

FOR RELEASE: December 2, 1994

CONTACT: John Barclay  
(202) 208-5890

## GROUP TO RECOMMEND CHANGES IN OPA FINANCIAL RESPONSIBILITY REQUIREMENTS

A special subcommittee of an Interior Department advisory group has been asked to recommend ways to implement a law mandating new financial responsibility requirements for the offshore oil industry without causing severe economic damage.

Minerals Management Service (MMS) Acting Director Cynthia Quarterman said MMS supports the Oil Pollution Act of 1990 (OPA) and its aim of making sure that financial responsibility is available for environmental damages. "We are, however, aware that we must try to find a way to reach that goal in a way that's not destructive."

Outer Continental Shelf (OCS) Policy Committee Chairman Paul Kelly said the subcommittee was formed in response to a request from Interior Assistant Secretary Bob Armstrong. Armstrong had asked the Committee, an arm of the Interior Department's Minerals Advisory Board, to find ways MMS can implement the financial responsibility requirements of the new law. The subcommittee will handle that task, Kelly said, including proposing legislative changes if members feel implementing the law as written would cause severe consequences Congress may not have intended.

The law requires facilities that handle, store or transport oil offshore to show proof that they can satisfy liability for \$150 million in damages from possible oil pollution. OPA expands the liability from the previous \$35 million level and also covers facilities which handle oil in state coastal and inland waters. Previously, only facilities on the Federal OCS had been affected by the financial responsibility requirements.

An opinion received this week by MMS from the Interior Department's Solicitor says the agency has little leeway in interpreting certain provisions of the Act. The opinion said the law and court precedents mandate a very broad definition of an "offshore facility," to include oil-related installations on inland waters (lakes, rivers, canals and other waterways including wetlands.) In certain instances, the Solicitor said, appurtenances to onshore facilities that extend offshore may be deemed a part of the onshore facility. The opinion also said MMS

has no legal authority to reduce the \$150 million requirement for low-risk facilities. Quarterman also asked the subcommittee to propose legislative changes to OPA if necessary.

"I hope the subcommittee will focus its efforts on ways to resolve the potential problems raised as a result of the Solicitor's findings," Quarterman said. "This effort would include proposing legislative changes necessary to help avert the potentially significant economic impacts that could occur while still meeting the spirit and intent of OPA.

Chairman Kelly, vice president of Rowan Companies, Inc., named 13 representatives of various interest groups to a special subcommittee to respond to MMS. Members are: Robert R. Jordan, Delaware Geological Survey; Robert D. Armstrong, The Louisiana Land and Exploration Company; Robert C. Ball, Ashland Petroleum Company; Margot J. Brown, National Boating Federation; Larry Innis, Marina Operators Association of America; Joseph Martinelli, Chevron Pipe Line Company; Thomas P. McConn, Seagull Energy Exploration and Production, Inc.; James I. Palmer, Jr., Mississippi Department of Environmental Quality; Jerome Selby, Mayor of Kodiak Island Borough; John Shively, NANA Development Corporation; Lisa Speer, Natural Resources Defense Council; Rosemary Stein, Exxon Company U.S.A.; and, Elissa Weil, American Oceans Campaign.

"We're bringing together representatives of affected parties not normally associated with OCS issues, such as marinas and boat owners, with the State governments, environmental groups and industry people with whom we normally deal," Quarterman continued. "This gives us a unique opportunity to address all legitimate concerns and, I hope, forge a consensus."

-MMS-