

MEMORANDUM OF AGREEMENT

Between the

ALYESKA PIPELINE SERVICE COMPANY

and the

U. S. COAST GUARD, SEVENTEENTH COAST GUARD DISTRICT

CONCERNING THE APPLICATION OF CHEMICAL DISPERSANTS

FOR OIL SPILL RESPONSE

SECTION I

PURPOSE

This Memorandum of Agreement (MOA) establishes the cooperative framework for the joint utilization of Alyeska Pipeline Service Company (APSC) and the Seventeenth Coast Guard District (USCG) equipment and personnel that will expand the capability of applying dispersants to oil spills in Alaska waters.

This MOA also provides for use of USCG aircraft, APSC oil dispersants and application equipment in the early hours of an oil spill to augment and supplement industry's dispersant response.

This MOA is not a contract. It does not create any legal rights or remedies. It does not alter the legal obligations of either party imposed by any state or Federal law or regulation.

SECTION II

ARTICLES OF AGREEMENT

ARTICLE I: USE OF USCG AIRCRAFT.

(a) The USCG has six, C-130 Hercules aircraft stationed at Coast Guard Air Station Kodiak (AIRSTA KODIAK) that are primarily tasked with search and rescue, law enforcement and logistical support. During an oil spill, operations permitting, and upon request from APSC, the USCG may provide a C-130 aircraft during the early stages of an oil spill response to load APSC's Air Deployable Dispersant Delivery System (ADDS) and dispersants. This C-130 aircraft would apply dispersant under the operational control of the Federal On Scene Coordinator (FOSC).

(b) The USCG acknowledges and understands that APSC must obtain prior consent from both the USCG and the Alaska Department of Environmental Conservation (ADEC) to release ADDS. APSC reserves the right not to provide the ADDS in the event that either ADEC or the USCG condition or limit any tanker traffic or port operations based on the ADDS removal.

ARTICLE II: COMPETITION WITH PRIVATE INDUSTRY.

The USCG, through this MOA, has no intentions of competing with private industry with regards to dispersant application. In responses where USCG aircraft are requested, APSC or its agents must contract with commercial aircraft within 72 hours to relieve the USCG of the need to augment the dispersant response. This time may be extended by the USCG at its discretion for good cause.

ARTICLE III: PAYMENT FOR USE OF USCG C-130.

(a) For a TAPS affiliated tank vessel spill, the responsible party will be charged the standard rate for use of the USCG C-130 aircraft during the dispersant application mission. This chargeable time, determined by the FOSC, will be in accordance with all Coast Guard policies.

(b) For a non-TAPS tank vessel spill, APSC agrees to make dispersants and ADDS available to the USCG, operations permitting, and will be reimbursed through the Oil Spill Liability Trust Fund.

ARTICLE IV: TRAINING.

Both APSC and the USCG agree to train their personnel in the use of the ADDS under mutually agreed upon circumstances. USCG will participate in APSC's semiannual exercise, operations permitting. Neither the USCG nor APSC will charge one another for costs incurred for participation in training and during exercises.

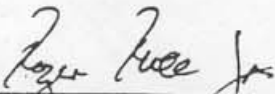
ARTICLE V: DAMAGE AND LIABILITY.

Any claim for damages to APSC'S ADDS shall be governed by the applicable provisions of the Federal Tort Claims Act, Title 28, U. S. Code Sections 2671-2680, and Title 28, Code of Federal Regulations, Part 14.

ARTICLE VI: AMENDMENTS AND EFFECTIVE DATE.

(a) This MOA may be amended by written agreement by both parties upon 30 days written notice by either party. This MOA can be terminated in writing at any time, by either party.

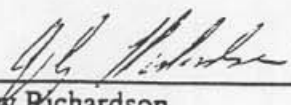
(b) This MOA is effective upon the signature of the Commander, Seventeenth Coast Guard District, for the US Coast Guard and a Vice President of Alyeska Pipeline Service Company.



Rear Admiral R. T. Rufe, Jr., USCG
Commander, Seventeenth Coast Guard District

12/30/94

Date



Mr. J. Gary Richardson
Vice President SERVS

12/15/94

Date