

Presentation to: Senate Environment, Water and Energy Committee

WASHINGTON STATE OIL SPILL PROGRAM

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Spill Prevention, Preparedness and Response Program
June 22, 2010

Program Overview – Prevention

- ◆ Board and inspect covered cargo and passenger vessels.
- ◆ Inspect oil refineries and marine terminals.
- ◆ Improve waterway management including Emergency Response Tug at Neah Bay.
- ◆ Inspect oil transfer and pre-booming operations.
- ◆ Promote voluntary “best achievable protection” for oil tankers and oil barges.
- ◆ Investigate the causes of vessels and facility spills.
- ◆ Take action to eliminate intentional waste oil dumping by ships.

Program Overview – Preparedness

- ◆ Review and approve industry contingency plans.
- ◆ Conduct oil spill drills.
- ◆ Develop Geographic Response Plans (GRPs).
- ◆ Verify and test effectiveness of response equipment.
- ◆ Participate in Area Planning process.

Program Overview – Response

- ◆ Protect public health/safety and the environment by:
 - ◆ Rapidly respond to and clean up oil and hazardous material spills, 24 hours/day from 6 regional/field offices.
 - ◆ Building response capability at the local level.
 - ◆ Cleaning up methamphetamine drug labs.
 - ◆ Expanding remote sensing and spill tracking capability.

Program Overview – NRDA

- ◆ Restore oil damaged environments through our Natural Resource Damage Assessment (NRDA) program by:
 - ◆ Assessing the impact of spills on state natural resources in partnership with other state, tribal and federal trustee agencies.
 - ◆ Using the Coastal Protection Account to fund and leverage environmental projects.



Deepwater Horizon Oil Spill
Gulf of Mexico
April 20, 2010









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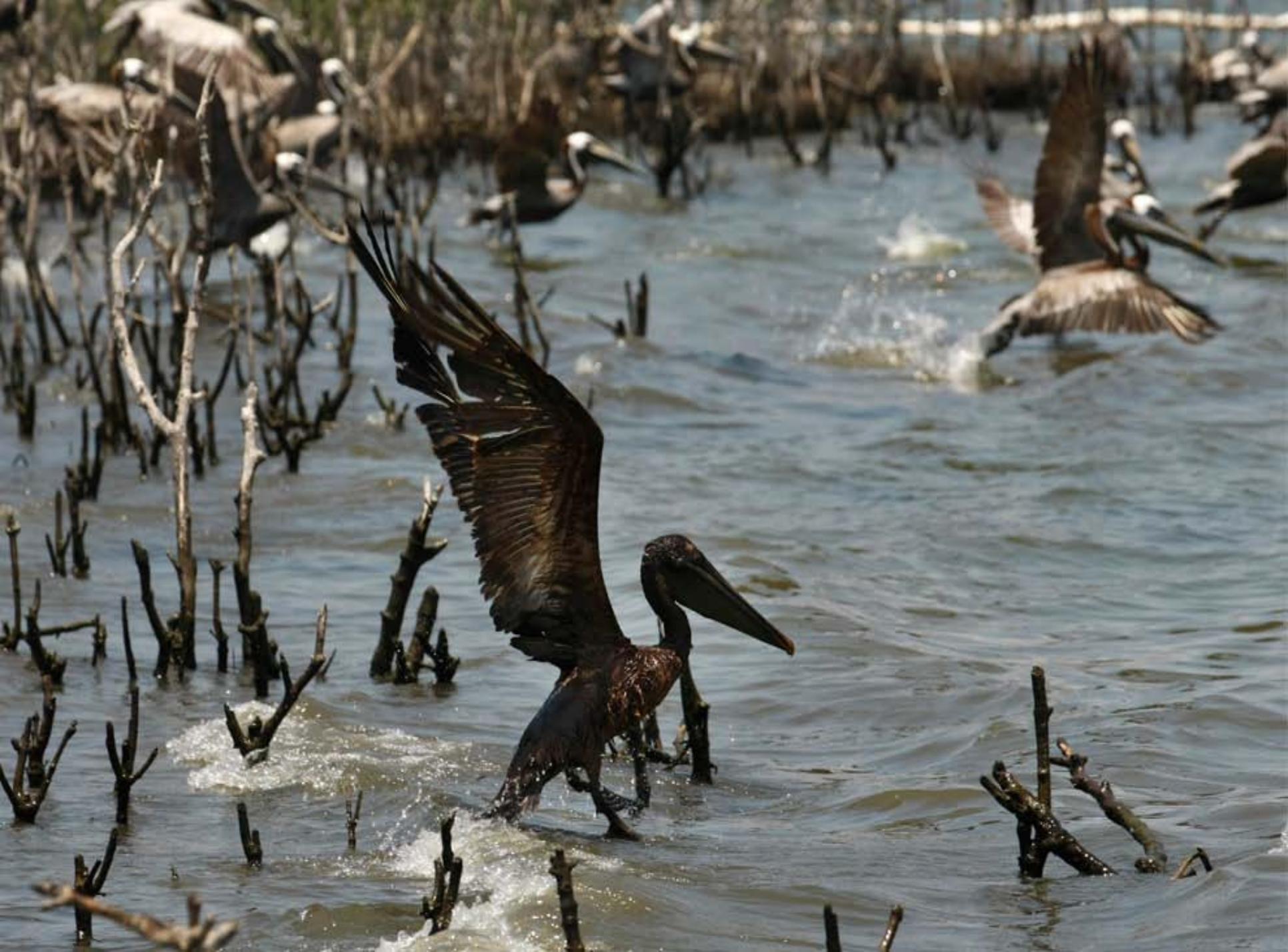




























DEEPWATER HORIZON Response

Forecast Position for Oil Slick for 15 June @ 1200 hrs CDT

Gulf of Mexico

GEO: 28.741667, -88.366389



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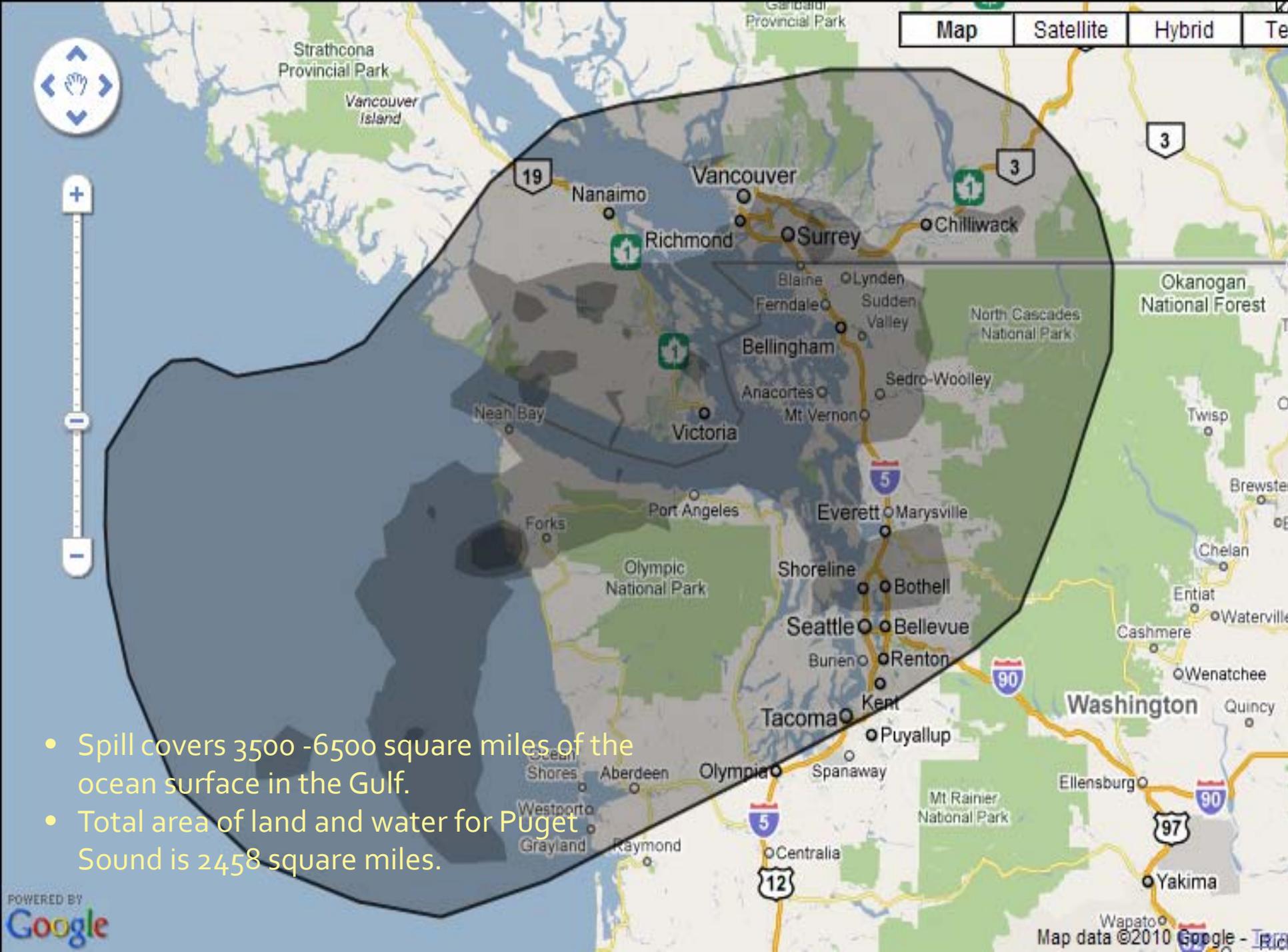
14 JUN 10
1800 EDT



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Source: NOAA/NESDIS, NASA, USCG, GADM, NGA
NOAA data prepared on 13 June @ 2100 CDT
*This is a forecast only - does not show observed location of oil sheen

NOC # 0455-10



- Spill covers 3500 -6500 square miles of the ocean surface in the Gulf.
- Total area of land and water for Puget Sound is 2458 square miles.

Washington's Response

- ◆ Established a website to track and provide the public with information on the Gulf spill.
- ◆ Implemented procedures to track response resources requested and deployed to the Gulf.
- ◆ Applied methodology to analyze and mitigate the impacts on local readiness and back fill equipment and personnel.
- ◆ Participated in the Emergency Management and Assistance Compact request for resources from state to state.
- ◆ Systematically capturing lessons learned for both adaptive management and state/federal legislation.



Economics of oil spill

- ◆ Cost of oil spill cleanup in the Gulf over \$ 1.43 billion as of June 10, 2010*
- ◆ Congress now estimates the cost of spill cleanup and damages to be close to \$34 billion**
- ◆ Impact from a Spill of National Significance in Washington State would be approximately \$10.8 billion ***

* Source: BP Press Office London, June 10, 2010

** Based Tim Webb and Ed Pilkington from guardian.co.uk, June 14, 2010

*** Source: "Evaluation of the Consequences of Various Response Options Using Modeling of Fate, Effects and NRDA costs for Oil Spills into Washington Waters," 2004 study by Applied Science Associates, Inc.

Funding for Washington State Oil Spill Program

- ◆ Prevention and Preparedness activities funded by the Oil Spill Administration Tax (commonly known as the “barrel tax”).
- ◆ Response activities is funded by the State Toxics Control Account



5 cent barrel tax

4 cents

Oil Spill Prevention Account (OSPA)

1 cent

Oil Spill Response Account (OSRA)

This account pays for oil spill response and cleanup when state costs exceed \$50,000.

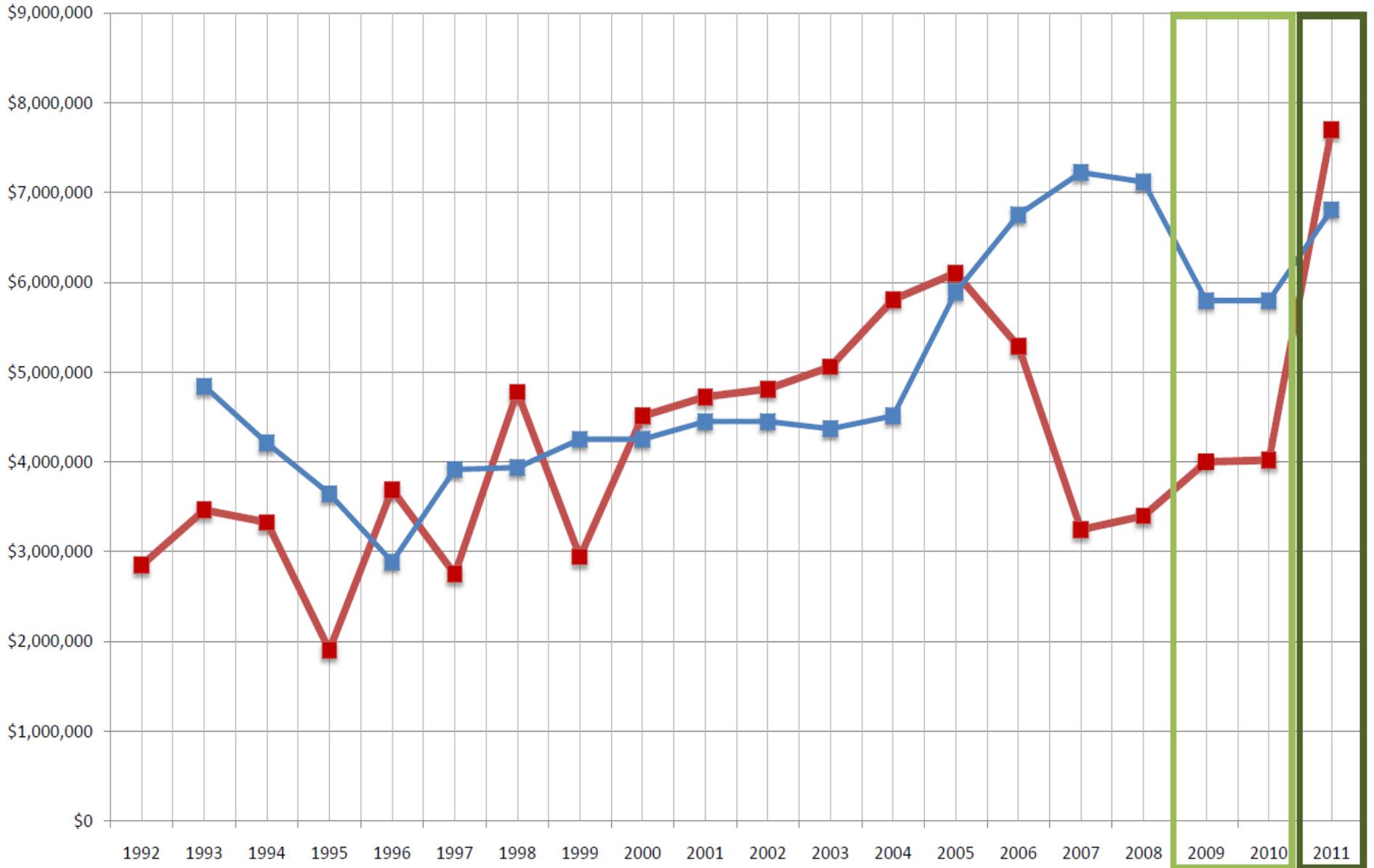
Oil spill funding at risk

- ◆ The Oil Spill Prevention Account revenue shortfall is a result of:
 - ◆ Dramatically decreased revenue since 2005.
 - ◆ Large unpredictable tax credits and refunds.
 - ◆ An increase in the amount of oil imported from Canada via pipeline which is exempt from the oil spill administration tax.
 - ◆ No inflation adjustment since the tax was imposed in 1991.
 - ◆ Increased responsibilities and higher appropriations from the legislature.

History of Oil Spill Prevention Account Appropriations and Revenue (Jan 2010)

Actual OSPA Revenue

Total OSPA Appropriation all agencies



Current

Funding Fix

Restoration of program funding to 2007-2009 level

- ◆ In 2009 – program reduced by \$2 million dollars which equates to 8 FTE.
- ◆ Impacted activities:
 - ◆ Drill participation
 - ◆ Vessel inspection
 - ◆ Contingency planning
 - ◆ Facility inspection

Funding oil spill program initiatives

- ◆ Improve Volunteer Management
- ◆ Vessel of Opportunity program to enhance oil spill preparedness
- ◆ Local Government Response Equipment Cache Grant Program
- ◆ Improve ship safety and spill response in waters shared with British Columbia
- ◆ Reduce the amount of oil intentionally dumped into state and coastal waters by ships.
- ◆ Implement lessons learned from Gulf of Mexico spill

Oil Spill Prevention Account

	Budget	Revenue Needed
Current revenue from barrel tax (per biennium)*		\$ 7,000,000
2009-2011 budget (per biennium)	\$ 11,600,000	- \$ 4,600,000
Restore program to 2007-2009 budget level**	\$ 14,051,000	- \$ 7,051,000
Funding oil spill program initiatives***	\$ 16,551,000	- \$ 9,551,000

* Based on last 4 years of actual tax revenue (this includes all tax credits given) collected by Department of Revenue.

** Restore \$ 2.2 million taken in 2009-2011 budget reduction.

*** \$ 1.25 million in one-time cost and \$1.25 million in on-going cost.

Opportunities for Change – State Legislation

- ◆ Program Funding – Legislation (tax v. fee) to restore program and provide for enhancements.
- ◆ Response Funding – Increase Oil Spill Response Account (OSRA) cap from \$9 to \$25 million (or some amount).
 - ◆ Allow use of OSRA for “substantial threats” and hazmat incidents, in addition to oil spills.
- ◆ Policy Legislation –
 - ◆ Possibly clean-up existing law
 - ◆ Re-examine liability, financial responsibility, NRDA, other.
 - ◆ Notification of incidents posing significant threats of spills.
 - ◆ Improve the “umbrella” vessel contingency plan framework.
 - ◆ Vessels of opportunity program for large oil spill response.
 - ◆ Volunteer management for large oil spill response.
 - ◆ Ensure effectiveness of tug escort system for laden oil tankers.

Opportunities for Change – Federal Legislation

- ◆ Increase limits of liability from \$75m to \$xx.
- ◆ Increase Oil Spill Liability Trust Fund from \$2 billion to \$xx and provide for direct state access.
- ◆ Increase the state's authority to protect the unique character of its waters.
- ◆ Provide for federal delegation of certain authorities to states, e.g.:
 - ◆ Vessel and facility oil spill contingency plans
 - ◆ Vessel to facility oil transfer standards and inspections
- ◆ Strengthen state role in Regional Response Teams and Area Committees.
- ◆ Provide for a national unified command during Spills of National Significance (SONS).
- ◆ Strengthen state's role in spills and incidents in the coastal zone outside of 3 miles, and in source control and salvage issues.
- ◆ Require industry to provide for 24-hour oil spill recovery operations.
- ◆ Research: dispersants, skimmers, and other response technologies.

Thank You

For more information:

Spills Program Website:

www.ecy.wa.gov/programs/spills/spills.html

Special Focus Website on Oil Spill in the Gulf:

[www.ecy.wa.gov/programs/spills/Special_Focus/BP
LA_Oilspill/index.html](http://www.ecy.wa.gov/programs/spills/Special_Focus/BP_LA_Oilspill/index.html)

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