

**TANKERS AGROUND AND LEAKING;  
PERSPECTIVES ON THE EXXON VALDEZ AND  
OTHER RECENT CASUALTIES**

BY

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Should engage crisis management consultants or  
media consultants immediately if a major  
oil spill occurs.

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On March 24, 1989, the EXXON Valdez grounded and spilled approximately 250,000 barrels, or 11 million gallons, of crude oil into the pristine waters of Prince William Sound, Alaska. This was the largest oil spill in United States history emanating from a vessel. The event has, as a result of extensive worldwide media attention, become one of the most famous environmental disasters of all time; and, for better or worse, the yardstick by which every subsequent casualty involving spillage of petroleum products has been measured.

In this presentation, I should like to explore with you the events surrounding the EXXON VALDEZ spill, the reaction to it by the oil industry, in general, and Exxon, in particular, the media, the public, and the law enforcement authorities which, for the first time in U.S. history, came into play in a purely maritime setting. I should then like to compare the U.S. reaction, and reasons therefore, to the handling and responses to some of the more notorious spills since the EXXON VALDEZ occurring outside of the United States.

Notwithstanding anything you might have read in print or saw on television, the EXXON VALDEZ spill was an accident, pure and simple. In fact, it was an accident waiting to happen; if not to the EXXON VALDEZ, then to any of the hundreds of supertankers that called on the port of Valdez each year. The Trans-Alaska pipeline opened in 1977. As you may recall, there was tremendous environmental opposition to its construction in the early, 1970's. It was the tie-breaking vote of the erstwhile Spiros Agnew, then U.S. Vice-President to Richard Nixon, that broke a 50-50 tie in the U.S. Senate, thus enabling the legislation which authorized the construction of the Trans-Alaska Pipeline.

In order to obtain support for the passage of the Pipeline Act, the sponsors of the project, a consortium of major oil companies and the federal and Alaska state governments, all promised solemnly that every safeguard humanly possible would be incorporated into the transportation of oil from Prudhoe Bay above the Arctic Circle to the port of Valdez in Prince William Sound by pipeline, and then on tankers from Valdez through the spectacularly beautiful Prince William Sound to the lower 48 states.

Such promised reasonable safeguards were, in fact, built into the system in the early days of the pipeline. Vessels transitting to and from Valdez carried federally licensed pilots from Cape Hinchbrook at the entrance to Prince William Sound to the port of Valdez. In addition, the Coast Guard installed a Vessel Traffic Control system, akin to an air traffic control system, which required vessels to proceed only in designated northbound and southbound lanes, required vessels to report their positions frequently and, most importantly, required Coast Guard personnel to plot vessel movements every 3 minutes when the vessels were within the radar range of the system, which until the mid-1980's was well below the area in which the EXXON VALDEZ grounded. As an added safety precaution, Alyeska, the company which operates the pipeline (and is, for the most part, owned by the major oil companies which built the pipeline), submitted a contingency plan to the State of Alaska, which promised that they had the capability, equipment and manpower to contain and clean up a 200,000 barrel oil spill anywhere in Prince William Sound within 72 hours of its occurrence. The State, happily and blithely signed off on the plan.

For the first 5 - 7 years after the pipeline opened in 1977, there was a reasonable and respectable effort by all concerned to implement and comply with the promised safeguards. However, several events occurred in the mid-1980's which foretold and sealed the

fate of the EXXON VALDEZ. First, Columbia Glacier, an ice age glacier in the north west corner of Prince William Sound began receding at an accelerated pace which resulted in huge pieces of ice breaking off and drifting across the Coast Guard established traffic lanes. As a result of such ice, which at times was very heavy, vessels began, with the knowledge and concurrence of the Coast Guard, to deviate from the traffic lanes to avoid the ice. In doing so, many times such vessels would come dangerously close to the area known as Bligh Reef. At about the same time, the Coast Guard decided to change its radar system from a dependable, accurate, intarget acquisition, manual plotting model, to one which had a shorter range. They also decided that they would no longer plot vessels every three minutes above Bligh Reef. They also replaced the Coast Guard radar watchstanders with civilian personnel. The only problem with all of this Coast Guard activity was they never bothered to tell anyone about it. So, vessel's crews reasonably believed that when they were above Bligh Reef, they were being monitored by the Coast Guard and that if, in fact, they were standing into danger, they would be called as they had been in the past. A third element to this Greek style tragedy, was the complacency of the vessel's crews to who deviating from the traffic lanes to avoid ice had become routine and unremarkable. Such maneuvers, even though dangerous at times, were carried out on a regular basis without any problems. The frosting on this cake was when Alyeska, which having previously received the State of Alaska's blessing on its oil spill contingency plan, decided that it did not really need to maintain the manpower or equipment to fulfill its promises under the plan. After all, the State had not inspected their facilities for a long time, and besides, they were successful in locking out any state inspector which might wander up to their front gates from time to time. As a result, their so-called spill response plan in 1989 was nothing short of a sham.

As an aside, there have been suggestions by some environmentalists, and, of course, the plaintiffs' lawyers in the

pending civil litigation, that the oil companies conspired with the Coast Guard to reduce crew sizes to bare minimums resulting in fatigue of crew members. There is also a suggestion that oil companies were pressing their crews for quick turn-arounds which resulted in the crews taking chances in deviating around ice instead of remaining in port until the ice situation improved. I do not subscribe to either theory as being a contributing factor in the grounding of the EXXON VALDEZ.

With this information as background, what did happen on that fateful voyage of the EXXON VALDEZ? Well, until the vessel's first impact with an underwater mountain, the voyage was more or less uneventful. The vessel left the port of Valdez about 9 p.m. on the 23rd of March, 1989, with a pilot and a full complement of crew aboard. It proceeded through the port, the Narrows and the northern port of Valdez Arm without incident. The pilot departed at about 11:20 p.m., and Captain Hazelwood in consultation with the 3rd Mate decided that because of ice extending across the traffic lanes well above Bligh Reef, that they would deviate out of the vessel traffic separation scheme until the vessel got below the ice and then maneuver back into the traffic lanes above Bligh Reef; a maneuver, which was almost customarily required in 1989, as the calving of Columbia Glacier had become progressively more accelerated.

Captain Hazelwood gave specific instructions to the 3rd Mate to come abeam of Busby Island Light, some 2 1/2 miles north of Bligh Reef, and then commence his maneuver back into the traffic lanes. He asked the Mate if he was comfortable with the instructions of what he wanted done and the 3rd Mate said he was comfortable and capable of performing the routine maneuver. Captain Hazelwood went below to his office (one deck below the wheelhouse) to complete some paperwork. Shortly after the vessel came abeam of Busby Island Light at 11.55 p.m., the 3rd Mate called Captain Hazelwood and told him that he

bail being placed on him by a New York judge whose sole jurisdiction was Captain Hazelwood's voluntary surrender to answer the warrant. A ridiculous situation, considering that murderers were in the same jail awaiting posting of \$5,000 bail. Of course, the judge was as influenced by the world-wide media attention, as were the politicians and everyone with an agenda that jumped on the spill bandwagon.

Why did this circus, with all its attendant hoopla, take place? What made the grounding of the EXXON VALDEZ such a unique case? Certainly, while the spill was the largest in U. S. waters, it was not the largest oil spill in history, and like most other groundings, it occurred because someone did not do what they were supposed to do. In short, as a result of human error. The uniqueness of the case was in the criminal charges levied against Captain Hazelwood and ultimately, against his employer, Exxon.

But, one must still ask what brought us, the maritime community and Captain Hazelwood, to that point - a point incidentally that no mariner, vessel crewmember or shipping company had ever found itself in before in the United States. That is, a crewmember being criminally charged for an error in navigation and management of a vessel which resulted in an oil spill.

The answer was as obvious then, as it is now - four elements came together to create the situation:

- 1) poor management of the crisis by Exxon
- 2) politics
- 3) media
- 4) money



had started the maneuver as instructed and everything looked to be in order. In fact, the vessel's course recorder indicates that the vessel's heading did not start to change until approximately 1 1/2 minutes after midnight. Captain Hazelwood believing that the 3rd Mate was carrying out his orders, and that the Coast Guard was, in any event, monitoring the vessel's progress, continued to complete his paperwork. At about 8 minutes after midnight, the vessel struck the rocks surrounding Bligh Reef, causing a six hundred foot opening in the vessel's hull and resulting in the spill of 11 million gallons of oil.

What was the Coast Guard doing prior to the grounding you might ask? Well, nothing! The civilian watchstander who came on watch at 11.45 p.m. never bothered to look at his radar and, in fact, had left his post to have coffee with the Coast Guard radio man. He had no other ships to watch that evening other than the EXXON VALDEZ. When Captain Hazelwood called the Coast Guard at approximately 12:25 a.m. to report the grounding, the civilian watchstander for the first time, looked at the radar screen and saw the vessel aground. You can imagine his reaction. There is no doubt that complacency had set in at all aspects of the Alaskan crude oil transportation system. The grounding of the EXXON VALDEZ and subsequent botching of the clean up, was nothing short of a systemic failure.

The grounding and subsequent failed spill containment and clean up, of course, set off a tidal wave of media attention, public outcry and the obligatory politician involvement. However, for the first time in U.S. maritime history, the law enforcement officials of both the federal and state governments became involved in what in the past would have been strictly a civil admiralty matter. It was those law enforcement officials, as you may recall, who issued warrants for Captain Hazelwood's arrest, which resulted in a \$1 million dollar

1. Poor Management of the Crisis by Exxon

About two or three months prior to the grounding of the EXXON VALDEZ, another Exxon vessel grounded in Hawaii spilling approximately 6,000 barrels of crude oil. Fortunately for Exxon, the tides and winds were such that the spill was blown to sea. However, Exxon sent several of its high level shipping executives to the scene and they triumphantly announced that their oil spill response team had saved the day. Needless to say, the fortuity of the elements in that spill gave Exxon an unfortunate false sense of security. In fact, at the time of the EXXON VALDEZ incident, Exxon and other major oil companies operating in Alaska had no mechanisms in place for effectively dealing with major spills on either the operational or public relations levels. On the operational level, Exxon did not have a spill response plan, the equipment or trained management to deal with a major spill. However, to be fair to Exxon, the responsibility and obligation for dealing with spills emanating from the Trans Alaska pipeline system lay with the consortium company, Aleyska. As mentioned above, Aleyska's contingency plan was a complete hoax in that they neither had the equipment nor the manpower to handle a 2,000 barrel spill, let alone a 200,000 barrel spill, as promised in their contingency plan. In fact, the majority of the oil spilled from the EXXON VALDEZ remained in relatively close proximity to it for about 72 hours, during which time the weather was good and the seas were calm. Aleyska during this time sent out two ill equipped skimmers which picked up a few gallons of oil. By the end of the third day, a storm with 60 mph winds came in and blew all the oil down Prince William Sound, thus, causing the massive damage you saw on your television.

From a public relations standpoint, Exxon with its vast resources, surprisingly did not have in place personnel to deal with the media, the public, government officials or law enforcement officers in the event of a major oil spill. In fact, in the

early days of the spill, the same individual who was in charge of the operations was also in charge of the public relations. This dual function proved to be disastrous. The individual was overworked, overstressed and ultimately overwhelmed. As a result, mistakes were made on both the operational and public relations level.

Exxon's first mistake, in my opinion, was the firing of Captain Hazelwood. This was obviously a knee-jerk reaction to take some of the pressure off Exxon's management which had found itself under siege in dealing with both the operational and public relation aspects of the spill. I submit that the worst mistake a shipowner can make in a disaster situation is to fire the ship's captain. In this particular case, Exxon potentially had a loose cannon in an embittered ex-employee, especially since at that point in time, Exxon had not made a decision as to whether they intended to assert any limitation of liability defense afforded to them under maritime law and the various statutes governing liability for oil spills. Common sense dictates that a shipowner should never fire a crewmember involved in a maritime accident until such time as all the facts are in and the shipowner has considered all the ramifications of such firing, both with respect to civil and criminal liability. A mistake like the one made by Exxon could make the difference between limitation of liability and millions, possibly billions, of dollars having to be paid out in consequential and punitive damages.

Moreover, once a shipowner fires a crewmember who has had an accident in the course of his employment and cuts that individual loose with no resources to defend himself, should such crewmember be convicted criminally, the conviction will undoubtedly always come back to haunt the shipowner in the forms of vicarious criminal liability. My advice in an accident situation is to obtain all

the facts and carefully consider the consequences and ramifications of firing a crewmember. If it appears that there is some liability on the crewmember's part, suspend him, give him a desk job, keep him out of the limelight - anything but firing him.

The second major mistake made by Exxon in dealing with the crisis was going into a defensive shell. As a result, Exxon dealt very poorly, indeed, amateurishly, with the media, the public, public officials and law enforcement officers. Exxon appeared publicly to be indifferent, uncaring, arrogant and unresponsive. In fact, they went all out to mobilize equipment and personnel to clean up the spill as quickly and as efficiently as possible. Exxon spent billions of dollars in this effort. However, they never received the appreciation or credit for their efforts because of their poor handling and mismanagement of the crisis. As a matter of fact, they were charged criminally by the United States Government. They have since settled that case by pleading guilty to several charges and paying one billion dollars in fines. Of course, the guilty pleas expose them to additional civil liability in the pending private plaintiffs' claims against them.

## 2. Politics

Politics played a major role in the prosecution of both Captain Hazelwood and Exxon. As you know, politicians generally have two motives when they jump into a major disaster situation:

a) to gain popular support by opposing the offending thing or wrongdoer and, b) not to be blamed for what happened or for failing to react appropriately.

After the EXXON VALDEZ spill, politicians and government officials began fingerpointing all over the place. The state officials blamed the federal government officials. The federal

government officials blamed the state officials and both of them blamed the oil industry. In fact, everyone shared the responsibility for a transportation system that completely failed. Unfortunately, for obvious reasons, the easiest route for all concerned was to find a scapegoat in the form of Captain Hazelwood to take the blame and thus exonerate not only the politicians, but the whole transportation system which everyone knew had become riddled with complacency and indifference. As mentioned above, the EXXON VALDEZ was an accident waiting to happen.

Of course, the manifestation of the politicians' involvement in the aftermath of the VALDEZ spill, was the Oil Pollution Act of 1990, a piece of legislation that, in my opinion, is totally reactionary, ill conceived, impractical, expensive and not at all the answer to the problem of how to safely transport oil products in vessels.

One lesson that has not escaped those observing the EXXON VALDEZ disaster is that effective crisis management requires a close liaison between public officials and the company involved in that disaster. My advice in a major spill situation is for the shipowner, through his attorneys and crisis management team, to reach out and communicate immediately with those government officials who are charged with the responsibility for dealing with the particular disaster. The worst mistake one can make is to avoid or mislead government officials as to the extent of the disaster or the company's capabilities, financial or otherwise, to deal with the crisis.

### 3. Media

The grounding of the EXXON VALDEZ was a visual disaster which played very well on television and in the press. The United States, unfortunately, is a nation of the quick and simple answer. We are accustomed, as a result of our television programming, to 30 minute fixes of all of the world's problems. What happened, why and how it can be prevented in the future must be answered in 30 minutes or less, otherwise we Americans become impatient and very aggressive. Americans need someone to hang and by God, we will find somebody eventually. Unfortunately, the EXXON VALDEZ disaster, its causes and aftermath were based on a complicated set of facts involving a failed system and many governmental entities, corporations and individuals. It was not subject to the quick and simple answer that we Americans demand.

While you hope it does not happen to your company or a company you represent, you may very well find yourself in a situation where, in dealing with an environmental crisis, you may be confronted by the media. My advice is do not be afraid of them. If the media is handled properly, they can be used very effectively to disseminate information about the crisis and your client's response to it.

As I mentioned previously, we felt that one of our main tasks in representing Captain Hazelwood was to change the public perceptions of him prior to the trial. Indeed, we were always concerned that the perception of him in Alaska, as a result of the media coverage received by the incident, would play a major role in determining whether he was to be acquitted or convicted. To this end, we undertook to obtain as much favorable publicity for him as possible prior to the commencement of his trial. At first this was virtually impossible, and we found ourselves in a more or less damage control situation. You may recall in the early days of of this spill,

Captain Hazelwood was painted not only as a criminal, but also as a drunk and incompetent Master. Over time, we were able to convince some of the media people that Captain Hazelwood was neither drunk nor incompetent and, in fact, was nothing more than a scapegoat for larger and more influential interests. This theme was picked up by a number of publications including "Lloyd's List" and "The Journal of Commerce" and ultimately "Time" magazine.

As the facts of the grounding started to emerge, it was obvious that Captain Hazelwood was not the villain that he had been portrayed to be. By the time the trial commenced, the media coverage had become very favourable to Captain Hazelwood. In my opinion, the favorable publicity that had been generated up to that point in time went a long way towards his acquittal.

My advice in dealing with the press is to be candid, accessible and brief. In my experience, the media is an extension of the public, in that, they are also interested in short quick answers to every problem. As such, a trained individual within your client's organization dealing with the media can be very effective in presenting the problem and the steps being taken to correct same with the proper spin on the story favoring your client's position.

#### 4. Money

There is no question that huge sums of money will be involved in any major environmental disaster. In addition to the 1 billion dollar fine, Exxon has already paid well over 2 billion dollars for the spill cleanup and this amount will undoubtedly increase in the future. In fact, money was the motivation for the State of Alaska in prosecuting Captain Hazelwood on the charge of intoxication. Their strategy was to obtain a conviction on the intoxication charge

thereby preventing Exxon from asserting a limitation on liability defense. The fact of the matter was, as you all probably know by now, 21 witnesses testified at trial who saw Captain Hazelwood the entire day of March 23rd and the early morning hours of March 24th; every witness testified that Captain Hazelwood was not impaired, intoxicated or otherwise under the influence of alcohol. The jury which heard these witnesses acquitted Captain Hazelwood of the intoxication charges, as well as the felony and misdemeanor charges of recklessness. He was convicted of a minor misdemeanor of negligently spilling oil. This conviction has been overturned by the Alaska Court of Appeals and the State of Alaska, refusing to lose gracefully, has appealed to the Alaska Supreme Court.

One major lesson learned from the EXXON VALDEZ experience is that money does influence the way a particular crisis is handled, not only by the company involved but also by government officials. As was evident in the EXXON VALDEZ situation, money certainly put pressure on these officials to bring unfounded criminal charges against Captain Hazelwood. Additionally, there is no question that in the United States, politics and the media many times drive law enforcement officials.

Major disasters in the United States tend to become shark fests, and the EXXON VALDEZ is no exception. Within days, indeed hours, of the grounding, a horde of lawyers descended on Alaska to obtain retainers from "victims" of the spill. To this end, lawyers rented rooms in local hotels and advertised in newspapers inviting anyone who thought they might have a claim to drop by and sign a retainer. At the end of the day, tens of thousands of claims were filed by

1 Exxon has, in fact, decided for its own reasons not to assert limitation of liability in the civil cases presently pending against it as a result of the grounding and spill.



hundreds of lawyers, totalling in the area of \$50 - 60 billion dollars. The situation became so unmanageable that the Court had to appoint an Executive Committee of plaintiff lawyers to manage the claims and the litigation on their behalf. Claimants with similar type claims were ultimately grouped into classes and each class is represented by an appointed group of lawyers. As you might imagine, discovery in this case has been a nightmare, with thousands of depositions being taken. At times, six to eight depositions were taken on the same day in six to eight different locations, with 10 - 15 lawyers present at each location. The wasted man hours and per hour costs to the litigants undoubtedly runs into the billions. There have been well over five million pieces of paper exchanged, catalogued and maintained. I have lost count of the exhibits marked at the depositions. And, as if this was not enough, there are presently two separate actions pending - one in the federal court and the other in the Alaska State court, with each judge seeking to trump the other as to who will try their cases first. There is a real possibility of dual trials proceeding at the same time, each deciding the same issues with the prospect of inconsistent results.

The point of all this is that a major disaster in the United States will always be expensive in terms of legal costs, manhours spent to respond and to the nearly out of control discovery process and, of course, the ever looming potential for huge compensation and punitive damage awards.

How has the rest of the world dealt with their oil spills since the EXXON VALDEZ grounding? From all indication in a much more sensible, efficient and less expensive way. Since the EXXON VALDEZ spill, there have been a number of major spill incidents around the world commencing with KHARG V off the coast of Morocco which resulted in a spill of 206 million gallons of crude oil.

This spill was 20 times worse than the VALDEZ, but because of favorable sea and weather conditions, very little oil came ashore. As a result, very little media attention was devoted to it. There is a point to be made here, the media in major western nations spins completely out of control when an incident occurs in their areas. However, an incident involving a third world nation receives very little exposure and only for a short period at that. One can only wonder what that is.

The next major spill was in April, 1991, when the HAVEN caught fire and sank off Genoa, Italy, releasing 16 million gallons of crude oil prior to sinking. While this spill received more attention than the KHARG V, it only remained in the news for about 2 - 3 weeks after its sinking as contrasted with years for the EXXON VALDEZ. The remarkable differences between this spill and the EXXON VALDEZ was that there was very little carping between the interested factions, fairly good co-operation between the local authorities, the vessel's interests, underwriters and the spill response groups. My English solicitor friends tell me that the claims emanating from this spill will be settled within the limits of the applicable international convention and protocols, notwithstanding noise to the contrary by the Italian authorities.

The spill that directly affected this audience was, of course, the KIRKI in 1991 which broke up and spilled 69,000 barrels of crude oil off the Australian coast. Again, the Australian approach was much more reasonable and sensible than that of the U.S. While the discharged oil damaged environmentally sensitive areas off the Australian coast, I understand that the claims were dealt with within the various convention limits.

A very interesting spill occurred in the spring of 1992 off the coast of Mozambique involving the tanker KATINA P. The KATINA P began leaking and breaking up off the coast of South Africa. However, it continued to proceed north toward Mozambique seeking a port of refuge. It limped into Maputo only to be ordered off shore by the authorities where it subsequently broke in two spilling 19,000,000 gallons of No. 6 oil. The crew thereafter put into Mozambique to be repatriated. However, the local authorities, being completely uninformed as to the provisions of the international conventions and protocols decided, with the help and advice of some New York lawyers, that the best course of action and the quickest way to break any limit of liability provisions of the conventions was to hold the Master hostage and extract a "confession" from him to the effect that he scuttled the vessel on the Owner's instructions. Of course this was a difficult confession to make considering there were two different salvage companies on board when the vessel broke in half, and further considering the fact that they were ordered out of port by the very same authorities. At the end of the day, the Master had to escape from house arrest to end the stand-off. At present, very few claims have been settled as a result of that spill. Again, because Mozambique is a third world country, the media and, I dare say, the vessel's underwriters, have dealt with the situation in a cursory, almost cavalier way. Certainly, not in a manner that they would have had the spill occurred in the U.S. or other western nation.

The year 1993 brought us the AEGEAN SEA which spilled 500,000 barrels of crude oil (twice that of the EXXON VALDEZ) off the northern coast of Spain. The BRAER which spilled 250,000 barrels of Brent crude oil off the Shetlands and the MAERSK NAVIGATOR which spilled 150,000 barrels of No. 6 oil off the entrance to the Malacca Straits. Again, while these three spills approximated the size of the

VALDEZ spill, they were handled with a much different approach, both operationally and legally. All three spills were extensively covered by the media for a few weeks. However, the foreign press, unlike the U.S. media, did not attempt to sensationalize the story or to seek villains, but rather, reported factually, responsibly and accurately. The vessel Owners and Underwriters in all three spills hired trained media consultants to deal with the press and to put the right spin on the story. All three Owners made themselves and their crews available to the local authorities, and no criminal charges were ever pressed. All three spills are being handled directly between solicitors and the vessels' underwriters, and each will ultimately be settled within convention limits with little rancor and without the huge legal fees and expenses of the EXXON VALDEZ. One lesson that was obviously learned from the EXXON VALDEZ experience by the Owners involved in all of the subsequent spills is that the Master should never be fired after the disaster. Every one of these owners has taken special care to ensure that the Masters remain on their payroll and friendly. Unfortunately, for Captain Hazelwood, this was a lesson learned too late for him.

During the four and one-half years since the VALDEZ spill, we have had a number of sizeable spills in the U.S. such as the WORLD PRODIGY (300,000 gallons of No. 2 oil spilled off Rhode Island on 1989), the HELLSPPOINT FAITH (which collided with two barges in the Houston ship channel spilling 600,000 gallons of No. 6 oil in 1989), the AMERICAN TRADER (which spilled 400,000 gallons of Alaska Crude in 1989 off Huntington Beach, California). Fortunately for the Owners of these three vessels, these spills occurred in 1989 and were overshadowed by the VALDEZ spill and consequent media attention. However, the lessons of the VALDEZ were well learned at the time these spills occurred, and each were dealt with promptly, openly and efficiently, thus, minimizing the type of exposure and publicity

received by Exxon in its handling of the spill and its aftermath.

We have also had the MEGA BORG in 1991 which spilled 5,550,000 gallons of crude oil off Galveston. However, the majority of this spill was swept to sea by winds and currents. The most recent spill involved a collision between the vessel BALSA 37 and two barges in Tampa harbor. The resulting spill was only 8,000 barrels of No. 6 oil, but, because the oil was trapped in the harbor resulting in damage to valuable beachfront areas, the clean-up costs alone so far are approaching \$50 -60 million. Of course, we have yet to hear from all of the plaintiffs' lawyers. It is estimated that costs of this small spill will approach the \$300 million mark before it is over.

In conclusion, if anything is to be learned from the EXXON VALDEZ experience and subsequent spills, it is that these type of disasters will occur so long as you have machines and humans involved. Consequently, the crisis that will result must be anticipated and effectively managed. Any company that operates vessels or terminals with potential for a spill or other environmental disasters anywhere in the world should have an active and ongoing program to train its personnel to deal with: a) operational aspects; b) public relations aspects and: c) potential criminal exposure aspects. Your job as an attorney representing such companies is to make them aware of the importance of pre-planning, organizing and preparing for the "worst case scenario". If the reaction of your clients is that "it will never happen to us", just remind them of the EXXON VALDEZ, KHARG V, HAVEN, AEGEAN SEA, BRAER, KATINA P AND KIRKI.

Ladies and gentleman, thank you for inviting me to your beautiful country and thank you for listening.

