

TANKER ROUTING, A PRIVATE COMPANY'S PERSPECTIVE

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ABSTRACT: *This paper addresses the concerns that led a private company to consider voluntary tanker routing, and the reasoning that encouraged them to approach the Coast Guard with their suggestions for that agency's consideration and action. It includes a description of the alternatives studied by the company prior to their proposal to the Coast Guard, and will summarize the events that followed. The paper concludes with the author's concerns regarding future endeavors by industry to try to resolve these types of problems independently.*

Although the Oil Pollution Act was enacted in August of 1990, until late 1992 there was little guidance or insight provided by the U.S. Coast Guard or other government enforcement agencies as to how the new law would be translated into regulations.

In the period between 1989 and 1992, petroleum and marine transportation business organizations were struggling to determine the effect that the Oil Pollution Act of 1990 was going to have on their ability to conduct business, and to what extent they could influence the development of regulations and policy. During this time frame, industry saw the first illustration of things to come. As one of the knee-jerk reactions to the spill in Prince William Sound in 1989, U.S. Coast Guard Headquarters directed each Marine Safety Office (MSO) to submit a scenario describing the worst-case oil spill for its area. Reportedly, this requirement was given with little or no direction as to what constituted a worst-case scenario, and the MSOs were given very little time to study possible problems within their areas. Consequently, in some cases the scenarios were developed to demonstrate a worst-case impact of oil on an environment with little regard toward the types and sizes of the actual vessels calling on the port, location of spills in relation to traffic lanes, size of channels and types of products spilled, or the potential for such an incident.

In the case of Hawaii, the location for the spill scenario was selected on a trajectory model provided by the National Oceanic and Atmospheric Administration (NOAA). The computer model was programmed to select the location in or around the island of Oahu that would cause the greatest amount of shoreline impact from an oil spill on Oahu and/or any of the adjacent islands. The result was a scenario involving a tank vessel colliding with a container vessel in the Kaiwi Channel during Kona (southerly) wind conditions. As a result of the casualty, the tanker in the scenario immediately loses over 230,000 barrels of North Slope Crude, and has the potential of losing another 460,000 barrels of oil. The scenario would cause an impact of oil on the eastern and northern shores of Oahu, and would create a substantial threat to the Hanauma Bay National Underwater Marine Preserve. The scenario also called for a shift of wind from Kona conditions back to the prevailing Trade Wind (northerly) during the free-floating oil phase of the spill. This shift in winds provided the potential shoreline impact of oil on the southern portions of Oahu as well as the previously mentioned eastern and northern shores. The southern coast of Oahu includes important economic and environmentally sensitive areas, such as Kahala and Waikiki Beach.

In 1991, the State of Hawaii, using the Coast Guard generated

scenario as the basis, began a study of this scenario's economic and environmental impact on the state of Hawaii. The study was sponsored by the Hawaii Department of Health and conducted by the University of Hawaii Sea Grant Program. Although most industry representatives objected to the final analysis and recommendations forwarded by this study, and felt that the recommendations were partially predetermined; the study did make the cost of mitigating a significant spill in Hawaii very clear to industry management.

In view of impending requirements from the U.S. Coast Guard for implementing OPA 90 and ongoing studies such as that being conducted by the University of Hawaii, one company's management began considering ways their company could minimize the potential for the incidents being described, and ultimately the possible liability for the cost of responding to such an incident.

One method of achieving this goal was to restrict their company-controlled tankers from using the Kaiwi Channel, thereby making the Coast Guard scenario obsolete. Although this type of unilateral action would alleviate the direct responsibility and liability that this particular scenario presented to the company, in the long run it would have little effect on the potential costs the company could expect in meeting Coast Guard response planning requirements.

The company's transportation arm owned only one oil tanker. One of the transportation company's first decisions, with input from the oil company representatives, following the passage of OPA 90 was to take that vessel out of the U.S. trade. Therefore, all vessels carrying the company's crude oil or petroleum products were on time or voyage charters.

Economic disadvantages exist for a single company that takes unilateral action to direct vessels carrying their cargos to take possibly longer routes. In a very competitive business such as shipping, a few hours delay may very well mean the difference between profit or loss on the entire voyage. Another matter is that as a member of the corporate community, a company would still have to deal with oil spill response requirements in a cooperative manner. Therefore, if other members of the oil and shipping industry chose to continue transiting the Kaiwi Channel, the company that took unilateral action not to use the channel would still be forced to pay a share of the increased response costs for those that did. The oil company would have little control and/or no direct operational control over the tankers that could use the Kaiwi Channel, or any of the other channels between the islands.

Another limitation on taking any action in response to the Coast Guard's scenario is that it is easy to create another scenario. In other words, no matter what action industry might unilaterally or jointly take to alleviate the scenario, government agencies including the state or Coast Guard, can create a scenario in another location that will be just as severe or worse.

However, with these limitations in mind, the company's management felt that the risks and rewards justified looking at the routes taken by most tankers to and from the State of Hawaii and the West Coast of the contiguous 48 states, and from the State of Alaska. This study showed that by routing vessels to the oil transfer facilities at Barbers Point on Oahu via the Kauai Channel instead of the Kaiwi Channel

would extend their voyages by two to four hours. The only other disadvantage identified by this routing was that tankers would only be in the lee of the island of Oahu for a short time before arriving at the offshore transfer facilities. This would make rigging the vessel for immediate transfer upon arrival more difficult as rigging would take place in the rougher seas of the Kauai Channel or upon arrival at the offshore moorings. Shipments of oil from the Middle East, Southeast Asia, and Australia would not be affected since their approach to Hawaii from the south-southeast does not generally bring them between any of the islands.

With the information regarding routes and sailing times in hand, company management decided the best approach from the company's perspective would be to approach the Coast Guard and discuss the possibility of pursuing an international scheme for prohibiting all manned, self-propelled tankships from transiting the Kaiwi Channel. This international restriction would provide protection from the immediate worst-case scenario in a manner that would not penalize one company over another from a business perspective.

The Coast Guard Captain of the Port in Honolulu and his staff were very interested in this suggestion and immediately began an official dialogue between the Coast Guard, other local federal agencies, Hawaii state government, and a wide spectrum of industry representatives. In these meetings the Coast Guard promoted the concept that if industry supported a scheme for a voluntary IMO sanctioned, or even nonsanctioned area to be avoided by tankers, it would result in fewer pollution equipment requirements for companies and vessels trading in Hawaii. It was also suggested that the cost savings of this reduction in equipment could more than offset the longer voyage time from the U.S. West Coast that some of the major oil company representatives had objected to.

The conclusion of these meetings was a recommendation from the Captain of the Port Honolulu and endorsement from the 14th District Commander to the Commandant of the Coast Guard for a tanker avoidance area around Hawaii. The recommendation requested the

Office of Navigation at Coast Guard Headquarters propose the creation of an area to be avoided in the Hawaiian Islands to the International Maritime Organization (IMO) Sub-Committee on Safety of Navigation. This sub-Committee agenda item would propose that all channels between the Hawaiian Islands with the exception of the Kauai Channel be designated as IMO sanctioned areas to be avoided. The designation as an area to be avoided would carry an IMO mandate voluntarily restricting all oil and chemical tankships from using any local Hawaiian channels except for the Kauai Channel. Figure 1 depicts the area to be avoided around the Hawaiian Islands. It is important to point out that although the State of Hawaii study implied the need for restricted routes for tug and barge movement between islands, the recommended proposal to IMO had no effect on the movement of oil products or general cargo between the islands.

Unfortunately, the proposal was not accepted as an agenda item for the 38th Session of the IMO Sub-committee on Safety of Navigation. Based on discussions with persons associated with this proposal at Coast Guard Headquarters, The U.S. Department of State (DOS), which must approve all proposed agenda items to the Sub-committee, did not approve this item. Apparently, DOS, with input from the Department of Defense and Department of the Navy, decided this restriction on the freedom of the seas for purely environmental concerns was not in the best interest of the nation.

Their reasoning was that from a global and military perspective, the United States could not protest another country's efforts to restrict the right of free passage in strategic choke points around the world, such as the Malacca Straits, and at the same time pursue an area to be avoided for the Hawaiian Islands. However, the Captain of the Port Honolulu indicated in a letter dated August 31, 1993, that he had received assurances from the commandant indicating that the "political hurdles" that had prevented the measure from being included on the agenda for the 38th session of the sub-committee in 1992 would be cleared in time for resubmission to the 39th session, scheduled for 1993. This Captain of the Port letter was sent to representatives of

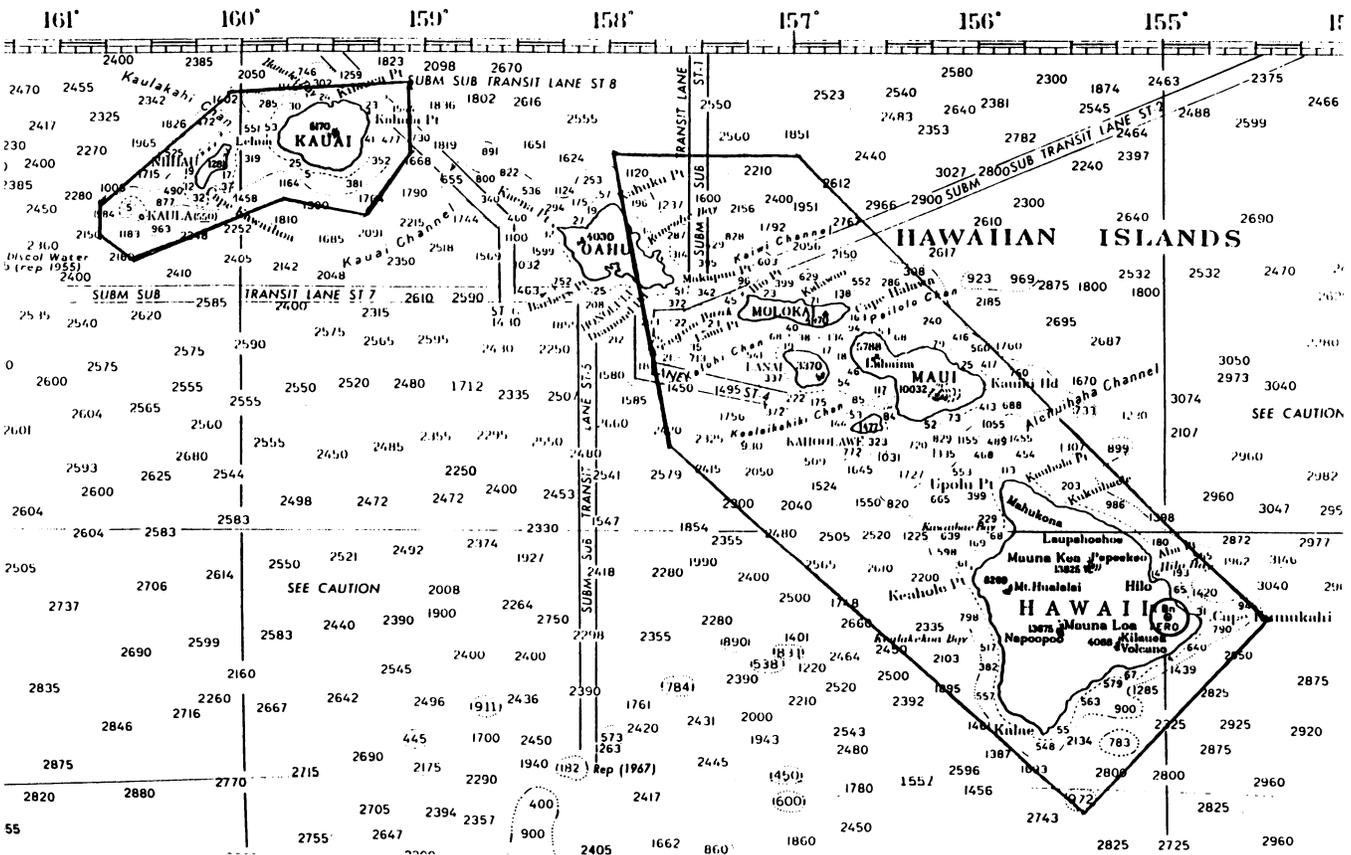


Figure 1. Suggested areas to be avoided around the Hawaiian Islands (depths in fathoms)

government and industry who were involved in the preparation of the recommended proposal.

Nevertheless, the proposal was not resubmitted to the 39th session of the sub-committee as promised—nor to the 40th session for that matter. In discussion with Office of Navigation personnel at Coast Guard Headquarters, the whole problem of negotiating and obtaining the U.S. Navy's concurrence on the issue, as well as any other government agency that may have had objections to this proposal, was delegated to the Coast Guard 14th District. Once the 14th District had solved all of the major controversial global issues from a limited regional perspective, they were to resubmit the package to Coast Guard Headquarters for the proposal's routing back through DOS on its way to IMO. From all reports, this has not been attempted.

The Captain of the Port letter to industry dated August 31, 1994, also asked that industry voluntarily comply with the areas to be avoided that had been identified for the Hawaiian Islands. As a result of this request, most companies, if not all, with operations in Hawaii have reportedly sent letters to their ship owners, charterers, and agents asking that the tank vessels under their control abide by the Coast Guard's requests for voluntary avoidance of the Kaiwi Channel.

Discussion

As the above historical account suggests, few issues in today's world are black and white. Each party in a debate has its own agenda, whether it is private or public, government or industry, military or civilian. Environmental issues are no exception, and perhaps are the perfect examples of questions and problems where no true consensus answers or solutions exist. Industry's primary goal in this political arena is to obtain a set of consistent rules under which they are expected to operate. If a specific route or area to be avoided will reduce the potential for oil spills or impact of oil spills in Hawaii, or anywhere else in the world for that matter, industry is generally happy and willing to comply even in a voluntary manner. This is especially true if avoiding a route or area will prevent further regulation or reduce liability and/or dissuade other subsequent financial fees and taxes. They would also appreciate efforts from affected governments and international organizations to insure that the rules or requirements, and consequences for failure to comply, are being applied evenly across the board to all

companies. For this reason we believe that industry will applaud the Coast Guard's reported intentions to begin routine overflights to ensure that tank vessels are complying with the traffic lanes and routing requirements off California.

Conclusion

As can be seen in the Hawaii example, industry has voluntarily agreed to and has carried out a program to restrict vessels from using the Kaiwi Channel. However, there is very little doubt that an IMO sanctioned area-to-be-avoided program would have a much more widely accepted audience than just those tank vessels in the Hawaiian trade. An IMO program would be acknowledged by tank ships transiting the Hawaiian Islands, and perhaps even some vessels not carrying petroleum and chemical products, not just those tank vessels trading at Oahu.

Although the industry will assuredly continue to uphold its end of the bargain in this voluntary program, it would seem appropriate for the Coast Guard to go forward with efforts to obtain an IMO avoidance area declaration. Since the voluntary efforts by industry to meet the Coast Guard's requests have had no effect on reducing the pollution response resource requirements in Hawaii, it would seem that the Coast Guard could at least put forward an annual half-hearted attempt to get this issue on the docket at IMO. If government does not make some effort to meet its commitments, it can not be surprised when industry becomes hesitant to be proactive in forums calling for voluntary activity or commitment without guaranteed outcomes.

Author

Gary Reiter has been involved exclusively in pollution response activities for more than 20 years. He is a retired Coast Guard officer and has worked in the petroleum and pollution response consulting industry for the past four years. He graduated from the University of Southern Colorado and has a Masters in Marine Affairs from the University of Rhode Island.

