollution's Eighth Report, "Oil Pollution of the Sea".

2. In response to a Parliamentary Question from
Mr Jenkin said:

"The Government's response to the Royal Commission on Environmental Pollution's Eighth Report has been published today. Copies have been placed in the Library of the House.

"The Royal Commission concluded that marine oil pollution at current levels is unlikely to cause long-lasting damage to the environment. But they recognised the severe short-term local dislocation, frequently accompanied by heavy losses of sea birds, caused by large spills and made recommendations for improving matters - both as regards prevention, and as regards clean-up when preventive measures have failed.

"I am glad that we have been able to accept most of the Royal Commission's recommendations.

"Prevention is a collective responsibility. Governments, shipowners, port authorities and many others have an important part to play. If accidents are to be avoided, tankers must be built and operated to high standards. Off-shore oil exploration and production must be carefully handled. Our response to the Royal Commission

Govt Mach: Maria Snells 4/63



FORWARDED

11

PRIME MINISTER

Coastal Pollution

You have already agreed that responsibility for dealing with coastal pollution should be transferred to the Department of Transport.

The attached letter now seeks your agreement to the following:

- (i) that the transfer should be announced in two separate statements on Monday, 19 December;
- (ii) the terms of your own draft Written Answer at A;
- (iii) the terms of the DoE announcement at B.

Are you content please?

Done

Yes not

14 December, 1983

DAVID BARCLAY



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

14 December 1983

Dear David

MAJOR MARINE OIL AND CHEMICAL INCIDENTS: PARLIAMENTARY
ANNOUNCEMENT OF TRANSFER OF MINISTERIAL RESPONSIBILITY

Following your letter of 4 November, we here have been putting the finishing touches to the Government response to the Royal Commission on Environmental Pollution's eighth report, "Oil Pollution of the Sea"; and my Secretary of State proposes to announce publication of the response on Monday 19 December. I enclose the draft of a Press Notice which we propose to issue that day once an inspired written Question has been answered in the normal way (the Press Notice incorporates the text of the Answer that we propose).

The MPO advised some time ago that if the Prime Minister decided upon a change of Ministerial functions in this area, she would herself wish to announce this in response to a specific Question; and they suggested that the two Answers should be synchronised for the same day. I am also enclosing the draft of a specific Question and Answer for the Prime Minister.

I would be grateful for confirmation as soon as possible that the Prime Minister is content with the draft Press Notice and with the proposal to issue two separate statements, and that there will be no difficulty over the timing.

I am copying this letter to Tony Poulter.

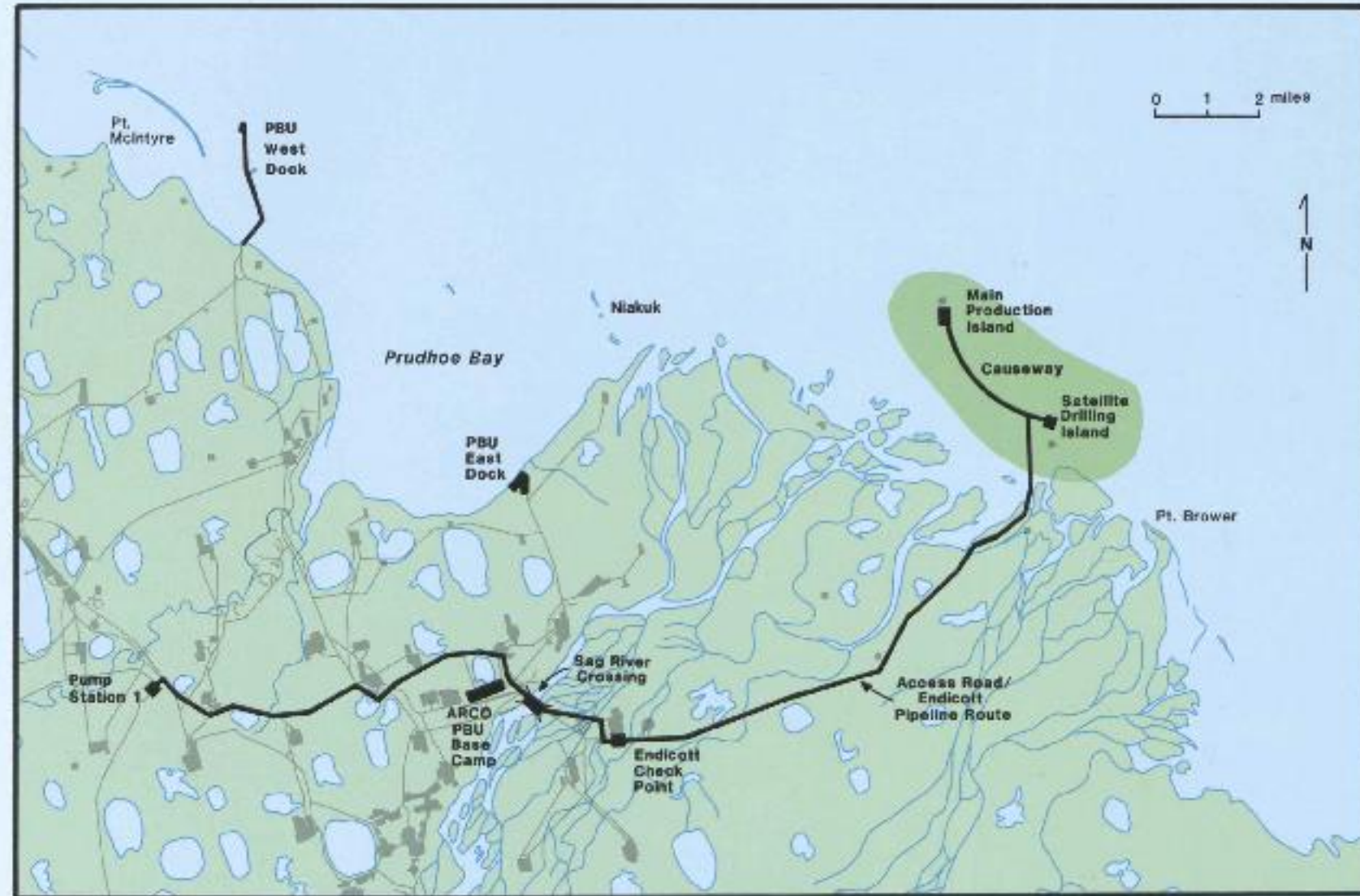
Yours sincerely

L. Robinson

LUCY ROBINSON
Private Secretary

D M Barclay Esq

ENDICOTT



Endicott Fact Sheet

Field Area	8,800 acres		
Original Oil in Place (Gross)	1.0 billion barrels		
Original Gas in Place (Gross)	1.3 trillion Std. Cu. Ft.		
Oil Reserves (millions of barrels)	SAPC Net	Gross Field	
Production to 1/1/88	4	9	
Remaining Proven Reserves	165	344	
Possible Reserves	25	52	
Current Rates	SAPC Net	Gross Field	
Oil (Thousands bbls/day)	53	110	
Gas (Millions SCF/day)	—	101	
Water (Thousands bbls/day)	—	6	
Number of Wells	Oil	Gas Inj.	Water Inj.
Current	28	3	1
Total Projected	75	5	20
	SAPC Net	Gross Field	
Cumulative Capital Cost (1984-87)	\$410 million	\$770 million	
Future Capital Expenditures	\$160 million	\$300 million	
	1987	1988	
	Actual	Oper. Plan	
Funds flow/bbl	—	\$2.29	
Operating income/bbl	—	\$1.72	
Lifting costs/bbl	—	\$1.28	

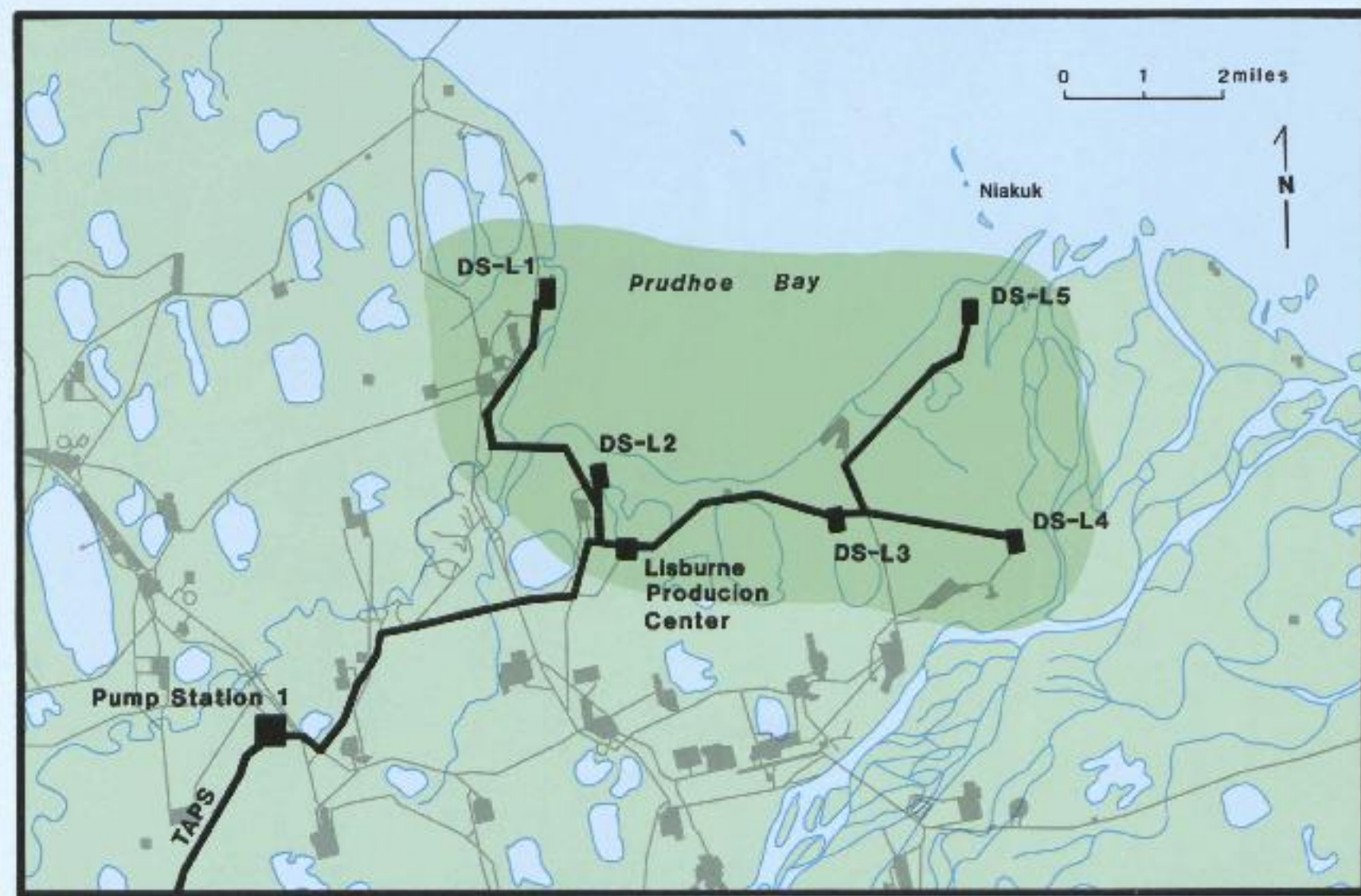
Production Highlights

Production startup occurred on October 4, 1987 at 40,000 bbls / day. Current production is at 110,000 bbls / day and is expected to continue at the 100,000 bbls / day level until 1991 then decline at a rate of twelve percent per year until the end of field life in 2008. A pilot waterflood operation will commence 1st Quarter 1988 with the full field waterflood in operation mid-year 1989.

Endicott Ownership

Operator: Standard Alaska	56.78 %
Owners: Exxon	21.02 %
Union	10.52 %
Amoco	10.49 %
Cook Inlet Region, Inc.	0.65 %
NANA Regional Co.	0.38 %
Doyon, Ltd.	0.13 %
ARCO	0.02 %
	<hr/> 100.00 %

LISBURNE



Lisburne Fact Sheet

Field Area	30,000 acres		
Original Oil in Place (Gross)	3.0 billion barrels		
Original Gas in Place (Gross)	0.3 trillion Std. Cu. Ft.		
Oil Reserves (millions of barrels)	SAPC Net	Gross Field	
Production to 1/1/88	4	21	
Remaining Proven Reserves	54	306	
Possible Reserves	39	222	
Current Rates	SAPC Net	Gross Field	
Oil (Thousands bbls/day)	9	49	
Gas (Millions SCF/day)	—	220	
Water (Thousands bbls/day)	—	7	
Number of Wells	Oil	Gas Inj.	Water Inj.
Current	48	3	0
Total Projected	180	6	0
Cumulative Capital Cost (1984-87)	SAPC Net	Gross Field	
	\$207 million	\$910 million	
Future Capital Expenditures	\$126 million	\$630 million	
Funds flow/bbl	1987 Actual	1988 Oper. Plan	
	\$3.97	\$1.19	
Operating income/bbl	\$4.47	\$2.12	
Lifting costs/bbl	\$1.30	\$1.47	

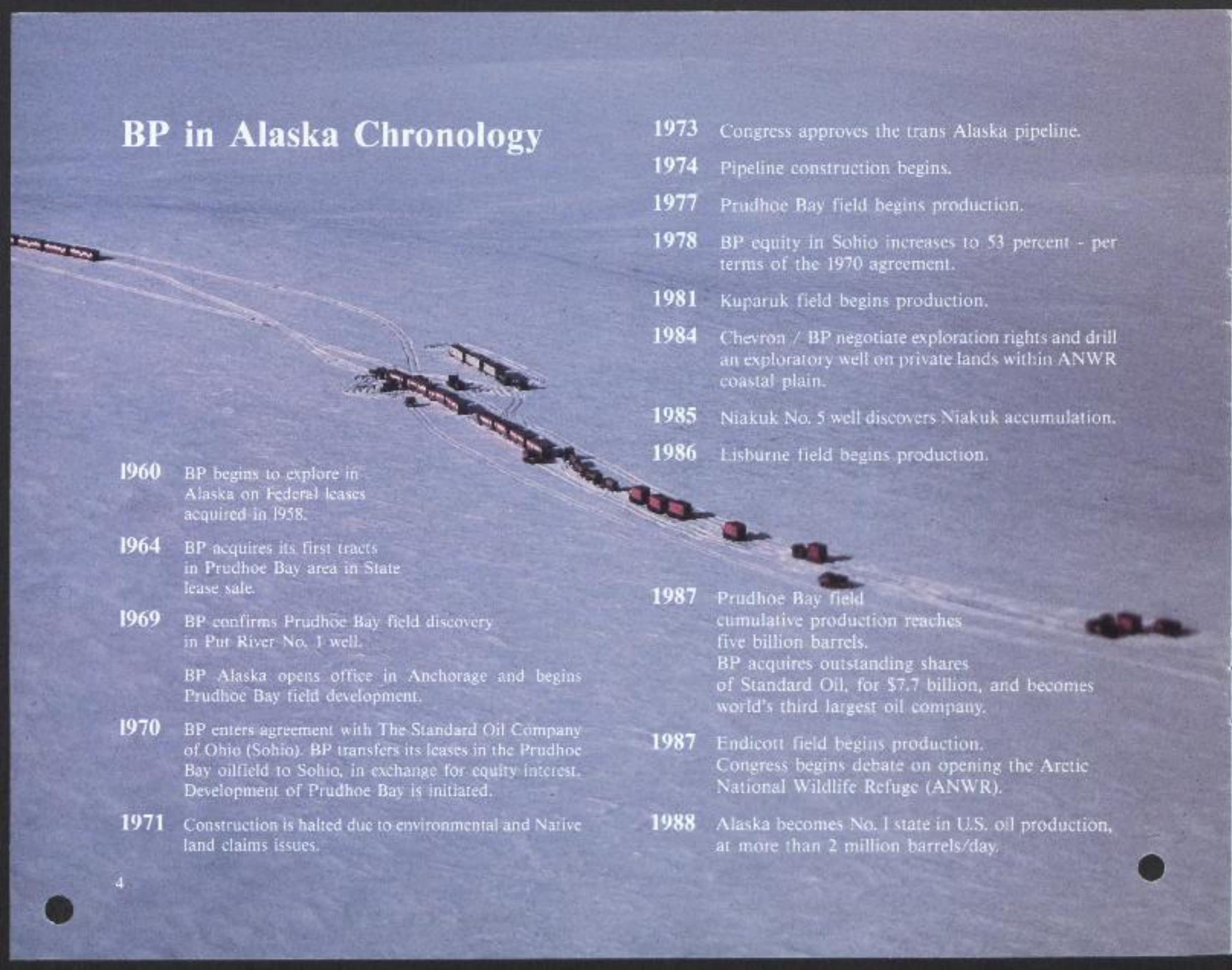
Production Highlights

Production will decline slowly at two percent per year while drilling continues through 1995, then will decline at twenty percent per year until end of field life in 2020. Pilot waterflood operations started in February 1988 to evaluate waterflood potential. An immiscible water alternating gas pilot is proposed to start in early 1989.

Lisburne Ownership

Operator: ARCO	40.00 %
Owners: Exxon	40.00 %
Standard Alaska	20.00 %
	<u>100.00 %</u>

BP in Alaska Chronology

- 
- 1960** BP begins to explore in Alaska on Federal leases acquired in 1958.
- 1964** BP acquires its first tracts in Prudhoe Bay area in State lease sale.
- 1969** BP confirms Prudhoe Bay field discovery in Put River No. 1 well.
BP Alaska opens office in Anchorage and begins Prudhoe Bay field development.
- 1970** BP enters agreement with The Standard Oil Company of Ohio (Sohio). BP transfers its leases in the Prudhoe Bay oilfield to Sohio, in exchange for equity interest. Development of Prudhoe Bay is initiated.
- 1971** Construction is halted due to environmental and Native land claims issues.

- 1973** Congress approves the trans Alaska pipeline.
- 1974** Pipeline construction begins.
- 1977** Prudhoe Bay field begins production.
- 1978** BP equity in Sohio increases to 53 percent - per terms of the 1970 agreement.
- 1981** Kuparuk field begins production.
- 1984** Chevron / BP negotiate exploration rights and drill an exploratory well on private lands within ANWR coastal plain.
- 1985** Niakuk No. 5 well discovers Niakuk accumulation.
- 1986** Lisburne field begins production.
- 1987** Prudhoe Bay field cumulative production reaches five billion barrels. BP acquires outstanding shares of Standard Oil, for \$7.7 billion, and becomes world's third largest oil company.
- 1987** Endicott field begins production. Congress begins debate on opening the Arctic National Wildlife Refuge (ANWR).
- 1988** Alaska becomes No. 1 state in U.S. oil production, at more than 2 million barrels/day.

HISTORY OF BP IN ALASKA

During the middle and late 1950s BP began energetically pursuing a policy of worldwide diversification in refining, marketing and exploration. Recognizing BP's worldwide exploration experience, Sinclair Oil Corporation suggested that BP team up with them in exploring the Alaskan Arctic slope.

BP's first group of geologists conducted field surveys on Alaska's North Slope in 1958. In February 1959, they reported that the Arctic Slope "contains a wealth of drillable anticlines on the Iranian scale, with lengths of the order of 20 miles . . ."

While southern Alaska was of secondary interest to BP, the company did engage in some exploration work in Interior Alaska, the Alaska Peninsula, Cook Inlet and the Gulf of Alaska. In 1963, BP began drilling the first exploratory well on the North Slope.

The original objective of the arctic exploration program was a series of large surface structures in the foothills of the Brooks Range. But Shale Wall, Itkillik, Little Twist, Shrader and Kuparuk--the wildcat sites--were all dry.

Two additional wildcats, the Gubik and East Umiat wells did reveal natural gas in small quantities, but not enough for commercial marketing. Another possibility was a large seismic feature farther north along the delta of the Colville River but only traces were found there.

With eight failures and a total of nearly \$30 million expended, there was a reluctance to continue carrying the heavy burden of North Slope exploration costs. However BP geologists were still convinced that oil lay somewhere in the Arctic.

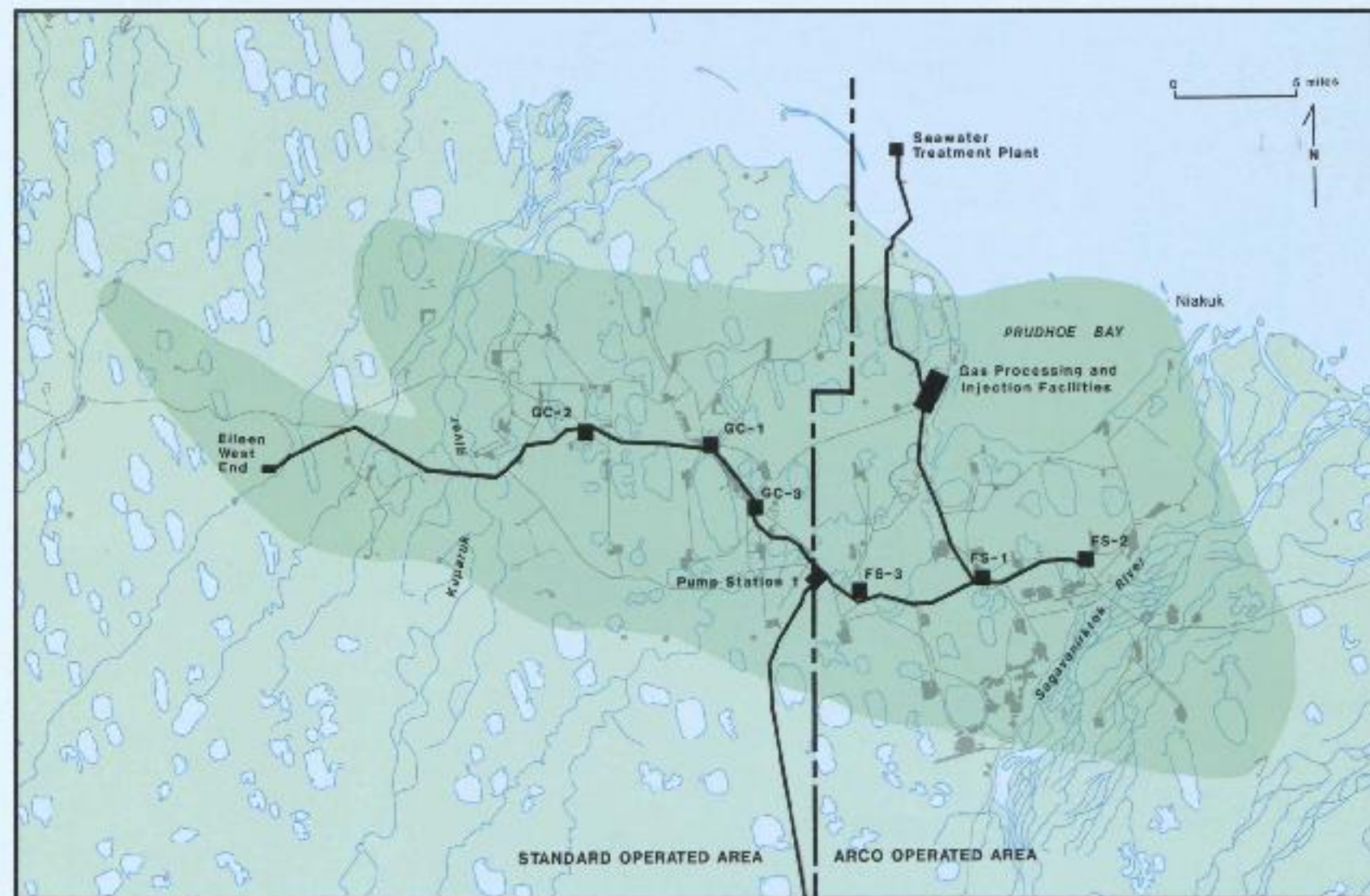
Through active participation in State lease sales, BP developed a strong position in the Prudhoe Bay area, where it began to concentrate its drilling efforts. ARCO and its partner Humble Oil announced a discovery at Prudhoe State No.1 in July 1968, and BP stood as a major leaseholder in the area. In March of the following year, BP announced its Put River No. 1 strike. This, with other wells, confirmed that BP's leases, covering over half the structure, contained recoverable oil reserves later estimated at over 5 billion barrels and more than 6 trillion feet of natural gas.

To strengthen its financial base and expand its marketing operations to the U.S., BP agreed in 1970 to acquire a majority of the stock of The Standard Oil Company (Sohio) in exchange for its interest in the Prudhoe Bay leases.

BP Alaska and Sohio began Prudhoe field development in 1969, and after Congressional approval of a trans Alaska pipeline right of way in 1973, construction of the Trans Alaska Pipeline System was underway.

The first oil flowed from the Prudhoe field on June 20, 1977, almost 20 years after BP geologists first probed this remote part of the world.

PRUDHOE BAY



Prudhoe Bay Fact Sheet

Field Area	150,000 acres		
Original Oil in Place (Gross)	22.0 billion barrels		
Original Gas in Place (Gross)	46.6 trillion Std. Cu. Ft.		
Oil Reserves (millions of barrels)	SAPC Net	Gross Field	
Production to 1/1/88	2397	5491	
Remaining Proven Reserves	2105	5364	
Possible Reserves	893	2350	
Current Rates	SAPC Net	Gross Field	
Oil (Thousands bbls/day)	688	1630	
Gas (Millions SCF/day)	—	3800	
Water (Thousands bbls/day)	—	650	
Number of Wells	Oil	Gas Inj.	Water Inj.
Current	716	18	120
Total Projected	1130	22	170
Cumulative Capital Cost (1970-87)	SAPC Net	Gross Field	
Future Capital Expenditures	\$6.3 billion	\$12.6 billion	
	\$2.0 billion	\$ 4.4 billion	
Funds flow/bbl	1987 Actual	1988 Oper. Plan	
Operating income/bbl	\$7.58	\$6.11	
Lifting costs/bbl	\$5.27	\$4.13	
	\$1.01	\$0.97	

Production Highlights

Production is expected to remain on plateau through late 1989 and decline initially at a rate of 10-15% per year. Plans for the further development of the field encompass additional drilling of both infill wells and peripheral areas; increased gas handling/cycling expansions; expansion of existing waterflood and EOR projects; and associated expansions to the produced water handling systems. Eileen West End is the first peripheral area to be developed and is scheduled to commence production in mid-1988.

Prudhoe Bay Unit Ownership

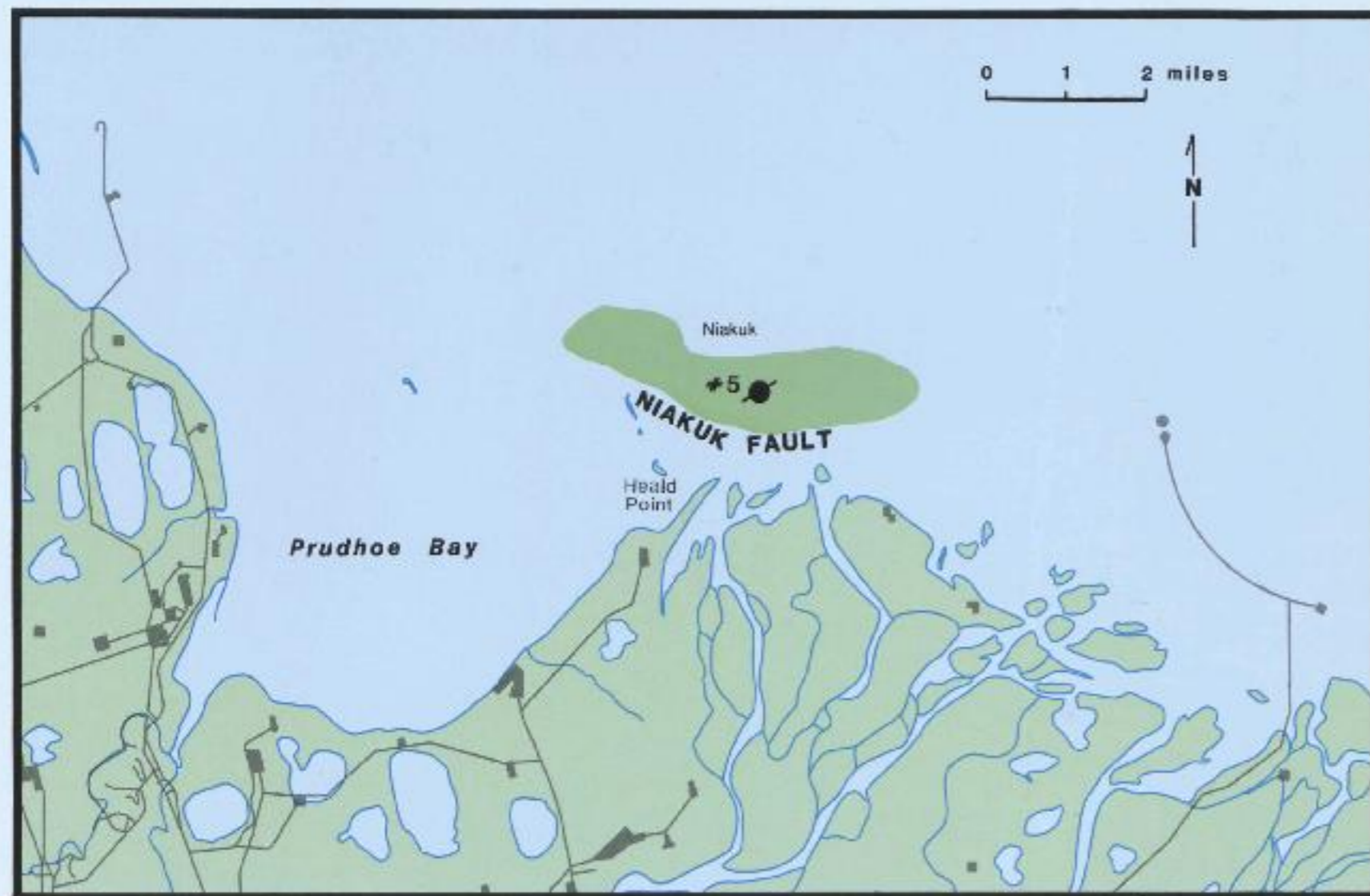
Operators: Western Operating Area Standard Alaska

Eastern Operating Area ARCO

Owners:

Oil Rim	Standard Alaska	50.68 %
	ARCO	21.78 %
	Exxon	21.78 %
	Mobil-Phillips-Chevron	4.44 %
	Others	1.32 %
		100.00 %
Gas Cap	Standard Alaska	13.84 %
	ARCO	42.56 %
	Exxon	42.56 %
	Mobil-Phillips-Chevron	1.04 %
		100.00 %

NIAKUK



Niakuk Fact Sheet

Field Area	5,300 acres		
Original Oil in Place (Gross)	380 million barrels		
Original Gas in Place (Gross)	320 billion Std. Cu. Ft.		
Oil Reserves (millions of barrels)	SAPC Net	Gross Field	
Production to 1/1/88	0	0	
Remaining Proven Reserves	51	58	
Possible Reserves	31	52	
Current Rates	None		
Number of Wells	Oil	Gas Inj.	Water Inj.
Current	0	0	0
Total Projected	8	1	4
Cumulative Capital Cost	SAPC Net	Gross Field	
Future Capital Expenditures	\$130 million	\$130 million	

Production Highlights

The Niakuk project is in the permitting stage. Permit award and project funding authorization are anticipated by mid-1989. Production is expected to begin in late 1991 at a rate of 20 MBD gross. Field will produce on plateau for four years with field wide waterflood commencing in late 1992. The projected field life is thirteen years.

Niakuk Ownership

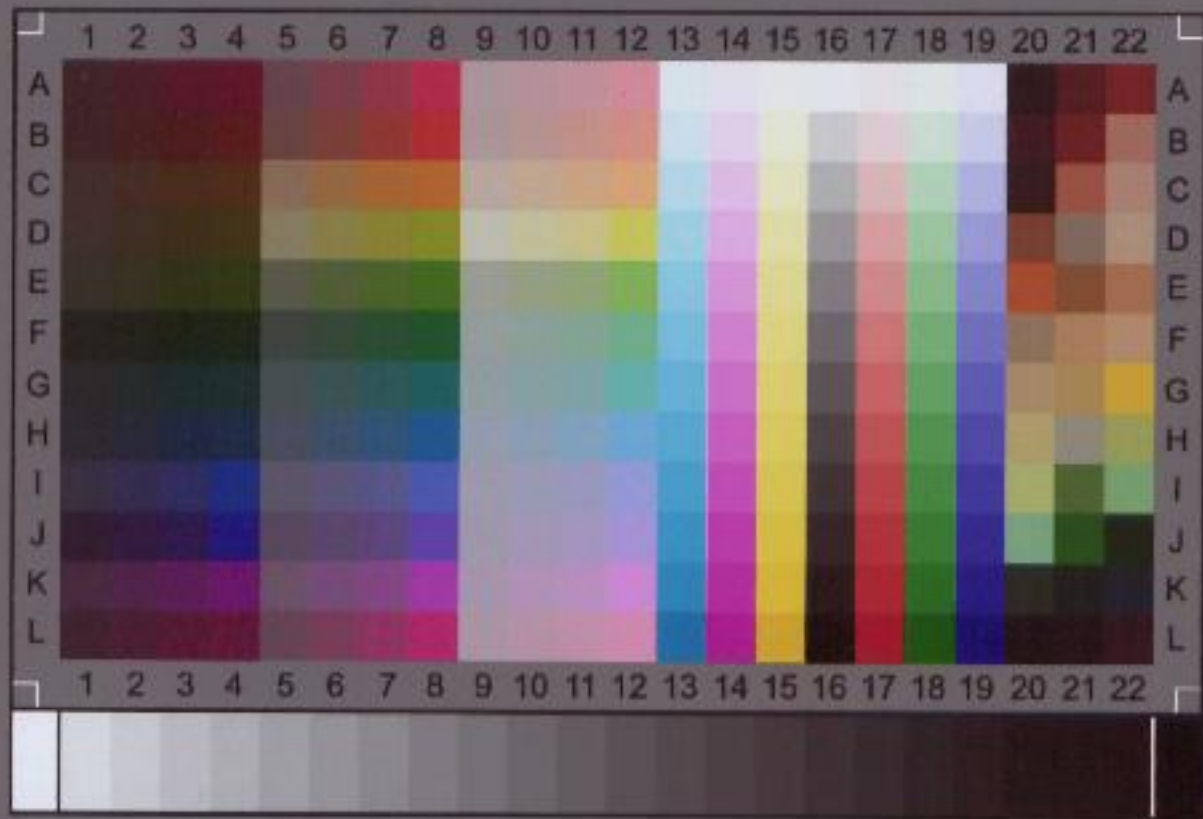
Operator: Standard Alaska

Owner: Standard Alaska 100 %

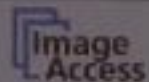


BP AMERICA

Produced by:
Standard Alaska Production Company Graphics



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IT-8 Target

Printed on Kodak Professional Paper

Charge: R090212

STANDARD ALASKA PRODUCTION COMPANY

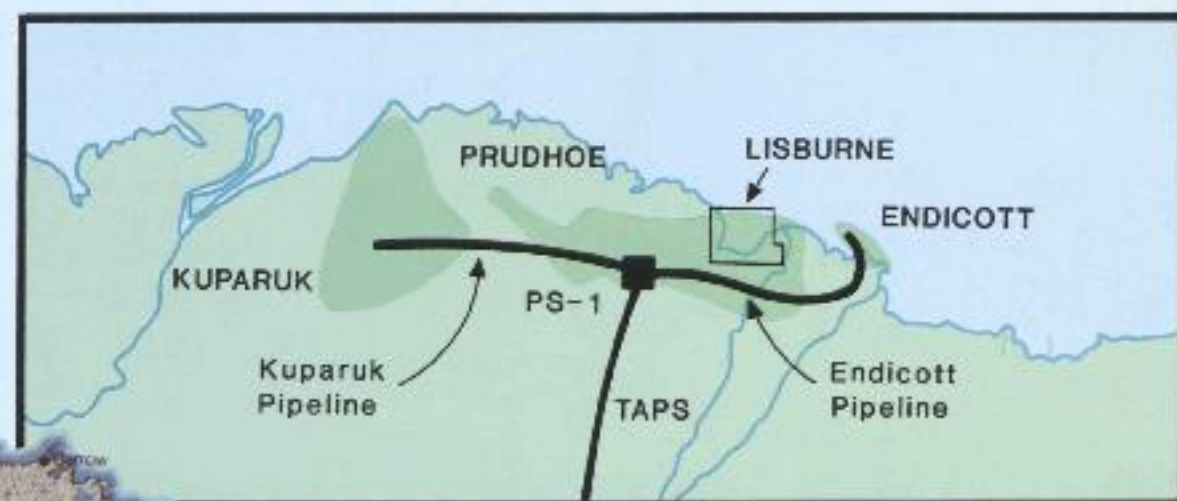
Summary Fact Sheet

Field Area	334,100 acres		
Original Oil in Place (Gross)	32.8 billion barrels		
Original Gas in Place (Gross)	51.5 trillion Std. Cu. Ft.		
Oil Reserves (millions of barrels)	SAPC Net	Gross	
Production to 1/1/88	2539	5916	
Remaining Proven Reserves	2880	7559	
Possible Reserves	1005	2726	
Current Rates	SAPC Net	Gross	
Oil (Thousands bbls/day)	857	2104	
Gas (Millions SCF/day)	—	4481	
Water (Thousands bbls/day)	—	784	
Number of Wells	Oil	Gas Inj.	Water Inj.
Current	1123	85	276
Total Projected	2093	154	594
Cumulative Capital Cost	SAPC Net	Gross	
Future Capital Expenditures	\$8.3 billion	\$17.9 billion	
	\$3.7 billion	\$ 8.9 billion	
	1988		
	Oper. Plan		
Funds flow/bbl	\$5.52		
Operating income/bbl	\$3.83		
Lifting costs/bbl	\$1.04		



Manche Creek (a braided stream) lies outside the 1002 Study area in the southeast portion of ANWR. USFWS

Alaska Pipeline System



Trans Alaska Pipeline System (TAPS) Fact Sheet

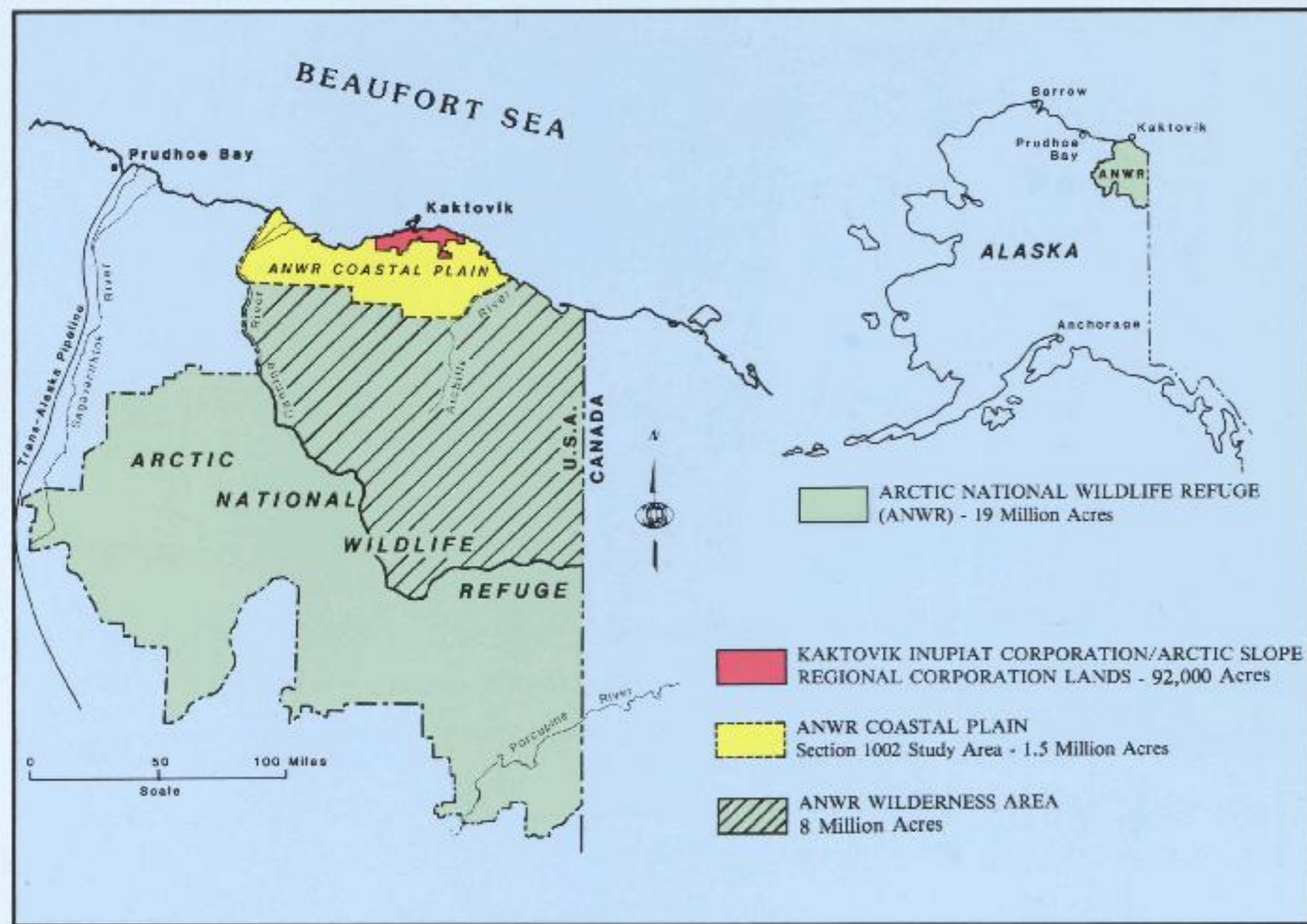
Length of TAPS (Pump Station 1 to Valdez)	800 Miles
Pipeline Diameter	48 Inches
Cumulative TAPS Thruput to 1/1/88 (Billion bbls)	5.9
Current TAPS capacity (Million bbls/day)	
Mechanical	1.42
With DRA (Drag Reducing Agent)	2.14
TAPS Thruput (Million bbls/day)	
1987 Actual	1.96
TAPS Operating Costs (\$/bbl)	\$1.29 (includes \$.06 DRA)
Valdez Terminal	
Storage Capacity (Million bbls)	8.7
Tanker Sailings (1987)	942
Sohio Alaska Pipeline Company	
Cumulative Capital Costs (1968-87)	\$5.3 Billion
Tariffs (\$/bbl)	
TAPS	\$3.22
Kuparuk Pipeline	\$0.61
Endicott Pipeline	\$0.71
	1987 Actual 1988 Operating Plan
Funds Flow / bbl	\$3.33 \$2.60
Operating Income / bbl	\$2.53 \$1.76

Operating Highlights

In addition to TAPS, Sohio Alaska Pipeline Company owns 38% of the Kuparuk Pipeline and 56.8% of the Endicott Pipeline. The decrease in funds flow for 1988 is primarily due to a reduction in TAPS tariff from an average of \$3.92 per barrel in 1987 to \$3.22 per barrel in 1988. TAPS capacity was expanded by 100,000 bbls/day in 1987 by adding DRA injection points at Pump Stations 1 and 7.

Trans Alaska Pipeline System Ownership

Operator:	Alyeska Pipeline Service Company	
Owners:	Sohio Alaska Pipeline	49.93 %
	ARCO Pipeline	21.32 %
	Exxon Pipeline	20.30 %
	Mobil Alaska Pipeline	4.17 %
	Amerada Hess Pipeline	1.50 %
	Phillips Alaska Pipeline	1.39 %
	Unocal Pipeline	1.39 %
		<hr/> 100.00 %



Arctic National Wildlife Refuge (ANWR) Fact Sheet

ANWR in its present form was created by provisions of the Alaska National Interest Lands Conservation Act of 1980 (ANILCA). At that time Congress set aside 19 million acres for the Refuge of which approximately 8 million acres was designated wilderness. The 1.5 million acres of the coastal plain was set aside for five years of study to determine the relative merits of its potentially enormous oil and gas resources and its wildlife values. Upon completion of those studies (April 1987) Congress was to re-examine the issue of the future management of the coastal plain and decide whether oil and gas leasing should be allowed.

In its study recommendations to Congress, the Department of Interior (DOI) identified possible oil reserves of 600 million to 9.2 billion barrels of recoverable oil with a "mean" of 3.2 billion barrels extractable from the coastal plain. It calculated that a 19% chance existed for the discovery of a commercial oil field of 440 million barrels of recoverable oil or larger. The Secretary of Interior recommended that Congress authorize an oil and gas leasing program for the area.

The Arctic Slope Regional Corporation obtained 92,000 acres of subsurface rights near the village of Kaktovik under terms of ANILCA and the Native Claims Settlement Act. Chevron and BP negotiated exclusive exploration rights on that land and drilled the K.I.C. well in 1984-85. The results of that well could be made public on April 24, 1988. We are currently working with Chevron to obtain an extension of the confidential status of the data until ninety days after any nearby unleased acreage is disposed of.

Future land exchanges involving oil and gas rights to coastal plain acreage have been proposed between Alaska native corporations and the DOI. These exchange proposals have clouded the issue of the opening of ANWR and are unlikely to be accepted by Congress.

In late April 1987 the U.S. House of Representatives started Congressional hearings on ANWR. The U.S. Senate began its hearings in June 1987. Numerous visits were made to ANWR in the summer of 1987 by representatives of the Congress as well as Executive Branch policymakers, and the hearing process has continued to the present. To date 24 hearings have been completed - the most on any issue before the 100th Congress. In February 1988, the Senate Energy Committee began markup of a "compromise" bill known as the Johnston/McClure bill which allowed for phased leasing of the coastal plain in 20% increments every two to three years. The bill also contained fairly extreme requirements for environmental protection. This bill was passed out of the Committee on February 25, 1988, by a vote of 11 - 8. It had been modified to require a national energy policy study, the results of which would be considered by Congress prior to the first scheduled ANWR lease sale. This bill still awaits final action by the full Senate.

On the House side, markup of a "moderate" bill, which allows leasing with rigorous environmental protection, is expected to begin in the House Merchant Marine & Fisheries Committee in April.

Both of these bills face strong opposition from the national environmental organizations plus the problems of an attenuated and crowded Congressional timetable caused by an election year.

The tactics of the environmental opponents, who wish to make the coastal plain wilderness and therefore perpetually off limits to development, are to delay, thereby killing, the bills in this Congress. It will require a major effort by the oil industry, its allies and the political leadership to pass an open-ANWR bill this session. If the effort fails, the whole process starts again, from scratch, in the 101st Congress with its changed membership and a new president and administration. At present, the ANWR bills have a forward momentum which could translate into passage by the end of 1988.



CONSEQUENTIALS

If you agree to the proposed transfer it could be announced as part of the Government's response to the Royal Commission report, which I would hope to publish in September, and be implemented as soon as possible - say by 1 October. A total of 5 DOE staff would transfer to DTp together with their equipment and finance. A Transfer of Functions Order would not be required.

I am copying this minute to the Secretaries of State for Transport, Scotland, Wales and Northern Ireland, the Minister of Agriculture, and the Chief Secretary; and to Sir Robert Armstrong.

PJ

PJ

11 AUG 83

Post-Meeting

~~Willie,~~ Tim has confirmed that minute
has been withdrawn.

Steve 2/5/83

Please see minute to PM

from S/S Env dated 30 March 83.

Mr Douglass an official at Environment
says that this minute has been
cleared by other departments and
it should not have been withdrawn
by Env Private Office.

I have asked him to get
his private office to have a
word with you.

Steve

26/4/83



spills. They recommend that central Government's responsibilities during marine oil spills should be unified in the Marine Pollution Control Unit. This change should ensure that the response to a major spill is planned - and seen to be planned - as a whole and is thus more efficient; and reactions to the proposal have been generally favourable.

7?
1.
7?

We accordingly propose that the Department of Transport should take over these responsibilities currently exercised by the Environmental Departments in relation to co-ordinating and overseeing the onshore clean-up activities of local authorities. All operational aspects of central Government responsibility would then be concentrated in one Department. In view of my overall remit to co-ordinate Government policy on environmental pollution issues I would, however, wish to retain an overt, though essentially non-interventionist, interest in the subject. And because of their special position and wider responsibilities the Secretaries of State for Scotland and Wales would wish to assist, and be seen to assist, Department of Transport Ministers in the event of a major spill in their areas.

The response to the Royal Commission's remaining recommendations has been agreed by the Ministers concerned.

NORTHERN IRELAND

In Northern Ireland, the DOE(NI) is directly responsible for all land operations following marine oil spills: the local authorities play no part. The Secretaries of State for Transport and for Northern Ireland have agreed that these arrangements need not be changed.



10 DOWNING STREET

From the Private Secretary

11 August 1983

cc NIO
SO
WO
D/Trans
MARE
CSE
CO

HL

The Prime Minister has now seen your Secretary of State's minute of 1 August about a proposed transfer of Ministerial responsibility for dealing with major marine oil and chemical pollution incidents. Mrs. Thatcher does not consider that the case for such a transfer has been fully made out especially since the minute makes clear that the Department of the Environment and the Scottish and Welsh Offices would continue to take a major interest in these issues. She also considers that for the moment the Department of Transport has taken on as much as it can reasonably be expected to manage.

I am sending copies of this letter to John Lyon (Northern Ireland Office), Muir Russell (Scottish Office), Adam Peat (Welsh Office), Dinah Nichols (Department of Transport), Robert Lawson (Ministry of Agriculture, Fisheries and Food), John Gieve (Chief Secretary's Office) and Richard Hatfield (Cabinet Office).

Tim Flesher

John Ballard, Esq.,
Department of the Environment.

The case is not made out - as how can we see from p. 2. However, ed. Preskel - the MOT has told us on as much as it can cope with already. And it is things like with that - as we know well



Chief Minister.

agree to this transfer of responsibility

2/8

PRIME MINISTER

RESPONSE TO MARINE OIL AND CHEMICAL SPILLS: PROPOSED TRANSFER OF MINISTERIAL RESPONSIBILITY

The Secretaries of State for Transport, Scotland and Wales and I have agreed to propose to you that we should unify within the Department of Transport Government responsibility for dealing with major marine oil and chemical pollution incidents.

PRESENT POSITION

At present the Department of Transport (following the recent transfer of functions from Department of Trade) are directly responsible for dealing with shipping incidents which give (or may give) rise to pollution of the sea. Their Marine Pollution Control Unit is staffed by a small group of experts led by a retired Rear Admiral and equipped with dispersant spraying and limited mechanical recovery capacity. This type of pollution often affects the shore as well as the sea, and the local authorities have accepted general responsibility for clean-up on land. But in the case of a major incident - involving several local authority areas, for instance - the Government would need to co-ordinate the response on shore and provide technical advice and equipment (and perhaps Armed Service manpower in extreme cases). The Environment Departments (DOE, SDD, Welsh Office) are responsible for this task, and for seeing that the local authorities are competent to respond. Central Government responsibilities for measures at sea and on land respectively are thus at present separated.

PROPOSED CHANGE

In their Eighth Report "Oil Pollution of the Sea", published in October 1981, the Royal Commission on Environmental Pollution undertook a comprehensive examination of all aspects of marine oil

CF I have asked Sir Robert
Armstrong's office to
comment. BF to TF if no
response by Tuesday 12/4.



The Prime Minister

Mr King's office have
withdrawn this minute. It has
not been agreed by other ministers &
was issued in error.

LM
7/4

RESPONSE TO MARINE OIL AND CHEMICAL SPILLS: PROPOSED TRANSFER OF
MINISTERIAL RESPONSIBILITY

WJ
8/4

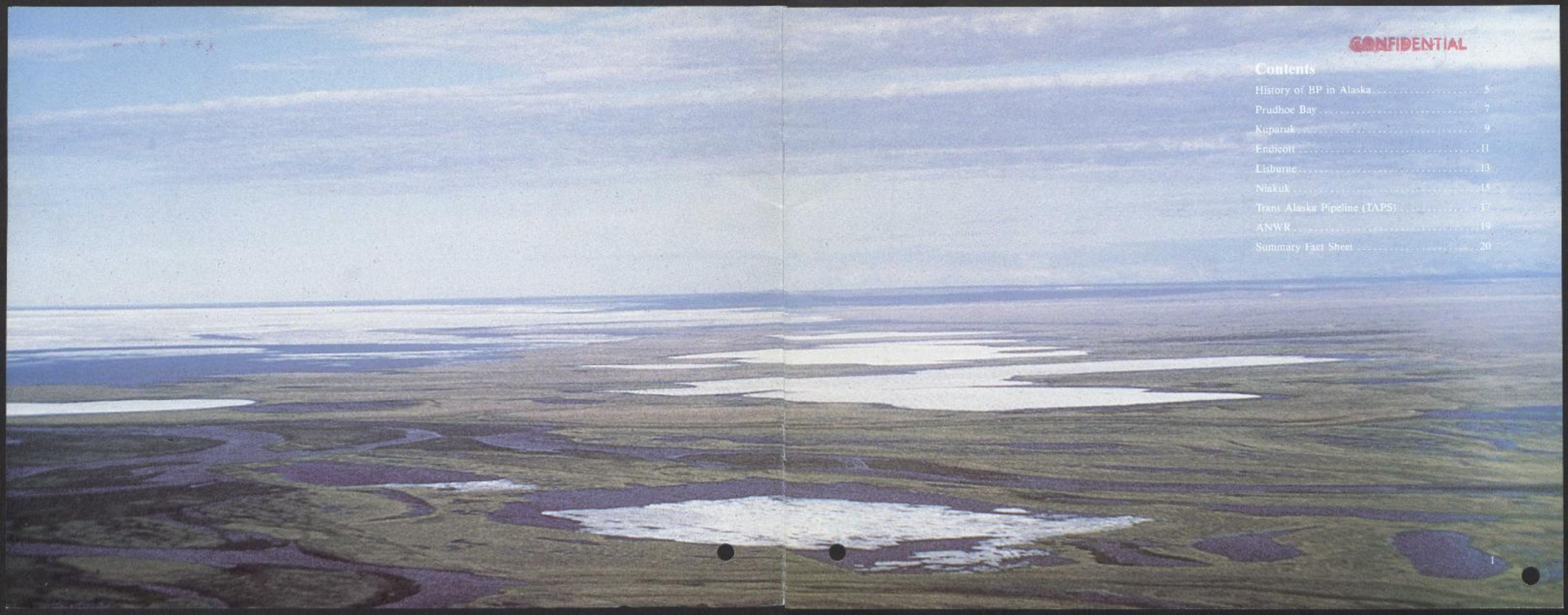
The Secretaries of State for Trade, Scotland and Wales and I have agreed to propose to you that we should unify within the Department of Trade Government responsibility for dealing with major marine oil and chemical pollution incidents.

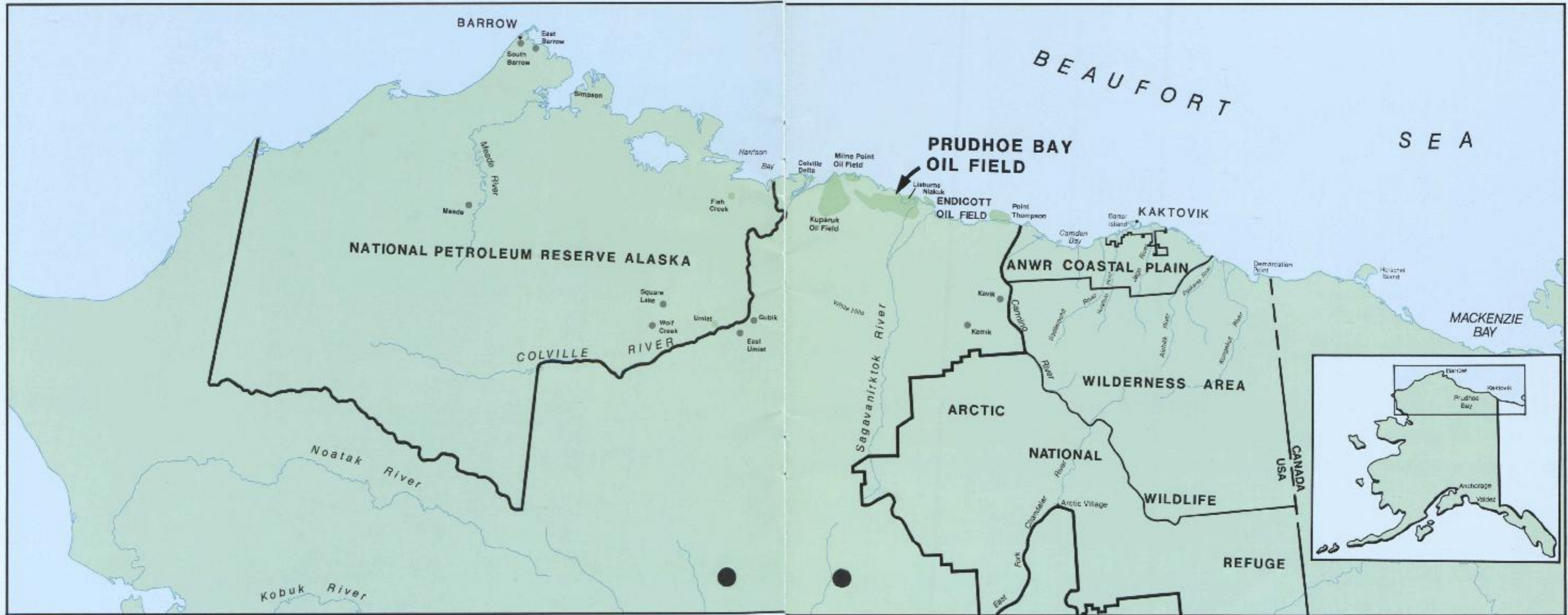
PRESENT POSITION

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BP in ALASKA

COMMERCIAL
IN
CONFIDENCE



STANDARD ALASKA PRODUCTION COMPANY



PROPOSED CHANGE

In their Eighth Report "Oil Pollution of the Sea", published in October 1981, the Royal Commission on Environmental Pollution undertook a comprehensive examination of all aspects of marine oil spills. They recommend that central Government's responsibilities during marine oil spills should be unified in the Marine Pollution Control Unit. This change should ensure that the response to a major spill is planned - and seen to be planned - as a whole and is thus more efficient; and reactions to the proposal have been generally favourable.

We accordingly propose that the Department of Trade should take over these responsibilities currently exercised by the Environment Departments in relation to co-ordinating and overseeing the onshore clean-up activities of local authorities. All operational aspects of central government responsibility would then be concentrated in one Department. In view of my overall remit to co-ordinate Government policy on environmental pollution issues I would, however, wish to retain an overt, though essentially non-interventionist, interest in the subject. And because of their special position and wider responsibilities the Secretaries of State for Scotland and Wales would wish to assist, and be seen to assist, Department of Trade Ministers in the event of a major spill in their areas.

The response to the Royal Commission's remaining recommendations is being discussed inter-departmentally and will be submitted to the Ministers concerned shortly.



NORTHERN IRELAND

In Northern Ireland, this is a constitutionally devolved function and the DOE(NI) is directly responsible for all land operations following marine oil spills: the local authorities play no part. The Secretaries of State for Trade and for Northern Ireland have agreed that these arrangements need not be changed.

CONSEQUENTIALS

If you agree to the proposed transfer you would perhaps wish to announce it in response to an inspired PQ; and it could then feature as a key part of our published response to the Royal Commission report and be implemented as soon as possible - say by 1 June at the latest. A total of 5 DOE staff would transfer to DOT together with their equipment and finance. A Transfer of Functions Order would not be required.

I am copying this to the Secretaries of State for Trade, Scotland, Wales and Northern Ireland; to the Chief Secretary; and to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to read 'Tom King'.

TOM KING

30 March 1983



FILE

KK

(30)

bc PU

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

28 April 1989

ALASKAN OIL SPILL

Thank you for your letter of 26 April, enclosing a paper by officials. The Prime Minister was most grateful for this and for the material with the Minister of State for Energy's minute of 14 April.

bc
The Prime Minister has noted the division of responsibilities between the Departments of Transport and Energy in this area, and hopes that the two Departments will co-ordinate closely in their further assessment work. She would be grateful for a co-ordinated further report by the end of May.

I am copying this letter to Stephen Haddrill (Department of Energy) and to Trevor Woolley (Cabinet Office).

(PAUL GRAY)

Miss Katherine Orrell,
Department of Transport.

5

CONFIDENTIAL

PRIME MINISTER (

ALASKAN OIL SPILLAGE

Following advice from Greg Bourne in the Policy Unit you asked the Department of Energy at the beginning of the month to prepare an assessment of the UK oil industry's preparedness in the event of a large oil spillage akin to the Exxon Valdez spillage in Alaska. We have now received two reports, one from the Department of Energy (Flag A) and the other from the Department of Transport (Flag B). It transpires that there is a division of responsibility between them; the former responsible for pollution arising from oil production operations and the latter for tanker incidents.

Both notes report that further work is now in hand to update the contingency arrangements. The DOT note suggests that present arrangements can not adequately deal with a spillage on the scale of the Exxon Valdez.

Greg Bourne (Flag C) points to the dangers involved in divisions of responsibility, and suggests that you urge the two departments to co-ordinate their further responses and report to you by the end of May.

Content for me to minute out in these terms?

*Yes please
mg*

PLG.

PAUL GRAY

27 April 1989

SL3BJS

CONFIDENTIAL

Prime Minister

Can I take it you are content with X below?

PLCG 12/6

PRIME MINISTER

OIL SPILLS: UK PREPAREDNESS

You will recall that, following the Alaskan oil spill, Greg Bourne advised you to press the Departments of Transport and Energy to review UK preparedness to deal with a similar disaster here. You saw some preliminary reports in April, and asked for a co-ordinated further report from the two departments by the end of May.

This has now been submitted, in the form of Paul Channon's minute at flag A. He reports that a number of minor improvements to the UK's arrangements have been put in hand; and, on that basis, the UK will now be in a position to make a properly co-ordinated immediate response to a major oil spill disaster here.

Greg Bourne's note at flag B, endorses this conclusion. He has personally visited the Marine Pollution Control Unit, and advises that satisfactory arrangements will now be in place.

X

Content for me to minute out welcoming the review and noting the minor improvements in systems that are being introduced?

PLCG.

PAUL GRAY

Yes not

9 June 1989

PM2ARA



inter alia, the statutory International Oil Pollution Compensation Fund. Operators of offshore installations subscribe to OPOL - the Offshore Pollution Liability Agreement, which will pay up to \$60 million per incident. Certain UK oil companies maintain a large stock of counter-pollution equipment (booms and recovery equipment) which are available to MPCU at a charge, though these take 48-72 hours to become operational. We are considering ways of improving our response time, especially on the West Coast.

CONCLUSIONS

8. Subject to some minor improvements to the arrangements which our Departments have put in hand, and the proposals in this minute, we are satisfied that, unlike the US authorities in Alaska, we could make a properly 'co-ordinated and immediate response' to a major disaster of this kind. But it would still be a major disaster.

9. I am sending a copy of this minute to John Major and Peter Morrison.

PAUL CHANNON

8 June 1989

GOVT. MACH: Govt Resp for Oil Spills
April '83



CONFIDENTIAL

PRIME MINISTER

27 April 1989

ALASKAN OIL SPILL

DEn and DTp have prepared papers on the UK's preparedness in the event of a major oil spill. Both departments have responsibilities in this area and are currently reviewing their procedures in the light of the Exxon Valdez incident in Alaska.

The two main sources of major pollution are from oil production operations and from tanker movements. In case of pollution arising from oil production operations, prime responsibility for clean-up lies with the operator. With tanker incidents, prime responsibility lies with DTp.

Other parties carrying responsibilities for clean up operations include, port authorities, local authorities, oil terminal operators.

Perhaps the most important lesson that will be learned from the Exxon Valdez incident will be that division of responsibilities can lead to confusion, lack of leadership and inaction.

(Nearly 48 critical hours were lost while various bodies sorted out who was responsible for what).

Both DEn and DTp will have updated their plans by the end of May. Any necessary changes will be recommended then. In the meantime I will visit DTp's Marine Pollution Control Unit.


CONCLUSIONS

DTp and DEn should co-ordinate their responses to you by the end of May. We must not allow responsibilities to fall between two or more stools.



G D BOURNE


CONFIDENTIAL



Accordingly, the MPCU holds a small amount of at-sea oil recovery equipment which would have to be augmented from commercial sources in the event of a large spillage.

The principal practical technique for quickly combatting oil at sea in the conditions normally prevalent round the UK coastline is aerial spraying of chemical dispersants, but this must be done quickly. After about 48 hours most oils emulsify with water, at which point they will no longer respond to dispersants. Accordingly, a small contracted fleet of seven dedicated dispersant spraying aircraft are based at various locations around the UK where they are at 30 minutes standby during daylight hours and 2 hours by night. These aircraft would be deployed immediately to the forward operating base nearest to the incident from where a continuous spraying operation would be mounted. Stocks of dispersant are held at likely forward operative basis around UK. An eighth aircraft with remote sensing equipment, including sideways looking radar and infra-red and ultraviolet line scans is used for controlling and directing operations to their best effect.

Depending upon the nature of the oil and the weather conditions, the dispersant spraying aircraft are capable of dealing with a spillage of around 5000 tonnes of oil over a 48 hour period which is about as long as most types of oil remain amenable to this form of treatment. This response capacity was arrived at after a comprehensive risk analysis assessment undertaken in 1975/76 and it accords with the spill size



actually encountered in UK waters since TORREY CANYON, the largest of which has been one of 6000 tonnes in the Humber Estuary in 1983.

The size of cargo tanks in modern tankers is such that even if only one is seriously breached in a collision or grounding a spillage considerably in excess of 5,000 tonnes is probable. If more than one tank is breached a spillage in excess of 10,000 tonnes is likely. The grounding of EXXON VALDES resulted in a spillage of 40,000 tonnes.

Twenty-two commercial ocean going tugs and other vessels around the UK have also been fitted at Government expense with dispersant spraying equipment and these would be used as a second line resource, if need be.

Frequently, the best way of avoiding extensive pollution from a marine casualty is to remove the cargo oil and the MPCU has at its disposal a stock of portable pumps to effect an emergency cargo transfer operation into another vessel. These pumps are stored and maintained for MPCU by a UK salvage company who are also contracted to provide a team of operatives at short notice.

In the event of a major spillage such as the EXXON VALDEZ in Alaska, the MPCU would also call on whatever resources might be available in the private sector, including those owned by oil companies in connection with their responsibilities for clean-up



DEPARTMENT OF TRANSPORT - OIL SPILL RESPONSE

Contingency Organisation

The Marine Pollution Control Unit (MPCU) is part of the Department of Transport. It is responsible for planning and executing measures to deal with pollution at sea, because a tanker owner or oil cargo owner cannot respond quickly to a spillage of oil from a shipping accident.

Local authorities have the prime responsibility for cleaning beaches, but MPCU holds specialist equipment, gives advice on contingency plans and trains their staff.

At-sea response

The Secretary of State for Transport has extensive statutory powers to act when oil threatens to cause pollution on a large scale in UK territorial waters, including, if necessary, sinking or destroying a ship.

In theory, the most attractive solution is to recover the oil from the sea-surface and various mechanical recovery systems have been developed, but these have severe limitations. Recovery cannot, therefore, be relied upon as the first line response, except in the case of certain types of crude oil and heavy fuel/lubricating oils which will not readily disperse.

Govt mach: Oil spill
April 1990



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB
01 276 3000

B

My ref:
Your ref:

Paul Gray Esq
Private Secretary
10 Downing Street
LONDON
SW1A 2AA

26 APR 1989

Dear Paul

My Secretary of State has seen a copy of the Minister of State at the Energy Department's undated paper entitled "Alaskan Oil Spill" in which some reference is made to this Department's responsibilities in dealing with the effect of oil pollution.

The Secretary of State thought the Prime Minister would be interested to see the attached paper which he recently commissioned from his officials. It describes the role of the Marine Pollution Control Unit in the Department of Transport, which was set up following the AMOCO CADIZ disaster in 1978 to be on permanent standby to react immediately to such incidents.

As the paper shows, we can disperse about 5000 tonnes of oil at sea within the first critical 48 hours and deal with oil coming ashore at the rate of about 5000 tonnes a week. Although our own resources would be supplemented in due course by whatever was available from the commercial sector and our European neighbours, it is clear that, in an in-shore incident comparable to the Alaska spill, we would not be able to stop most of the oil coming ashore.

After each incident like the EXXON VALDEZ spillage, we review our ability to deal with a similar event in UK waters. My Secretary of State has asked for the current review to be completed as a matter of urgency so that we can consider what changes may be necessary in our arrangements.

My Secretary of State will let the Prime Minister and the Secretary of State for Energy have a further report as soon as possible.

I am copying this letter to Stephen Haddrill (Energy).

Yours, Katherine

KATHERINE ORRELL
Private Secretary

This is because John Wakeham takes the view that the OSO would be less fettered just operating under the terms of the basic Directive rather than having to go through the hoops necessary to get the exemption provision applied.

If Mr Wakeham does bend your ear about this tomorrow, you will want to listen to what he has to say. But I suggest you respond by saying you hope OD(E) can satisfactorily sort this out; but if not it would be open for him to ask the Foreign Secretary to refer the position to you.

Plib.

PAUL GRAY

14 February 1990

mt

c:\wpdocs\economic\oso.eam

THE RT HON JOHN WAKEHAM MP

Department of Energy
1 Palace Street
London SW1E 5HE
01 238 3290The Rt Hon Douglas Hurd CBE MP
Secretary of State for Foreign and
Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
LONDON
SW1A 2AL

14 February 1990

*Dear Douglas,***EXCLUDED SECTORS DIRECTIVE**

I believe it will be helpful to colleagues to know, before we meet tomorrow in OD(E), where I stand on the issue raised by Malcolm Caithness in his paper (OD(E)(90)2).

The liberalising objective of the Excluded Sectors Directive is one we all share. That should not make us uncritical of its burdensome features.

Our original intention was to secure exclusion from the Directive of the UK oil and gas industries. They are already both competitive and wholly in the private sector. That goal proved unachievable. The search for an acceptable exemption provision was a fall-back position.

My judgement now is that inclusion of the exemption provision in the Directive, on the terms which have been negotiated, is not in our interests. Applying its terms to the UKCS oil and gas industries would be likely to weaken our highly successful offshore supply industry, at particular cost to Scottish interests.

To have a Directive which includes an exemption clause, but not to apply the exemption to UKCS oil and gas, will lead to continuing trouble with certain sectional interests and may give rise to international embarrassment or even challenge.

Nonetheless, I would in the last resort, be prepared to accept inclusion of an exemption clause, subject to two provisions: first, that its acceptance genuinely is indispensable to agreement on

PRIME MINISTER

RA 2A-B

OFF-SHORE SUPPLIES OFFICE

You will recall that you were concerned last year at any action that would weaken the effectiveness of the Off-shore Supplies Office (OSO). This followed a conversation with Cecil Parkinson (then at Energy) and Peter Morrison, who were fearful about the possible effect of an EC Directive on public procurement - now known as the Excluded Sectors Directive.

OD(E), chaired by the Foreign Secretary, will be discussing the latest position on the Excluded Sectors Directive at a meeting tomorrow following Cabinet. I gather John Wakeham may seek the opportunity for a quick word with you about this in the margins of Cabinet. You may therefore like to have a brief report of where things have got to.

Given the concerns about the OSO, UK representatives have been negotiating to improve the terms of the basic Directive so that OSO's operations are not unduly impeded. They seem to have been reasonably successful. But in parallel they have also been seeking an acceptable exemption provision, which the OSO might apply.

The Treasury paper that OD(E) will be taking tomorrow argues that this exemption provision should now be supported. I think DTI are likely to be of the same view. But John Wakeham does not think the terms of the exemption provision are good enough. So, as indicated in his letter attached, he will be arguing at OD(E) tomorrow that:

- ^{we} you should not support inclusion of the exemption provision;
- but, if colleagues think that the provision is essential in order to reach agreement on the overall Directive, he would go along with it; but on condition it was made clear the UK would not apply for the exemption provision to cover the OSO.

PREM 19/3009

Confidential Filing

Departmental responsibility for
response to Marine Oil and
Chemical Spills

GOVERNMENT
MACHINERY

In attached Folder: 'BP in Alaska.'

April 1983

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
30-3-83							
26-4-83							
11-8-83							
11-11-83							
14-11-83							
17-11-83							
25-4-86							
28/4/89							
9/8/89							

PREM 19/3009



22 February; and, second, that colleagues believe that agreement then really is an over-riding objective. That position should be adopted in the knowledge that my present intention is not to apply for application of the exemption provision to UKCS oil and gas.

I should make one further point. Judgement of the right negotiating tactics is fallible. Before Christmas, others were pressing me to drop the bid for an exemption clause on the grounds that that was the way to have the Directive adopted in December. I would not be surprised if our negotiators find, on 22 February, that inclusion of an exemption clause remains an obstacle to agreement.

My proposal, accordingly, is that our negotiators should, in the last resort, be free to accept an exemption clause on 22 February. But, equally, they should have the freedom to drop the exemption provision if that proves to be the better route to agreement.

I am copying this letter to the Prime Minister, to other members of OD(E), to Malcolm Rifkind and to Sir Robin Butler.

John Wakeham

John

JOHN WAKEHAM



Prime Minister

OIL SPILLS

1. Your Private Secretary asked in his letter of 28 April to my Private Secretary for the Departments of Transport and Energy to provide you with a report on the reviews we were undertaking of UK preparedness to deal with an oil spill at sea. *cap.*

RESPONSIBILITIES AND COMMUNICATIONS

2. I am satisfied, as is Peter Morrison, that as a result of reviews since the Torrey Canyon incident the lines of responsibility are well defined and understood by all parties involved. In the case of pollution from an installation, the operator is responsible for clean-up as a condition of his licence. In the case of a tanker accident the Department of Transport's Marine Pollution Control Unit (MPCU) itself takes direct action and deploys its own resources. In any major incident, from a ship or a fixed installation, MPCU co-ordinates the Government response. Exercises are held both to test the effectiveness of installation operators and the MPCU resources.

3. We are satisfied that the obligations promptly to report oil spills offshore work effectively. A recently revised Merchant Shipping Notice and a new Safety Notice being issued to offshore operators reminds them of their duty to report.

4. There are no statutory powers for the Government to intervene in clean-up operations following a spill from an offshore installation - as there are for tanker incidents. However, we believe it is inconceivable that an operator would disregard any instruction given by HMG. Accordingly, there would be no point in enacting any legislation to require them to allow intervention. The industry clearly accepts and recognises



that it is the operator's responsibility to clean up any oil spill and that MPCU has a supervisory role, if necessary taking over control of the clean up operation. The Department of Transport are considering how most effectively to make harbour authorities responsible for dealing with spillages in their designated areas.

RESOURCES

5. In UK waters aerial dispersant spraying provides the quickest and most effective response. The Department of Transport had already concluded that MPCU's present equipment is insufficient to deal with large spills and proposes to increase the number of aircraft available accordingly at an annual cost of £1.5m and a capital cost of £0.5m. Even so, following a major inshore incident like the EXXON VALDEZ, we would not be able to prevent large quantities of oil coming ashore.

6. For the oil which comes ashore before it can be dispersed, clean-up resources from the public and private sectors, with backup from Europe under the Bonn Agreement if necessary, are sufficient to deal with an accident greater than the EXXON VALDEZ. The time needed to remove the oil will depend on the nature of the beaches which are contaminated. As yet there are no techniques which permit the cleaning of mud-flats or salt marshes, often the most environmentally sensitive areas. Generally, a combination of an enhanced at-sea capability and all existing on-shore resources would enable us to deal with a major spill within a reasonable timescale.

RECOVERY OF COSTS

7. Clean-up costs incurred by Government and compensation for damage can be recovered from the polluter in both shipping and offshore installation oil spills. In the former case, there is,

Nothing can completely eliminate the risk of a major oil spillage occurring in UK waters; however, we are better prepared to be able to cope with such a major disaster than were the US authorities and the oil companies in Alaska who had divided and undefined responsibilities.

A handwritten signature in blue ink, consisting of a large, stylized initial 'G' followed by a long, horizontal stroke.

GREG BOURNE



*File to
46*

cc. FERD

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

13 June, 1989.

OIL SPILLS

The Prime Minister was most grateful for your Secretary of State's further minute of 8 June. She welcomes the work that has been done to review the arrangements of UK preparedness to deal with an oil spill at sea, and has noted the minor improvements that have been put in hand.

I am copying this letter to Carys Evans (Office of the Chief Secretary, HM Treasury) and Andy Mitchell (Mr. Morrison's Office, Department of Energy).

Paul Gray

Roy Griffins, Esq.,
Department of Transport.

hu

B B

OIL SPILLS

Following the EXXON VALDEZ incident on 24 March in which 38,000 tonnes of crude oil were spilled into Prince William Sound, Department of Transport and Department of Energy have reviewed their responsibilities and procedures for coping with oil pollution in the UK. They have concluded that, subject to some minor improvements, their arrangements are satisfactory.

This week I visited DTP's Marine Pollution Control Unit (MPCU) to discuss the anti-pollution arrangements. In conjunction with Department of Energy, Captain Hamish McLeod, Director, Marine Emergency Operations and head of MPCU, has produced a detailed report which makes several recommendations, the majority of which have been accepted and are being actioned by the Departments.

Captain McLeod was certain that, in the event of a major oil spill in UK waters, whether from a tanker incident or an oilfield incident, there would be no divisions of responsibilities that would lead to misunderstanding and mishandling of the pollution control activities. His only caveat was with Harbour Authorities who, in the main, take no responsibility for spills but rather leave clean-up operations to terminal operators, local authorities or the MPCU. (This is an odd situation which is now being addressed.)

CONCLUSIONS

The review has been worthwhile. Lines of responsibility are clear. Some extra resourcing will occur. Minor improvements will be made.

CONTINENTAL SHELF OPERATIONS NOTICE NO 7
(Revised)

Contacts for Reporting Oil Spills

A The nearest Coastguard Station

B Department of Energy

- (i) Telex - all spills.
- (ii) Telephone - if spill exceeds 5 tonnes - at an installation operating in any block wholly or partly within 25 miles of the coast or in an environmentally sensitive area.
- (iii) Telephone - if spill exceeds 25 tonnes - in any other area.

Contact

Mr M J Lummis

or

Mr I T Buchanan

for incidents only involving an oil spill

otherwise

General Inspectorate
Office

where the oil spill is only one aspect of an incident
with wider implications (see also CSON No 2).

Telex Number

Department of Energy
Thames House South
Millbank
London SW1P 4QJ

Telex No 918777 Energy G.

Telephone Numbers

	Office	Home
M J Lummis	01-238 2216 (direct line)	South Benfleet (0268) 756609
I T Buchanan	01-238 2339 (direct line)	Stevenage (0438) 358990
Pollution Control Office	01-238 2215 (" ")	Duty Officer 01-276 5999
General Inspectorate Office	01-238 2024 (" ")	"

If it is not possible to contact any of the above between 17.30 and 9.00 hours on weekdays and at any time during weekends and public holidays, the Department of Energy Duty Officer should be alerted via the Department of Transport Duty Officer on 01-276 5999. Telex 27366 or 917929 available for back-up in complicated messages.

C Nature Conservancy Council(a) Blocks wholly or partly
within 25 miles of the coast or in
Environmentally sensitive areas

In excess of 1 barrel

Report by telephone during normal
working hours.

In excess of 1 tonne

Report immediately by telephone.
Out of normal hours use contacts
listed below or in Oil Spill
plans.(b) In all other areas

In excess of 1 tonne

Report by telephone during normal
working hours.

In excess of 25 tonnes

Report immediately by telephone.
Out of normal hours use contacts
listed below or in Oil Spill
plans.(c) Contacts

- 1 Normal office hours 0830 hours to 1700 hours.
NCC GB Headquarters, Energy Section.

Direct line : Peterborough (0733) 68788

Switchboard : Peterborough (0733) 40345

Telecopier : Peterborough (0733) 68834

- 2 Outside normal office hours.

First: N Hailey (0733) 69765

Second: J Finnie (0733) 48471

Note - The telecopier: (Peterborough (0733) 68834) can receive
information automatically when unmanned outside office hours
if the contacts listed under c.2 cannot be reached.

Note

Code letters and categories above have been revised from those given in Department of Energy letters of 28 April 1978 "Guidelines to Offshore Operators on response to Oil Spills" to accord with latest format for spill notification under the Bonn Agreement and Mancheplan.

Annexes

- 1 Pro Forma for reporting of Oil Spills from Platforms or other Installations at Sea.
- 2 Contacts for Reporting Oil Spills.

Note

This note supersedes Ministry of Power letter Ref: PET 22/215/01 dated 25 June 1979, Ministry of Technology letter Ref: PET 22/215/01 dated 23 June 1970 and Continental Shelf Operations Notice No 7 dated May 1979.

DEPARTMENT OF ENERGY
PETROLEUM ENGINEERING DIVISION
THAMES HOUSE SOUTH
MILLBANK
LONDON SW1P 4QJ
March 1989

Tel: 01- 238 2216

Telex: 918777 Energy G

CONTINENTAL SHELF OPERATIONS NOTICE NO 7
(Revised)

OIL SPILLS FROM OFFSHORE INSTALLATIONS AND PIPELINES

CODE HEADINGS UNDER WHICH INFORMATION SHOULD BE PROVIDED IN AN INITIAL POLLUTION REPORT

- B Date and time pollution observed and identity of observer/reporter.
- C Position and extent of pollution. (Give name, and position* of installation - and estimated amount of pollution, eg number of Tonnes of oil spilled. When appropriate, give location of pollution in relation to installation.)
- D Wind speed and direction.
- E Weather conditions and sea state.
- F Characteristics of pollution. (Give type of pollution, eg oil (crude or otherwise.) (Also give appearance, eg liquid, floating solid, liquid oil, semi-liquid sludge, tarry lumps, weathered oil, discolouration of sea.)
- G Source and cause of pollution. (Eg from installation or named vessel. If from installation, say whether as a result of a deliberate discharge or an accident. If the latter, give brief description.)
- J State whether photographs have been taken, and/or samples for analysis.
- L Forecast of likely effect of pollution, with estimated timing.
- M Names of authorities informed. (Eg Government organisation, local authorities, other interested parties.)
- N Any other relevant information. (Eg action taken or intended.)

Telephone reports should cover the above information. Alternatively, the information can be telexed. In which case it is only necessary to give each of the above initial letters followed by the relevant information:

eg B 17:30 10.3.79
A Smith, Transsea Inc

C Gamma V 61° 13'N 0° 05'E. Approx 2 tonnes
SW Platform

D NNE Force F
etc

* Not necessary for fixed installations

ESSENTIAL ELEMENTS TO BE INCLUDED IN OIL SPILL CONTINGENCY ARRANGEMENTS FOR EXPLORATION AND PRODUCTION ACTIVITIES ON BLOCKS CLOSE TO ENVIRONMENTALLY SENSITIVE AREAS.

Certain blocks offered in the 11th Licensing Round lie close to environmentally sensitive areas. Oil spilt from activities on such blocks can rapidly reach the shore or cause damage to concentrations of wildlife. Oil spill contingency plans for exploration drilling and production activities on such blocks should therefore contain the following essential elements:

The presence near the installation at all times of a capability of spraying dispersant at 30 minutes notice, with stocks sufficient to deal with a 10 tonne spill (or alternative equivalent credible pick-up capability suitable for type of oil anticipated);

Back-up clean-up resources to be available within half the minimum time it would take oil to get ashore (assume 30 knot wind). Government would expect for most blocks this would take the form of an aerial spraying capability for at least 250 tonnes oil/day, but would accept (or indeed might require) alternative arrangements if these were deemed preferable or equivalent for a particular location or anticipated oil type;

Further resources to be made available as soon as possible thereafter and lines of supply established;

Prior consultations and arrangements agreed with the relevant local authorities as to who does what should any oil reach the shore;

Provision for aerial surveillance to take place within four hours of any incident, and at least twice a day thereafter till no oil remains on the sea (visibility and weather conditions permitting);

The availability of trained personnel and any necessary charts on the installation or on call to chart the likely path of any oil that is spilt (ie those equipped and capable of performing surface current + 3% wind speed calculations);

Availability of trained crews to deploy selected resources ie. at least the minimum number necessary to ensure their competent and efficient use;

Prior consultations with local authorities, MAFF or DAFS and NCC on the identification of particularly vulnerable natural resources and the adoption following an incident of all reasonable measures to ensure their protection, where this is practicable. (The NCC contact point is R J Donally, Energy Advisory Officer, Blackwell, Bowness-on-Windermere,

History of bungling as oil slick spreads over 600 sq miles

Spill could hit Alaska wildlife for 10 years

By Roger Highfield
Science Editor

IT COULD take 10 years for the Prince William Sound area to recover completely from the Alaskan oil spill disaster, experts said yesterday.

Exxon is assembling a team of marine biologists to evaluate the effects of the spill.

Facilities have been set up to treat oiled birds and mammals, such as otters, bears—which like to forage on the beach—and seals. Exxon is also working with local fishing interests to help identify and protect the most sensitive areas.

The holy grail is not what matters in calculations of the effect of the spill on the area. The crucial factor is the percentage of the local stock of each species that has been killed.

The season, speed of reproduction and movement of species from unaffected areas govern the recovery cycle.

Sea otters, migrating birds, herring and salmon are likely victims of the spill, according to one conservation group, the Defenders of Wildlife. The Sound is home to more than 20,000 sea otters, hundreds of sea lions and some killer whales.

Mr Rupert Cutler, president of the conservation group, said oil could destroy the insulating ability of the otters' fur and poison them when they eat oil-soaked fish.

"If the oil remains on the sea and the beaches for two more weeks, it could also kill millions of ducks, geese and shore birds which migrate through Prince William Sound," Mr Cutler said.

Quentin Cowdry writes: Fishermen from Alderney are to seek compensation from the French and British governments for their "inept" attempts to recover poisonous chemicals, including the pesticide Lindane, from the wreck of the Panamanian-registered vessel Perintis, Mr Joan Kay-Mauat, the island's president, said yesterday.

PETER N. LEWIS

AMERICA'S most disastrous oil spill grew worse by the hour yesterday, with 11 million gallons of crude oil from a stricken tanker spread over 600 square miles of Alaska's Prince William Sound.

Oil was found 70 miles away as the Exxon Corporation, the world's largest oil company, admitted it had failed in its efforts to contain the spill, now scattered into ragged, hard-to-tackle patches fouling wildlife beaches with what oilmen call "chocolate mousse".

Seabirds are dead or dying by the thousand. Some are falling exhausted into the oil. Others, unable to swallow contaminated fish, are starving. Many are simply freezing to death as oil destroys the natural insulation of their feathers.

Sea otters have been washed up dead on some of the scores of snow-capped islands in the sound. A salmon hatchery preparing to release hundreds of thousands of fingerlings into the sound lies directly in the path of the brown tide.

The spillage is threatening to become the most-bungled man-made emergency in American history, with a chain of errors before, during and after the accident on Bligh Reef.

The chronology of the disaster can perhaps be extended three years back to the launching of the stricken tanker, the 987-ft, 215,000-ton Exxon Valdez, in the San Diego shipyards.

Most of the modern oil tankers built in San Diego were double-hulled vessels, in the belief that the federal government would require such anti-rupture protection. With no new regulations forthcoming, the Exxon Valdez was built more economically, with a single hull.

At about the same time, at least nine experts on oil spills, including Exxon's senior environmental officer, left the company in a reduction of the work force.

Mistakes continued when the Exxon Valdez, fully loaded with almost 50 million gallons of crude, put out from Port Valdez at midnight last Friday.

Navigation was left in the hands of the third mate, Gregory Cousins, who was not certified to pilot a vessel through the reefs and islands of Prince William Sound. To avoid ice, he took the tanker out of the normal shipping lanes, hit one charted submerged reef and, 15 minutes later, ran the ship aground on the shallow rocks of Bligh Reef.

Capt Joseph Hazelwood, 42, had retired to his cabin after his ship had cleared port. A harbour pilot and a Coast Guard official have told federal investigators they smelled alcohol on his breath.

Exxon has acknowledged that Capt Hazelwood has had alcohol problems for at least five years. He has been convicted of drunk-driving twice since 1984.

Exxon has also admitted it lost two crucial days after the spill, when the now-stormy waters of the sound were placid and ideal for oil-skimming operations. The company said it did not begin putting out clean-up booms until 10 hours after the accident, twice the amount of time called for in the emergency containment plan.

A former oil industry official said yesterday that cutbacks by the oil-industry consortium in Alaska had left Port Valdez with ill-maintained booms, no barge to take on spilled oil and virtually no properly trained people to respond to a disaster of this magnitude.

By Ian Ball in New York

Early attempts to burn off parts of the slick with a napalm-like chemical sent out thick clouds of acrid black smoke, changing, in the words of a federal official, "water pollution into air pollution". Chemical spraying of the slick sent oil to the seabed, where it will affect the food chain for years to come, marine biologists say.

By yesterday, Exxon said it had been able to recover only 252,000 gallons of the 11 million gallons of crude oil that leaked.

Mr James Woodle, a retired Coast Guard commander and general manager of the Port of Valdez until 1984, disclosed yesterday that the oil-industry consortium had cut back its oil-spill clean-up resources at Valdez severely in recent years.

"You can't clean up everything in 48 hours," he said. "But you can contain it, and they could have done it with this one if they had the manpower, the initial response."

Alaskan state officials, who joined forces with the fishing industry effectively to take over the clean-up operation from Exxon on Wednesday, said they have launched a criminal investigation into the disaster.

On the advice of their lawyers, Capt Hazelwood and Mr Cousins have refused to answer questions by investigators from the National Transportation Safety Board.

Fishermen, meanwhile, have assembled a Duunkirk-like fleet of small craft to place containment booms around Port San Juan in an effort to protect one of the world's largest pink salmon hatcheries. Other fishing vessels have made a stand at Eshmay Bay and Main Bay.

"The spill is all over Prince William Sound," Governor Steve Cowper of Alaska said yesterday. "It is headed for Montague Strait." The strait is the outlet to the Gulf of Alaska

The state has hired a private oil clean-up company to air-drop to the fishermen more than 20,000 ft of plastic boom.

Mr Samuel Skinner, President Bush's Transportation Secretary, said after a visit to Valdez that the federal government would not take charge of the clean-up operations, but would closely monitor its effects because of its "enormous potential" for environmental damage.

He said the industry's response "could have been quicker" and "most of the damage was done in the first few hours".

After briefing the president for 45 minutes on the clean-up operation, he promised a full investigation of possible alcohol abuse by the ship's captain.

National Transportation Safety Board officials have already asked why Capt Hazelwood had a licence to operate a tanker when he had lost his licence to drive a car.

The shipping newspaper Journal of Commerce reported yesterday that Capt Hazelwood had failed to disclose in his last licence application that he had twice been convicted of drunken driving. A Coast Guard commander in New York said the captain had checked "no" in 1986 to the application's question about traffic violations.

Had 11 million gallons of crude escaped into the North Sea, perhaps from a tanker mishap off Dundee, the front edge of the slick might have washed ashore at Newcastle upon Tyne and Sunderland by now, drifting on to Middlesbrough, Scarborough and Grimsby in the next few days.

Depending on currents and wind, the northern fingers of the slick might be nearing Aberdeen, eventually drifting as far north as the Orkneys. The oil would be affecting marine life 20 or 30 miles from the coast within a week.

EXXON VALDEZ

Tanker was carrying 1.2 million barrels when it went aground

Owner: Exxon Shipping Co. Inc.

Length: 987 feet

Built: 1985

San Diego California

Waterline when loaded (draws 55ft)

Area of map

Exxon Valdez gains permission to leave shipping lane to avoid icebergs

Ship overshoots second shipping lane by three miles and strikes Bligh Reef

Ways to clean up oil spills

Mechanical

- Floating booms contain the spill
- Skimmer boats herd the oil to collection barges
- Absorbent pads soak up oil on beaches

Chemical

- Coagulating agents cause floating crude to merge or sink to bottom
- Dispersing agents break slick
- Disadvantage: Chemicals are also pollutants

Fire

- Oil must be fairly concentrated and crude is hard to ignite
- Chemical burning agents & lasers improve effectiveness

240,000 barrels (11m gallons) of oil pours from ruptured hull

Islands in danger from pollution

15 Miles

Shipping lanes

Size of slick as compared to Great Britain

Prime Minister! SECRET

Do you want to ask Cecil Parkinson for
an assessment as recommended at

31 March 1989

1a

PRIME MINISTER

X on page 3?

Rhub

Yes
cc G. Boulne

ALASKAN OIL SPILL 3/1

At midnight on Friday 24th, the oil tanker Exxon Valdez left Port Valdez, Alaska. Within hours it had been holed, had run aground and had spilt over 11 million gallons of crude oil.

So far the incident has been reported from the environmental point of view only. It is an ecological disaster of the first magnitude. The press however have not yet picked up the fact that this incident is already being viewed by the oil companies and indeed OPEC as an event of major international economic significance.

THE ENVIRONMENTAL SIGNIFICANCE

This major oil spill is different in many ways from the Torrey Canyon disaster of 1967 and the Amoco Cadiz disaster of 1978. In both previous spills, approximately 10 times as much crude oil was released however the spills occurred in relatively rough waters and relatively warm waters. The process of biodegradation of the oil was fast but even so, it took nearly 10 years for the coastlines and environment to recover.

The Exxon Valdez spill has occurred in Prince William Sound. The Sound is an area of outstanding natural beauty. It is essentially an inland sea full of islands and abounding in wildlife. Most importantly it is relatively calm and extremely cold. Whilst it is too early to say what long term environmental damage will occur, we already know that the biodegradation processes will be extremely slow.

THE ECONOMIC SIGNIFICANCE

Alaska normally produces two million barrels of crude oil per day - 25 per cent of US domestic production. Current production is down to 800,000 barrels per day with the possibility of total shutdown being required.

SECRET

It's too late to say you're sorry

WASHINGTON, DC



WHEN Congress approved the Alaska pipeline in 1973 in preference to the longer but safer Canadian route, which would not have involved transferring the oil to ships, the oil companies promised they would not make a mess

of the environment. In particular, the Alyeska Pipeline company, which is owned by eight oil companies and operates the pipeline, signed agreements pledging to have plenty of clean-up equipment ready to go into action within five hours of an oil spill in Prince William Sound, near Valdez, where the pipeline reaches the Pacific. A quarter of the oil produced in America, 2.1m barrels a day, comes to Valdez for shipment by tanker.

Last week the companies broke all their promises. One of Exxon's tankers, the Exxon Valdez, captained by a man with a history of drink-driving convictions, and with only an unlicensed third mate on the bridge, strayed from the channel, ran aground and released 240,000 barrels (10m gallons) of crude oil into the sound. Alyeska Pipeline had little equipment on hand and did almost nothing for three days, at which point a storm took the oil beyond the reach of containment efforts and spread the slick over 100 square miles. The spill could not have come at a more vulnerable time, ecologically or politically. The sound is about to fill with spawning herring and Congress is soon to vote on a huge expansion of oil drilling in Alaska.

Environmentalists always say that the area affected by a spill is "sensitive", but in this case they are right. The water is cold, which makes the oil slow to disperse. It is also a rich habitat that supports huge densities of fish, birds, seals, whales and sea otters, many of which are unusual or cuddly or both. Of more commercial importance, the sound supports a fishing industry that brings in \$100m a year, mainly in the form

of salmon, herring, and herring roe, much of it destined for Japan. Baby salmon leave the rivers and hatcheries to enter the sound in spring, while herring gather in early April to lay their eggs in the sound. This year, say fishermen, both types of fish may die in huge numbers and populations may not recover for a decade.

That pessimism may be unjustified. After the Amoco Cadiz broke up off Brittany in 1976, releasing six times as much oil, predictions of fouled beaches, ruined oyster beds and absent tourists were borne out, but scientists have concluded that the ocean has physically eaten up and chemically broken down the oil better than expected. Indeed,



Crudely dressed iceberg

chemicals used to "disperse" the oil may have done more harm to nature than the oil itself. Among Alyeska's half-hearted attempts to clean up the Alaska spill were some largely abortive attempts to disperse the slick with detergents.

Three years ago the town of Valdez attempted to tax the pipeline company in order to buy \$20m worth of clean-up equip-

ment. Prodded by the company, the state of Alaska ruled this illegal. So Alyeska not only did too little; it stopped others doing more.

Exxon removed most of the remaining 900,000 barrels of oil still left in the ship and belatedly began to try to clean up the mess. Attention now turns to punishing the oil and pipeline companies for their incompetence. Under the 1973 law, Exxon's liability is limited to \$100m, of which \$14m would come from Exxon and \$86m from a fund to which oil and pipeline companies have contributed. The fund presently holds about \$248m. But if lawyers prove negligence on the part of Exxon, the liability cap may be lifted and Exxon may have to pay the whole amount. The fishermen's claims alone will probably reach \$150m.

Environmentalists were quick to use the Exxon Valdez's spill as an argument against further oil production from virgin wildernesses. It undermines the oil companies' insistence that they can be trusted to keep their promises, and will affect their plans to drill for oil off North Carolina, Florida and California. Most of all, it affects the planned expansion of the Alaska field into the north

slope of the Arctic National Wildlife Refuge, which probably contains up to 3.2 billion barrels of oil (about six months' supply). The oil companies had been arguing that Prudhoe Bay, the present Alaska field, has done little damage to the environment. Alaska's politicians, the new secretary of the interior and President George Bush all agree, Mr Bush having claimed during his election campaign that caribou rub up against the pipeline while having babies.

Yet two recent reports by administration agencies have challenged this conclusion. The Environmental Protection Agency said the oil companies have not adhered to the rules and have leaked oil and chemicals all over the tundra at Prudhoe Bay as well as making more conventional industrial mess. The Fish and Wildlife Service said the impact on caribou and other animals was, Mr Bush to the contrary, much greater than predicted in environmental impact statements prepared in the 1970s. More than 11,000 acres of tundra had been ruined.

Congress rejected President Reagan's efforts to open up the refuge, but looked poised to reverse itself. In March the Senate Energy Committee voted to allow drilling in the refuge. The Exxon disaster may change minds. "I see no connection," said Mr Bush.

Windermere, Cumbria LA23 3JR. Tel 09662 [Windermere] 5286
tca[out of hours 044854 [Cartmell] 373); and

Reporting procedures following any spills to be in accordance with CSON 7. The Department must be consulted on the requirements for the preparation of oil spill contingency plans 90 days in advance of planned spud date and 3 copies of such plans should be made available to the Department of Energy at least 30 days before drilling commences.

Because of the proximity of the block to the coast, in considering development plans the licensee must undertake a study of the implications and impact of the proposed development on the environment. This study, should be carried out in consultation with all interested parties including the Nature Conservancy Council, Water Authorities and Mineral Planning Authorities and submitted to the Department of Energy in support of the development application.



FILE-8N

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

3 April 1989

ALASKAN OIL SPILL

The Prime Minister has seen various reports of the consequences of the oil spill in Alaska from the Exxon Valdez. She recalls that in the United Kingdom lessons were learnt on the handling of such disasters following the case of the Torry Canyon, but she would be grateful if your Secretary of State could let her have a brief assessment of the UK oil industry's preparedness in the event of a large oil spill.

(PAUL GRAY)

Stephen Haddrill, Esq.,
Department of Energy.

CONFIDENTIAL

KK

GOVT. MACH. Dept. Rep. for responses to
Maine Oil and Chemical Spills

-April '83



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CCP/PT
✓

PRIME MINISTER

ALASKAN OIL SPILL

As the Secretary of State is in Moscow, I am replying to your request for an assessment of the UK oil industry's preparedness to deal with a large spill following the Exxon Valdez incident in Alaska.

We have, of course, had a number of serious pollution incidents in this country, most notably, perhaps, the Torrey Canyon, and the arrangements both for the oil industry and the Government have been elaborated in the light of such experience.

There are two main sources of such pollution - a spillage from an oil production platform, or from a tanker. In the latter case - which corresponds to the Exxon Valdez - the responsibility for contingency arrangements and response rests with the Department of Transport.

The position on oil platforms is more complex. Before oil exploration or production activities on the UKCS can begin, the operator must submit an Oil Spill Contingency Plan. This is formally assessed and approved by the Department of Energy in conjunction with the Marine Pollution Control Unit of the Department of Transport. Additionally, for areas close to the UK coast, the plan must include the essential



MPCU for clearing up oil from shipping casualties. There are no statutory powers to intervene if, for example, a blow-out occurs, but in practice the Unit exercises considerable influence and authority.

All these arrangements are being reviewed in the light of the EXXON VALDES disaster.



of port terminal and offshore installation spillages. The resources of other North Sea states could additionally be called on under the terms of an international Agreement for Co-operation in dealing with Pollution of the North Sea by Oil. However, such assistance would not be readily available, if at all, for incidents on the West Coast of the UK.

On-shore response

Some oil will almost inevitably come ashore and the main aim is to minimise damage and to speed recovery of the affected area. In some areas, the least damaging approach may be to leave the oil to degrade naturally. If a beach is accessible, mechanical clean-up may be possible using a combination of readily available civil engineering equipment and specialised cleaning equipment developed for the task.

Coastal local authorities have some resources available for shore-line clean-up but these consist largely of adapted highway or farm equipment which they have necessarily acquired for some other primary purpose. A spill of more than about 1000 tonnes of oil would probably be beyond their capacity to handle.

The Government itself has stockpiles of specialised equipment to clear oil from beaches. The aim is to be able to deal with about 5000 tonnes of on-shore oil in 7-10 days. In some areas manual labour may be the only solution to the problem.



Ports and harbour authorities

The role played by port and harbour authorities varies, and there is a range of different arrangements between the authorities concerned. At ports or terminals which handle a high volume of oil traffic, such as Milford Haven and Sullom Voe, the port authority has accepted a responsibility, sometimes with statutory backing for oil spill clean-up. In others, where tankers constitute only part of the traffic, responsibilities can be less well defined but in association with oil terminal operators and the local authorities concerned, contingency plans and some resources usually exist for dealing with spills in open/estuarial port waters. In the event of a major incident, the resources of the MPCU would be made available; if necessary, and by agreement, MPCU would take charge of counter-pollution operations.

Off-shore oil operations

The role of Government in relation to such pollution from oil rigs is essentially supervisory. The Government lays down the broad requirement for contingency planning and each operator's specific plan and resources are vetted by the MPCU.

If a spill occurs, the role of Government will normally be limited to monitoring the situation and offering such assistance as may be required including access to any resources held by the

elements to provide facilities for a rapid response to any spill using appropriate methods. For especially sensitive areas of coastline, containment equipment must be available to minimise impact on these shores.

If an oil spill occurs, it is reported immediately to the nearest coastguard station and to the Department of Energy giving full details as laid down in Continental Shelf Operations Notice No.7, a copy of which is enclosed. Primary responsibility for the oil spill clean-up rests with the operator - using either his own or UK Offshore Operators Association stockpiled resources. In the event of a major oil spill, if the operator's organisation and resources proved inadequate to cope, the Marine Pollution Control Unit would give positive directions to the operator, as appropriate, and would, if necessary, take over command of the clean-up operation. Any oil spills further than 25 miles from the coast are normally allowed to disperse naturally but are monitored by aerial surveillance. If environmental interests are threatened appropriate clean-up methods are used.

So far, operators have been able to cope with spillages and leakages from platforms using their own resources and they have not had to invoke the aid of the Marine Pollution Control Unit to deal with major spillage. We have no reason to assume that the Unit would not be able to cope if it were necessary for them to be involved.

There is provision for inter-Governmental support, in the event of a major oil spill, between the UK and other European countries under the Bonn Agreement.

- (iii) Where there is a genuine requirement to spray dispersant for safety reasons either on or in the vicinity of a installation, this should be done without delay and may be commenced without prior consultation with Government. It is accepted that, in the case of an ongoing spill, it may be necessary to continue spraying in the vicinity of installations for safety reasons even though it has been decided to allow that part of the slick which has moved away from the installation to disperse and degrade naturally.
- (iv) Where, without consultation with Government, it is clear to the operator that there is an identifiable threat to any vulnerable environmental interest or resource requiring protection (eg there is a concentration of seabirds or other marine life in proximity to the installation) or to some other interest (eg fishing operations in progress in the area), he should carry out such spraying as he considers necessary to allay the threat, while informing HM Coastguard immediately to this effect.
- (v) Where the spill is, or seems as though it may become, extensive in size (eg a blow-out, a fractured pipe or a damaged storage facility) there should be the earliest possible consultation with the Department of Transport. Other interested bodies such as the appropriate Fisheries Department, Nature Conservancy Council and the local authority of any coastal area threatened should also be consulted. The consultation should take place through the channels established within the operator's contingency plan. Arrangements should be made to monitor the movement, spreading and emulsification of the oil so that a proper assessment can be made of whether and to what extent it is threatening the coast, fisheries, seabirds or other wild-life and of the action necessary to protect the threatened interest.

C INVOLVEMENT OF DEPARTMENT OF TRANSPORT

- (i) In compliance with international agreement, the Department of Transport (Marine Directorate) has issued instructions to Captains of all Service and Civilian Ships and Aircraft to report immediately the matters indicated below:-
- (a) Any shipping casualty which is likely to result in the spillage of oil or other harmful substance into the sea.
- (b) Any ship observed discharging oil or other harmful substance into the sea.
- (c) Any spillage of oil or other harmful substance sighted at sea.
- (ii) The Department of Transport is concerned for the protection of the United Kingdom coastline from pollution. It is also under obligation to report to neighbouring States bordering the North Sea, Irish Sea or English Channel any incidents or slicks which might threaten to pollute their coasts.

- (iii) Following consultation with the United Kingdom Offshore Operators' Association, it has been decided that any such incident which comes to the notice of a licensee should be reported to HM Coastguard as speedily as possible giving all available information concerning:-
- (a) The nature and degree of pollution.
 - (b) The position, course and speed of the oil or other slick.
 - (c) The position, course, speed and any distinctive or descriptive markings (including name) of any ship connected with the spillage or observed in the vicinity.
 - (d) Any other useful information.

D INVOLVEMENT OF NATURE CONSERVANCY COUNCIL (NCC)

- (i) The Nature Conservancy Council (NCC) should be informed (Annex 2) of all oil spills arising from exploration or production activities in the UK sectors of the Continental Shelf in excess of 1 barrel in the case of spills occurring in the blocks identified in Section B(ii) above and in excess of 1 tonne for any other blocks.
- (ii) Provision should be made by operators for ornithological surveys to be carried out as soon as practicable in the event of a large-scale incident, if so requested by NCC. At certain times of year such surveys might well be accomplished by placing observers aboard vessels visiting the area. At other times it might be necessary to accommodate an observer on board air or surface craft used for surveillance or even to arrange special flights or the use of high-speed vessels for this purpose.
- (iii) The only reliable means at present of establishing whether there are large concentrations of seabirds in the vicinity of an oil slick at sea is by direct observation. Because of the inconspicuous colouration of those species most at risk, such observations can only be effectively carried out by an experienced observer.
- (iv) Where a spill is quite clearly small in size and not "ongoing" - for example a spill during tanker loading operations - urgent consultation with the Department of Transport need not take place (although the spill must always be reported in accordance with regulations). It will probably be unnecessary to use dispersant other than in exceptional circumstances (see B(iii) and B(iv) above).
- (v) The foregoing guidelines are applicable to the great majority of North Sea installations. In certain cases, however, because of the characteristics of the oil or the geographical location of an installation, it will be necessary to issue somewhat different advice to the appropriate operator.
- (vi) Although referring specifically to spills at drilling rigs, production platforms, single buoy moorings and offshore storage facilities, these guidelines are also generally applicable to spills emanating from pipelines situated offshore.

OIL POLLUTION

- A Model Clause 20(8) of Production Licences requires the Licensee forthwith after the occurrence of any event causing escape of petroleum to give notice to the Minister, and also if the petroleum reaches the sea the Chief Inspector of HM Coastguard, is in practice:-
- (i) All escapes of petroleum must be reported to the Department of Energy.
 - (ii) Also all escapes of petroleum to the sea must be reported to the nearest coastguard station.
- B Guidelines on the action to be taken by Offshore Operators in the event of an Oil Spill from an Offshore Installation.
- (i) In general, a spill occurring at an offshore installation (which includes a pipeline) should not automatically be treated with dispersants, but the slick should be tracked and the incident must be reported to the Government immediately (Annex 2).
 - (ii) If a spill occurs at an installation operating in any blocks wholly or partly within 25 miles of the coast or in an environmentally sensitive area (the status of the block will have been established during the preparation of the oil spill contingency plan) which could contaminate the sea surface outside the immediate area (500m radius) of the installation, wherever possible and safe to do so it should be treated with dispersants* or otherwise cleared up in accordance with procedures laid down in the operator's oil contingency plan. The position of any oil remaining on the sea surface should be surveyed from the air as soon as possible after the incident and at least twice per day, until the sea clean-up operation is over. In any event the incident must be reported to the Government immediately (Annex 2).

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- * The use of dispersants is controlled by the Food and Environment Protection Act 1985 - Part II and paragraph 21 of the Deposits in the Sea (Exemptions) Order 1985. Such control is exercised by approval of the products. The user does not require a licence provided the following conditions are fulfilled:
- (a) The product used is one which is currently approved by the licensing authority (MAFF or DAFS);
 - (b) it is used in accordance with any conditions to which the approval was subject; and
 - (c) it is not used in an area of sea of a depth of less than 20 metres or within 1 mile of any such area, save with the approval of the licensing authority.

You may like to know that the Marine Pollution Control Unit has at its disposal a number of light aircraft equipped with aerial spraying facilities and maintains substantial stocks of dispersants and other equipment used in dealing with marine pollution incidents. The unit also advises local authorities with regard to their responsibilities for cleaning up beaches affected by spillage. In 1983 the unit became part of the Department of Transport following the transfer of responsibilities for shipping and marine to that Department.

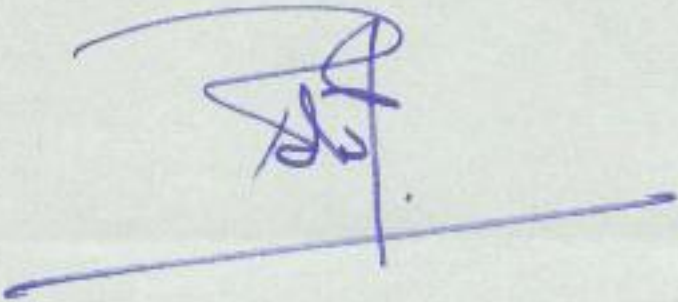
You will also wish to know that in the recent spill of oil based drilling mud from Shell's North Cormorant installation in the North Sea, there was apparently a three hour period before it was realized that a leak had occurred. A further six hour delay occurred before the incident was reported to the Department of Energy, as required by their Petroleum Production licence. Shell have been asked for an explanation for the delays. Fortunately there was no immediate pollution threat, but we have requested Shell to undertake an environmental survey of the seabed in the vicinity of the installation the content of which will be approved by the Department of Energy and the Department of Agriculture and Fisheries for Scotland.

The Prevention of Oil Pollution Act (1971) provides for the operator to be liable under the criminal law if oil is discharged into the sea as a result of the exploration or exploitation of the petroleum resources of the seabed, unless he can show that he has taken all reasonable care to avoid this or, when he becomes aware of it, that he has taken all reasonable care to stop or reduce the discharge.

If found guilty, the operator would be liable on summary conviction to a fine not exceeding £50,000, or on indictment to a fine of unlimited amount.

As a result of these incidents, I have asked my officials for a update on the arrangements.

I am copying this letter to Paul Channon.



MINISTER OF STATE FOR ENERGY

14 April