



**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL RESOURCES**

-please note our new name-
Department of Environmental Protection

Lee Park, Suite 6015, 555 North Lane
Conshohocken, Pennsylvania 19428-2233

November 17, 1995

Office of Chief Counsel
Southeast Region

Telephone: (610) 832-6300
Facsimile: (610) 832-6321

Vincent A. Barto, Esq.
Law Department
Ashland Petroleum Company
Division of Ashland, Inc.
P.O. Box 391
Ashland, KY 41114

RE: M/T KENTUCKY; Paulsboro NJ Oil Spill
July 22-24, 1994

Dear Mr. Barto,

I am writing on behalf of the federal and state trustees. The trustees are the United States Department of the Interior, National Fish and Wildlife Service, the National Oceanographic and Atmospheric Administration, the Pennsylvania Fish and Boat Commission, the Pennsylvania Department of Environmental Protection and the New Jersey Department of Environmental Protection. I wish to confirm that the trustees have agreed to a complete settlement of all of the claims listed below, which arose out of the oil spill into the Delaware River from the tank vessel M/T KENTUCKY on July 20-22, 1994.

1. Natural Resource Damage Claims

The natural resource damage claim includes two elements. One is based on the Type A assessments performed by the United States Department of Interior. The trustees agree to collectively accept \$21,000 in satisfaction of this portion of the NRD claim. The other element is based on a marina survey performed by the Fish and Boat Commission in the Essington/Darby Creek area. The Fish and Boat Commission will accept \$13,500 to settle the recreational loss portion of the claim.

Payment of both the \$21,000 NRD settlement and the \$13,500 recreational loss portion of the NRD shall be made by corporate check to the Pennsylvania Fish and Boat Commission. Payment should be made to "Pennsylvania Fish and Boat Commission, Fish and Boat Fund, NRD recoveries account" The check should be sent

to the attention of John Arway, PA Fish and Boat Commission, 450
Robinson Lane, Bellefonte, PA 16823-9685.

In accordance with the provisions of the Oil Pollution Act of 1990, the funds received for natural resource damages are to be expended only for restoration, replacement or acquisition of resources equivalent to those lost in the spill. The trustees will coordinate the identification of specific restoration projects which may be appropriate for this incident. Any restoration project will be approved by the trustee agencies in writing prior to implementation.

2. Pennsylvania Penalties

Both the PADEP and the Fish and Boat Commission have determined that the payment of some penalty will be required. The Fish and Boat Commission has advised that they will accept a penalty payment of \$4,000, representing one day of violation of the Fish and Boat Code's prohibition against the release of substances harmful to aquatic resources. PADEP will accept \$7,200, representing statutory penalties under the Pennsylvania Clean Streams Law.

Payment of the PADEP penalty shall be made by corporate check made out to "Pennsylvania Department of Environmental Protection, Clean Streams Fund". The check should be sent to the attention of Robert Bauer, PADEP, Suite 6010, Lee Park, 555 North Lane, Conshohocken, PA 19428.

Payment of the Fish and Boat Commission penalty should be made to "Pennsylvania Fish and Boat Commission, Fish and Boat Fund". The check should be sent to the attention of Barry Pollock, Regional Manager, PA Fish and Boat Commission, Bureau of Law Enforcement, Southeast Region, P.O. Box 8, Elm, PA 17521-0486.

The penalty claims, if any, for New Jersey and the federal government agencies are being handled separately.

3. Agency Assessment Costs

With respect to damage assessment expenses, I have submitted figures from PADEP, NJDEP, DOI and NOAA. I am advised that the Fish and Boat Commission will agree to waive the right to collect the expenses associated with investigating the M/V Kentucky spill.

The other agency assessment costs are as follows:

1. PADEP..... \$8,845.00

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2.	DOI.....	\$1,513.65
3.	NOAA.....	\$4,414.92
4.	New Jersey.....	\$6,097.06

Payment of the PADEP assessment costs may be made to the "Pennsylvania Department of Environmental Protection, Clean Streams Fund". Please forward this check to Mr. Bauer, as set forth above.

Payment of the DOI assessment costs is to be made to the Secretary of the Interior, and should include the NRDA account number, 14X1618, and should identify the spill name ("M/V KENTUCKY). The DOI check shall be sent directly to:

Chief, Division of Finance,
U.S. Fish and Wildlife Service
4401 North Fairfax Drive
Arlington, VA 22203.

A copy of the check should be sent to Mark Barash, Office of the Regional Solicitor, Department of the Interior, Suite 612, One Gateway Center, Newton Corner, MA 02158.

The check for the NOAA assessment costs should be made out to "NOAA, Department of Commerce" and shall include the NOAA NRDA account number, 8K3B14 and identify the spill name "T/V KENTUCKY Oil Spill Damage Assessment". The check should be sent to :

NOAA Financial Services Division
Bills and Collection Unit, Caller Service 7025
20020 Century Boulevard
Germantown, MD 20874

A copy of the check should be sent to: Tony Geidt, Esq. NOAA, Office of General Counsel, 1 Blackburn Drive, Gloucester, MA 01930.

Payment of the New Jersey assessment costs should be made to: "Treasurer, State of New Jersey" and sent to:

New Jersey Department of Environmental Protection
Office of Natural Resource Damages
501 East State Street, CN 404
Trenton, NJ 08625

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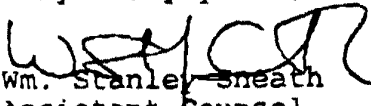
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This letter, when signed by Ashland, Inc. and each of the trustee agencies, shall serve as the final settlement in this case for all claims covered by this letter. This settlement shall become final upon the payment of the penalties, assessment costs and natural resource damages set forth in this settlement letter, and when signed by a representative of each trustee agency. By entering into this settlement, the trustees waive only the right to collect penalties, assessment expenses and natural resource damages beyond those set forth in this settlement letter, for the oil spill into the Delaware River from the Tank Vessel KENTUCKY during the period of July 22 through July 24, 1994. Any claims not set forth in this letter, or specifically reserved in this letter, are preserved.


After Ashland has signed this agreement, please return the letter to me for circulation to all of the trustees. Once all of the signatures are collected, a copy of this letter will be returned to Ashland for your records. Signatures of the trustee representatives may be obtained in counterpart, to avoid further delay in the consumation of this settlement. Payment of the penalties, assessment costs and natural resource damages is to be made within 30 days of Ashland's receipt of a fully executed copy of this letter.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

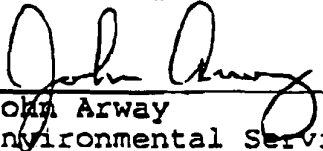

Wm. Stanley Sneath
Assistant Counsel

On behalf of Ashland Inc., I accept the settlement proposal submitted by the trustees named in this letter.


VAB  12/1/95
Robert C. Ball
Group Vice President,
Ashland Petroleum Company,
Division of Ashland, Inc.

Trustee signatures:

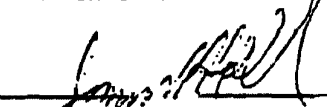
For Pennsylvania Fish and Boat Commission:


6 Dec 95
John Arway
Environmental Services


For the Pennsylvania Department of
Environmental Protection:


Joseph A. Feola
Water Management Program Manager


For New Jersey Department of
Environmental Protection:


Jim Hall, Assistant Commissioner
Natural and Historic Resources

For National Oceanic
and Atmospheric Administration:


Charles N. Ehler
Director, Office of Resource Conservation
and Assessment, NOAA

For United States Department
of the Interior:


Anthony R. Conte
Regional Solicitor, Northeast Region

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cc: William Jolly, SERO BWQM
Robert Bauer, SEFO BWQM
Michael Chezik, DOI
Don Henne, DOI
Frank Csulak, NOAA
Marty McHugh, NJDEP
John Arway, Fish and Boat Commission
Charlie High, PADER Emergency Response