

SENATE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

May 20, 1999 Hearing Room 50

4:30 p.m. Tapes 131 - 132

MEMBERS PRESENT: Sen. Gary George, Chair

Sen. Thomas Wilde, Vice-Chair

Sen. Joan Dukes

Sen. Bill Wilde

Sen. Marylin Shannon

MEMBER EXCUSED: Sen. Tony Corcoran

Sen. Ted Ferrioli

STAFF PRESENT: Brad Harper, Administrator

Patrick Brennan, Administrative Support

MEASURE/ISSUES HEARD: Overview of New Carissa Grounding-Follow-Up Meeting

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
TAPE 131, A		
003	Chair George	Calls the meeting to order at 4:53 p.m. Opens an informational hearing on the New Carissa Grounding.
<u>OVERVIEW OF THE NEW CARISSA GROUNDING</u>		
019	Mick Leitz	President, Fred Devine Diving and Salvage Company. Indicates that his company operates the Salvage Chief, a salvage vessel stationed in Astoria, Oregon (EXHIBIT A).

021	Steve Purchase	Assistant Director, Division of State Lands.
023	Paul Slyman	Manager, Environmental Cleanup Program, Department of Environmental Quality (DEQ). Indicates his program also oversees spill management for DEQ.
025	Capt. Paul Amos	Vice-President, Columbia River Pilots.
028	Leitz	Offers a timeline of the New Carissa grounding (EXHIBIT B). Says the New Carissa went aground at Coos Bay in the early morning of February 4 th , 1999. Indicates that the Devine Company was notified of the incident at 9:30 a.m., by local residents and by Bill Milwee, counsel for the ship's owners. Says Mr. Milwee inquired how long it would take to begin rescue operations, prompting him to arrange for helicopter coverage and contact the Salvage Chief with orders to begin preparations to disembark. Explains that the Salvage Chief had only 20,000 gallons of fuel on board and was manned by a skeleton crew of three, while salvage operations would require 70,000 gallons of fuel and a crew of 13. Says he managed to assemble the crew by 1:00 p.m. Mentions that the city of Astoria had only 20,000 gallons of fuel, meaning that additional fuel had to be brought to the Salvage Chief by truck.
060	Sen. Fisher	Asks for confirmation of the fuel capacity of the Salvage Chief.
062	Leitz	Reiterates that the ship has a fuel capacity of 70,000 gallons.
065	Sen. Fisher	Calculates that 7-8 tanker trucks must have been necessary to bring the vessel to full fuel capacity.
066	Leitz	Replies that 38,000 gallons of fuel were brought aboard.
067	Sen. Fisher	Laments that the fact that such extreme measures were necessary to get the Salvage Chief up and running has not been made public. Indicates that he had assumed the vessel could fuel up at the docks in Astoria.
072	Leitz	States that the Salvage Chief has been maintained on station in Astoria since 1950. Explains that the vessel has historically been "gainfully employed" for about 65 days annually, adding that during the last six years that number has dropped to ten days annually. Says that fuel tanks and crew were kept ready in the past but that the current economic reality makes that impossible. Argues that some of the billions of dollars spent to clean up oil spills would be better spent on maintaining the readiness of vessels like the Salvage Chief, since such vessels can prevent massive pollution "about 90 percent of the time." Recalls that he was a salvage master during the Exxon Valdez disaster of 1989, mentioning that only 19 percent of the oil on that vessel escaped into the environment.
087	Chair George	Argues that maintaining the readiness of salvage vessels is of primary importance to minimizing the impact of disasters.

100	Leitz	Mentions that public television did a story on the Salvage Chief, which aired during the New Carissa incident. Explains that he had believed that Mr. Milwee had contacted him with the intent to hire the Devine Company, prompting him to spend over \$100,000 to mobilize salvage operations. Says the lines ordered to commence operations were trucked from Seattle, arriving on the morning of February 5 th . Indicates he sent a small helicopter to Coos Bay, at the request of Mr. Milwee, to for use to assess the situation from the air. Reiterates that Mr. Milwee contacted him throughout the day of the 4 th for updates on their mobilization. States that Mr. Milwee informed him at 6:30 p.m. that the operation had been given to another contractor, Schmidt. Adds that he was told to subcontract with Schmidt.
140	Sen. Shannon	Asks who directed him to call Schmidt.
142	Leitz	Replies that Mr. Milwee did so.
145	Chair George	Asks Mr. Leitz to comment on the report that a Japanese underwriter made the decision to contract with Schmidt.
146	Leitz	Replies that the report is probably true. Acknowledges that Schmidt is a large operation and would likely have been in contact with the Japanese underwriters almost immediately after the incident occurred. Adds that Mr. Milwee was probably in the position to make recommendations only and that the decision was out of his hands.
156	Sen. Shannon	Wonders why people in Japan would be empowered to make decisions about a rescue or salvage operation on the Oregon coast.
158	Leitz	Indicates that a Japanese company, which retains Japanese underwriters, owns the ship. Explains that such matters are handled in Japan by Nippon Salvage, a Japanese company that makes recommendations regarding who to hire. Gives an overview of how the underwriters manage a situation, saying that when the estimated cost of salvage and repairs exceed the insured value of the vessel it is written off as a total loss. Adds that once the engine room of the New Carissa was flooded the vessel was declared a total loss. Says the insured value of the ship was only \$4 million, whereas he had estimated it to be \$8 million.
190	Chair George	Says that the authority to deal with the problem seemed to shift from local control to the Japanese owners and underwriters. Asks if there was any state entity charged with making decisions as to how to proceed.
196	Leitz	Expresses doubt that any state or local entity had such authority. Suggests that the Coast Guard likely could not intercede if the owners were demonstrating willingness to conduct salvage operations at their expense, unless "something was massively wrong." Indicates that the Salvage Chief was being fueled and equipped throughout the night and was ready to leave on February 5 th , but poor weather kept the vessel from leaving Astoria.
224	Chair George	Wonders who made the decision to remain in Astoria.

225	Leitz	Replies that the bar pilots made the decision. Says that Devine provided three helicopters and a fixed-wing aircraft for the operation at the request of Mr. Milwee. Says he discussed the progress of the Salvage Chief with representatives from Schmidt. Indicates that towrope and other equipment arrived on the 5 th of February as well. States that the Salvage Chief was not able to leave Astoria until Sunday, February 7 th , arriving in Coos Bay at 7:45 p.m. on February 8 th . Mentions that the subcontract was signed upon the ship's arrival. Says that Schmidt requested miscellaneous equipment from Devine, which was flown to the New Carissa. Indicates that the wreck was being rigged for towing in heavy seas when orders came from Schmidt to cease rescue operations, as the engine room of the New Carissa had flooded. Says the Salvage Chief loaded its equipment and departed for Astoria on February 11 th .
294	Chair George	Understands that the New Carissa was considered a total loss once the engine room had flooded, which is why the Salvage Chief was directed to cease rescue operations.
300	Leitz	Concurs with the Chair. Explains that the operation changed from salvage to a scrap situation once it was declared a total loss, and new underwriters were put in charge.
305	Chair George	States that the second tier of underwriters is now responsible for the removal of the remains of the New Carissa, including the stern section still in Coos Bay.
313	Leitz	Concurs and says that Devine has a contract through the underwriters to remove the stern of the ship.
321	Chair George	Acknowledges that the burning of the fuel did not cause the ship to break apart, as that would have happened anyway with the ship resting on the beach. Wonders if it would have been better to have the ship out of the surf and afloat, even if it were to have broken apart. Inquires how long it would have taken the Salvage Chief to remove the ship after it was rigged on February 10 th .
335	Leitz	Replies that the Salvage Chief could have been rigged by the morning of February 9 th . Argues that the ship would have survived longer had its bow been swung out into the sea. Explains that the ship was constructed from high-tensile steel, making it very strong, but susceptible to breaking apart quickly once it fractures. Submits that its construction contributed to its breaking up so quickly. Expresses surprise that the vessel broke apart as quickly as it did.
358	Chair George	Mentions that the New Carissa appeared to be in excellent condition and was relatively new.
363	Leitz	Concurs that the ship was fairly new and well maintained. Argues that the ship would have been more likely to survive had it been lightened, rather than ballasted, as it would have been bounced by the surf either way. Explains that the #4 cargo hold also serves as a ballast tank, while the fuel tanks run along the middle of the ship. Says the bulkheads were not watertight. Offers an explanation of why the full ballast tank contributed to the cracking that resulted in both the flooded engine room and the ruptured fuel tanks. Asserts that the ship would

		have come apart within 1-2 days even if the fires used to burn the fuel had not been lit.
TAPE 132, A		
015	Leitz	Explains that the weather had moderated by the time the Salvage Chief departed for Astoria, during which the Coast Guard made efforts to burn off the fuel using hand grenades and napalm. Indicates that he suggested to Schmidt that the Salvage Chief could return to the scene to remove the bow section. Acknowledges that his assertion that the bow could have been removed in less than 48 hours may be a case of "Monday morning quarterbacking," but says that he is willing to stick by his statement based on over 40 years of salvage experience.
027	Chair George	Asks for confirmation that the ship broke apart on February 12 th .
030	Leitz	Replies that the grenades were used on the 10 th , while the fires were set on the 11 th .
035	Slyman	Confirms that the ship had clearly broken in two by the night of February 11 th . Suggests that the fire may have "exacerbated the fracture."
042	Chair George	Wonders what the plan was to deal with the hulk at the time the Salvage Chief departed.
044	Leitz	Replies that the Coast Guard had decided to attempt to burn off the fuel. Reiterates that he believed the bow could be re-floated and towed, adding that Schmidt representatives told him that they had "a better idea."
054	Chair George	Asks if there had been any oil burned off from the bow section.
060	Leitz	Replies that the amount of fuel burned was probably minimal. Explains that the lack of oxygen would have made for a slow burn, especially considering the properties of cold bunker oil, which must be heated prior to burning. Acknowledges that some of the oil was burned, but that it was only a small fraction of what was in the bow.
084	Chair George	Inquires as to when the bow section was actually moved.
089	Leitz	Indicates that Schmidt was running the operation at that point. Says that the oil was being heated for removal from the stern section, adding that most of what was pumped to shore was seawater.
101	Chair George	Recognizes that very little fuel was burned from the bow section. Asks for reasons why the decision was made not to have the Salvage Chief remove the bow section. Asserts that time was of the essence and that immediate action was

		necessary.
114	Leitz	Says there were several discussions regarding the removal of oil from the New Carissa. Argues that there was no practical way to remove oil from the bow section, as it was over 1,000 feet offshore. Suggests that scenarios calling for submerged hoses or flying tanks off with helicopters would have been unsuccessful. Recalls an incident involving a fishing boat in Alaska where the Coast Guard insisted that oil be pumped off the vessel, during which time the ship could have instead been salvaged.
144	Chair George	Says that no entity ever established clear control over the situation. Wonders if the state can develop a plan for dealing with ships that run aground on its coast. Suggests that environmental concerns, such as the removal of oil, may actually hinder salvage and rescue processes.
158	Leitz	Replies that ship salvage has become more formalized since the Exxon Valdez disaster, through the creation of the Unified Command structure. Submits that with so many entities involved in the decision making process has made it too cumbersome, having supplanted poor weather as the biggest obstacle to salvage operations. Explains that the system was designed for fire fighters and has not translated well to maritime salvage. Argues that a wrecked vessel is a "perishable commodity" that requires immediate response. Asserts that the Unified Command took a reactive role to the New Carissa situation, rather than a proactive one.
186	Chair George	States that Oregon must come up with a plan for dealing with similar disasters and submit it for approval to the Federal government. Requests confirmation that containment ships were on the scene and prepared to react if necessary.
197	Leitz	Replies that there are provisions for retaining spill response vessels, such as the Oregon Responder, in order to react as quickly as possible in the event of an accident.
202	Chair George	Asserts that the spill response vessels were standing at the ready, had efforts been made to remove the vessel immediately and failed, resulting in a spill.
213	Leitz	Reiterates that the Unified Command was in control, with representatives for the Coast Guard, the vessel's Owner, and the State of Oregon forming a "troika." Suggests that while the participants are well intentioned and work hard, the structure is too cumbersome. Acknowledges that the situation was exacerbated by poor weather. Submits that the best way to prevent pollution is to allow for "prompt, professional salvage." Describes the differences between salvage vessels, such as the Salvage King, and tugs like the Sea Victory, which eventually was charged with the responsibility of towing the bow to sea. Says the Salvage Chief drops three anchors and pulls the wreck with winches with the equivalent of 30,000 propeller horsepower. Offers a comparison to a tugboat, which is not designed to pull a stationary object and would likely have suffered problems with overheating.
290	Chair George	Asks for the horsepower of the Sea Victory.

294	Leitz	Replies that most tugs are rated at 7,200 horsepower at their designed speed.
298	Chair George	Concurs that an important part of the analysis of a salvage situation is what equipment to use, specifically the vessel chosen to manipulate the wreck. Suggests that the Sea Victory was chosen due to the fact that the New Carissa was bouncing in the surf, making it appear to be a light load.
305	Leitz	Reiterates that the Salvage Chief, a vessel designed to conduct operations in the Pacific Northwest, was passed over in deference to a tug that took two days to arrive. Adds that the tug required a rope to be sent from Holland, which would not have been the case had the Salvage Chief conducted the operation.
312	Chair George	Recalls that the rope provided by Devine was on the scene by February 5 th . Inquires when the tug arrived in Coos Bay.
317	Leitz	Replies that he does not know the exact day the tug arrived. Explains that the Sea Victory had trouble approaching the wreck, as it draws 22 feet of water, compared to 10 feet for the Salvage Chief. Mentions that Schmidt was aware that the tug would not be able to approach the wreck as closely as would the Salvage Chief.
332	Chair George	Acknowledges that Devine has been contracted to remove the stern section and requests a description of the planned removal process. Expresses the desire to produce a plan for dealing with future incidents.
345	Leitz	Indicates that a derrick has sailed from New York and will travel through the Panama Canal, arriving in Coos Bay in approximately 30 days. Says that other equipment is being mobilized in the meantime. Explains that the removal of the stern is unlike most salvage operations in that the time frame is less critical and the pace is slower. States that one of the first projects, beginning June 1 st , will be to remove the 500-ton house from the stern to prevent further collapse of the hull. Mentions that there will be constant monitoring for additional release of oil. Describes recent meetings with interested parties and other entities involved in the salvage process as productive.
TAPE 131, B		
008	Purchase	Says that the Division of State Lands has had discussions with Devine regarding the removal of the stern section of the New Carissa. Explains that there has recently been a streamlining of the emergency permitting authority, which has expedited the process of obtaining the permits necessary for Devine to get started. Says he has been working to coordinate the process with other state agencies to insure that removal can begin June 1 st .
023	Chair George	Wonders if there is only one oil containment vessel in Astoria.
027	Leitz	Replies that the Oregon Responder is operated out of Astoria. Indicates that a second vessel, operated by Clean Pacific, is a converted mud boat. Mentions that

		the latter group has also been involved in the New Carissa cleanup. Indicates there are 14 sister ships to the Oregon Responder stationed in Portland, San Francisco, Seattle, and in other locations throughout the Pacific Ocean. Mentions that they were designed to respond to offshore oil pollution.
041	Sen. Dukes	Mentions that the vessels are stationed regionally.
042	Chair George	Asks who pays the standby costs for the oil containment vessels.
045	Leitz	Replies that the vessels are paid for by oil companies.
048	Sen. Dukes	Concurs with Mr. Leitz. Says that money is contributed by the oil industry because of the potential for spills.
052	Leitz	Mentions that "dry load" vessels, such as the New Carissa, do not contribute to the funds that reimburse the Oregon Responder and her sister ships.
057	Slyman	Confirms that the oil industry pays into a fund for the vessels. Says that Oregon passed SB 242 in 1991, requiring dry load vessels to have spill response capabilities.
070	Chair George	Asks how many ships enter Oregon waters annually.
074	Amos	Replies that there are over 2,000 ship calls within the Columbia River annually.
081	Chair George	Inquires whether other parts of the world keep salvage operations on standby.
086	Amos	Replies that Amsterdam, Netherlands has an arrangement similar to that being discussed.
090	Leitz	Mentions that Australia maintains a couple of salvage ships, as does England during the winter months. Adds that England contracts with vessels from other nations.
100	Chair George	Wonders whether maintaining a salvage vessel on standby could have prevented the New Carissa incident.
104	Leitz	Submits that the Salvage Chief could have arrived in Coos Bay on the day of the accident, had it been maintained in a state of readiness.
111	Chair George	Acknowledges that the weather during the incident was poor. Requests an estimate of the cost of maintaining a vessel like the Salvage Chief on standby throughout the year.

128	Leitz	Replies that Devine spends \$300,000 to maintain the vessel annually. Mentions that a deal was discussed a few years ago with the State of Washington regarding stationing the Salvage Chief at Neah Bay. Says that stationing the vessel at Astoria would be an easier situation, as the crew could live in the town. Estimates the cost of maintaining the vessel in Astoria to be approximately \$700,000.
147	Sen. Shannon	Requests confirmation that Devine was paid for its first day of operation in the New Carissa incident.
151	Leitz	Replies that they were paid upon signing the subcontract with Schmidt.
155	Sen. Shannon	Mentions that the state contracts with fire fighting bombers in order to retain them at a state of readiness.
162	Chair George	Concurs with Sen. Shannon. Reiterates that the Salvage Chief could have arrived three days before the New Carissa broke up, had it been fueled when notification of the grounding was received. Expresses hope that the interim committee appointed to look at the incident will consider maintaining a ship on standby. Suggests that the ship could leave with a skeleton crew and meet up with additional crew upon arrival. Argues that Oregon has the means to maintain a response team for its problematic waters and ports.
193	Leitz	Suggests that maintaining a salvage vessel is similar to maintaining a volunteer fire department. Says his business partners do not agree with his decision to maintain the vessel in Astoria, as it is not cost effective. States that the Salvage Chief has succeeded in about 99 percent of its efforts. Asserts that local contractors can only offer their services to the owners in the event of an incident such as the grounding of the New Carissa.
216	Chair George	Draws a comparison to a wrecked fuel truck. Says that there are requirements to proceed immediately in such a case, rather than waiting for the owners of the truck to take action.
225	Slyman	Concurs with the chair's assessment. Indicates that there was no noticeable leak from the New Carissa during the first few days, which is why the owners of the vessel were allowed to control the situation.
235	Chair George	Asserts that the situation made a leak imminent. Asks if the state has the authority to make such a declaration and act accordingly. Continues to draw the comparison to a tanker truck and asks who would be the first to respond to such an incident.
248	Slyman	Says that the hazardous material teams would be the first to respond to such an incident, insuring that people in the vicinity were safe, with cleanup occurring afterward. Indicates that if the responsible party were uncooperative it would be held liable and subject to serious penalties.
262	Sen. Shannon	Recognizes the presence of her in-laws. Compliments Mr. Leitz on his

		competence.
274	Sen. Dukes	Expresses frustration that the state was not in charge of the situation. Says that even DEQ did not have the authority to make decisions, despite being the lead state agency. Acknowledges the benefits of the collaborative process and the need to accommodate the owners of a \$4 million vessel. Argues that the state should have had authority to take control of such a situation.
302	Chair George	Agrees that the question of whether the state has authority must be asked. Reiterates that a truck or train incident would not be handled in the same manner.
312	Sen. Dukes	Concurs with the chair.
315	Chair George	Asks what the process would be for handling an incident where a tanker truck was pulled into the surf.
316	Slyman	Replies that the Coast Guard would request the assets necessary for response. Says any inland effects would be under the jurisdiction of DEQ.
333	Sen. Dukes	Suggests that the Parks Department may have the authority to deal with a problem on one of the state's beaches.
343	Chair George	Assumes that the Coast Guard would have the authority necessary to prosecute a response. Asks if the state could request that the Coast Guard respond in a manner set by the state.
351	Sen. Dukes	Replies the Coast Guard could probably be requested to do so
356	Leitz	Mentions that the state is represented in the Unified Command structure by a variety of agencies.
368	Sen. Dukes	Asserts that the Coast Guard has greater expertise in dealing with an incident such as the New Carissa grounding than do state agencies.
371	Leitz	Recalls that salvage operators used to have the authority to run such operations. Reiterates that the Unified Command system is too cumbersome and that any single entity could better address an incident in a timely manner.
385	Sen. Dukes	Indicates that her constituents were "furious" that the Salvage Chief was sent back to Astoria, especially when the bow broke free from the Sea Victory and beached at Waldport.
396	Chair George	Asks if legislation could be produced to alter the process to prevent such an incident from occurring again.

404	Sen. Dukes	Replies that the only possible action the legislature could take this late in the session would be a budget note. Suggests state agencies should report to a substantive state agency regarding cost estimates for a program.
TAPE 132, B		
003	Chair George	Suggests that the committee could draft a letter outlining requirements for such a program.
010	Leitz	Wonders if there would be interest in the State of Oregon contributing jointly with the State of Washington to maintain a salvage vessel and team on standby in the region.
015	Sen. Dukes	Says that the budget note could make that suggestion.
019	Leitz	Indicates the oil industry feels that it has been forced to pay more than its fair share, a sentiment that has been accentuated by the ecological damage caused by a dry load hauler.
022	Chair George	Indicates that it is reasonable to ask whether it is in the state's interest to maintain a salvage team through the state budget. Expresses concern that the owners of the Salvage Chief do not feel the ship is economically viable in the area, having only conducted 10 operations annually during the past several years.
042	Leitz	Clarifies that the vessel has only operated a total of 10 days annually.
		Additional testimony was submitted to the committee for its consideration (EXHIBIT C) .
050	Chair George	Adjourns the meeting at 6:30 p.m.

Submitted By, Reviewed By,

Patrick Brennan, Brad Harper,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ New Carissa Grounding, informational brochure, Mick Leitz, 14 pp.

B ñ New Carissa Grounding, timeline, Mick Leitz, 1 p.

C ñ New Carissa Grounding, testimony, James R. Townley, 1 p.