

Alaska Oil and Gas Association



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Cook Inlet Risk Assessment Advisory Panel

Submitted by email to: Cira.Comments@Nukaresearch.com

Re: Cook Inlet Risk Assessment

The Alaska Oil and Gas Association (AOGA) appreciates the opportunity to comment on the Cook Inlet Risk Assessment (CIRA). AOGA is the professional trade association representing the majority of exploration, development, production, refining, marketing, and transporting of oil and gas in the State of Alaska. Our member companies that operate in Cook Inlet are Apache, Hilcorp, Tesoro and XTO Energy. Our mission is to foster the long-term viability of oil and gas in Alaska. The industry has been proudly operating in the Cook Inlet for more than 50 years, and values the management of safe and responsible operations.

The purpose of the Cook Inlet Risk Assessment was to “summarize the technical studies and additional analysis conducted to inform the Advisory Panel’s recommendations on risk reduction options.” This was done in two phases: first, establishing the baseline risk of marine accidents in the Cook Inlet; and second, identifying and assessing potential risk mitigation options. The report states that this is the risk assessment process outlined by the Transportation Research Board (TRB), with some modifications due to funding limits. AOGA contends that these modifications are significant limitations to the methods, scope and subsequent recommendations in the report.

I. Participants

The opportunity for bias was introduced in the decision to use a single Subject Matter Expert instead of the Peer Review Panel, as was recommended by the Transportation Research Board. In an “abbreviated timeline and smaller budget,” the removal of a Peer Review Panel allows personal opinion and subjective assessments to skew the risk analysis.

It is also concerning that the Management Team and the Advisory Panel were comprised of representatives from Cook Inlet RCAC, ADEC and the USCG, with limited opportunity for involvement by the oil and gas industry, who would arguably see some of the greatest impact from policy implications based on this report.

Comment periods were brief, and allowed little time to submit substantial input from other industry stakeholders.

II. Approach

The TRB recommends utilizing the insights gained from the baseline risk analysis to determine the need for risk reduction and to guide future risk reduction activities. Therefore, the risk mitigation options are only as good as the baseline assessment. There are some critical flaws in the general approach to this study, which could ultimately have a directing and standing impact on vessel traffic Inlet-wide.

The initial goal of the report aimed to set a baseline risk of marine accidents in Cook Inlet, however the CIRA focused only on potential oil spills associated with large vessel traffic. Operational and intentional discharges were not considered, nor were risks associated with petroleum exploration and production operations. The risk assessment should identify all possible risks and their probability of occurrence, lest demonstrating a limited view of marine accidents and reasonable spill reduction measures.

The Advisory Panel convened a two-day workshop to create a semi-quantitative analysis of potential spill consequences. Section 3.3.3, Table 2 lists the comparison rankings of spill scenarios by subject matter experts, and their lack of consensus on a single item demonstrates that experts do not reach the same conclusion when given identical scenarios. Reliable data is critical to establishing a baseline and designing future policy, and should not be based on qualitative methods or single Subject Matter Expert experience.

The CIRA report fails to meet certain general expectations for documents of this scope. A complete study methodology was not outlined, nor was the baseline risk information. Detailed reports used for the baseline were not provided as appendices, requiring cumbersome steps to find and understand the data used for measurement. In relation to risk reduction, the report confirms that 21 risk reduction options were developed through stakeholder engagement although only 13 are recommended for implementation. The report fails to indicate the omitted 8 options and the reason for their exclusion.

III. Spill Baseline and Accident Causality Study

Another area of concern is the projected spill rates and potential. Section 2.3.2, Table 1 listed a spill potential of 15,000,000 gallons, which is greater than the maximum capacity of the entire cargo contents of transport tankers from the Drift River Terminal at 12,600,000 gallons. Very rarely does a spill involve a crude carrier (5% of spills), and more rare is the loss of the entire cargo contents. Over a 15 year period 1995- 2010, the largest spill in the Cook Inlet incident Database was approximately 6,000 gallons.

The study also projects a spill rate of 3.9 spills per year for the years 2015 through 2020 across all vessel categories, up from the historical spill rate of 3.4 spills per year. Although the spill rate is projected to increase, Section 2.3.1 forecasts that vessel traffic will remain flat or show only moderate increases. The report lists no basis for the projection of spill increases. AOGA encourages the Advisory Panel to publish the

traffic study data used in this report so that third-party researchers or a Peer Review Panel can validate the baseline and projections.

IV. Risk Reduction Options- Subsea Pipeline

Considerable detail was devoted to the risk reduction option of constructing a subsea pipeline across Cook Inlet. The report hypothesizes that a subsea pipeline will reduce the overall spill risk by reducing the number of tanker transits, and therefore overall exposure. However, the baseline data used for this hypothesis was flawed. The Cook Inlet transit data of 38 one-way tanker transits was data from 2010, when the Drift River Terminal was not in service. Since that time, more storage tanks have been placed into service and one-way tanker transits have been cut in half. Additionally, data from other pipelines was unsuitably applied to Cook Inlet and general observations were used to characterize the frequency of pipeline spills versus tanker spills. Over-estimation of the risk of spills due to transit traffic skews the risk reduction benefits of a subsea pipeline and reduces the benefit-cost ratio of such a pipeline.

V. Tugboat Response

Significant attention in the report was paid to tug response for disabled vessels in Cook Inlet. However, the basis for the recommends, *The Evaluation of 2012 Tugboat Response Times* (Glosten, 2013), is severely flawed. The baseline data does not account for, or makes limited mention of the M/V Perseverance and the M/V Endeavor, both of which are Cook Inlet Spill Prevention and Response, Inc. vessels. Both of these vessels reside year-round in the Middle to Upper Cook Inlet, and are equipped and manned for Offshore Response and Emergency Towing. The exclusion of these two vessels paints a distorted image of the actualities of emergency tug towing in the Upper Cook Inlet, and renders the entire tug response section unsound.

VI. Self-Arrest

AOGA members disagree with the subjective, qualitative observation in the report that self-arrest is not a viable risk reduction option. The CIRA relied on a limited 2013 Glosten Associates report and Advisory Panel opinion to draw this conclusion, stating that it was "not within the scope of this analysis to quantify" the success rate of self-arrest. There are numerous examples of successful self-arrest to reduce the risk of spills and other emergencies, and future policy should not be based on conjecture or the risk of rupturing a subsea pipeline that does not yet exist.

VII. Other Risk Reduction Options

Four other risk reduction options discussed in the main report are either at the will of non-stakeholders or are already being addressed. Active dredging, expanded cellular service, and AIS broadcast are each effective risk reduction techniques, however, they are the responsibility and at the determination of organizations that are outside the scope of the Advisory Panel. It would be appropriate for the Advisory Panel to make specific recommendation regarding approaching outside organizations with a strategic plan for further

involvement. Third- party workboat inspections are already taking place voluntarily by all operators. It was unnecessary to undertake a formal risk assessment to address these four options.

VIII. Conclusion

While this report recommended a few risk reduction measures that are valid, the majority of the recommendations are based on flawed baseline data or poor cost-benefits analyses. Decisions made regarding the approach and participants may have reduced the cost of the assessment, but have also reduced the quality of the product. There are significant limitations to the report, similar to the feedback given from the Transportation Review Board to Nuka Research on the Buzzards Bay Risk Assessment. As recommended by the TRB in that case, no policy decisions should be made based on this Cook Inlet Risk Assessment.

Thank you for the opportunity to comment. If you have any questions, please do not hesitate to contact me at 907-222-9602 or Blair@AOGA.org.