

## 4-7 Update on Secondary Containment Liner Testing

### Briefing for PWSRCAC Board of Directors – September 2025

#### INFORMATION ITEM

**Sponsor:** Joe Lally, OSPR Committee, TOEM Committee, C-Plan Project Team, and the Secondary Containment Project Team

**Project number and name or topic:** 6512 – Maintaining the Secondary Containment Systems at the VMT Update

1. **Description of agenda item:** The Board will be provided an update on Alyeska's proposed testing methods to evaluate the integrity of the Valdez Marine Terminal's (VMT) East Tank Farm (ETF) catalytically blown asphalt (CBA) secondary containment liner system. The update will review a timeline of actions taken related to the VMT's Oil Discharge Prevention and Contingency Plan (ODPCP or C-Plan) from approval (November 6, 2024) through present. The 5-year renewal of the VMT C-Plan was approved by the Alaska Department of Environmental Conservation (ADEC) on November 6, 2024, and it expires on November 5, 2029. ADEC's approval letter and Basis of Decision document can be found [HERE](#).

The timeline of actions taken since the plan was approved:

Date	Action
Nov 6, 2024	ADEC issues VMT C-Plan approval
Nov 26, 2024	PWSRCAC files Request for Informal Review on the CBA liner
Dec 3, 2024	ADEC (SPAR) determines PWSRCAC's request has merit
Feb 24, 2025	ADEC (SPAR) issues final decision on PWSRCAC's request
March 1, 2025	Deadline for Alyeska to submit final report of secondary containment liner testing method to be used in satisfaction of COA #1A. Alyeska's report states they would be using Electrical Leak Location (ELL) as their testing method. This report also proposes that only 5% of the ETF secondary containment liner be tested with ELL where PWSRCAC's geotechnical expert recommended at least a 20% test area in order to be statistically significant.
March 26, 2025	PWSRCAC submits Request for Adjudicatory Hearing on ADEC's decision on Request for Informal Review. PWSRCAC requests: 1) ADEC's conditions of approval should require that any changes to schedules of inspections and corrective actions be subject to a major amendment and public review process; 2) that the schedule for starting inspections of the liners should begin by 2025, for completion by 2028; and 3) that corrective actions be required if the liner does not meet the "sufficiently

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	impermeable” standard. Alyeska and the City of Valdez also submit Requests for Adjudicatory Hearing.
April 1, 2025	Deadline for Alyeska to submit a timeline outlining dates for key deliverables and project milestones, with completion of liner by November 2028 required. Alyeska submits timeline that includes conducting ELL testing on one dike cell per year starting in 2026, which pushes completion of the testing for all 7 dike cells that comprise the ETF out to 2032 or beyond.
April 7, 2025	Acting ADEC Commissioner issues decision on the three Requests for Adjudicatory Hearing, denying PWSRCAC’s, Alyeska’s, and the City of Valdez’s hearing requests regarding the CBA liners. The Acting Commissioner remands the decision on the CBA liners back to the SPAR Director. We believe this means the SPAR Director is tasked with either going back to the original COA 1 issued on November 6, 2024, or revising that COA. In addition, the Acting Commissioner directs that a public review take place, which was also part of PWSRCAC’s request. The Acting Commissioner also directs the parties to confer on the issues related to the secondary containment liner.
April 9, 2025	Acting ADEC Commissioner issues clarification on the April 7, 2025 decision related to the prevention credit for the secondary containment liner by removing the word “vacated,” and therefore only remands this decision back to the SPAR director for further consideration.
April 21, 2025	ADEC issues a letter to Alyeska asking questions as to how the 5% ELL test area was selected by Alyeska and how it would achieve statistically significant results that are reliable, scalable, and accurate for the selected evaluation method (ELL) to identify possible existing damage in the liner. Alyeska’s response due to ADEC by May 21, 2025.
May 27, 2025	Alyeska sends their Final Evaluation Method Selection Report using ELL to ADEC.
June 4, 2025	ADEC issues letter to involved parties (PWSRCAC, Alyeska, and the City of Valdez) clarifying the VMT Secondary Containment Area Evaluation Method Selection Report Confer Process.
June 30, 2025	ADEC requests more supporting information related to justification for the percentage selected for evaluation in each dike cell including: 1) statistical analyses that justify the 5% evaluation area, 2) the basis for the statistical analyses, and 3) Alyeska’s rationale for testing less than 10% in light of their contractor recommending 10-20% ELL survey in the past. Letter also requests a proposed schedule for testing that included: 1) the order of dike cells to be tested, 2) diagrams that show location of areas to be inspected within each dike cell, and 3) why

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	locations in each dike cell were specifically selected, with information on spill history, proximity to interference factors, and areas already inspected. ADEC requests that Alyeska submit a revised report addressing the above questions by July 30, 2025. Alyeska requests an extension to August 15, 2025, which ADEC grants.
August 15, 2025	Alyeska submits their revised report titled "VMT-East Tank Farm Secondary Containment System Hydraulic Evaluation Method." This report indicates that Alyeska has made the decision to entirely abandon ELL as their liner testing method, instead switching to a hydraulic method of evaluation. The report states that ELL was effective in locating damage but is intrusive. To balance the intrusion, ELL would need to leverage a statistical model to determine permeability based on a small subset of the liner tested, where the hydraulic method would evaluate 100% of the liner. PWSRCAC requests input from their subject matter experts on Alyeska's proposed hydraulic testing method.
August 22, 2025	ADEC sends a letter to Alyeska, PWSRCAC, and the City of Valdez clarifying the VMT Secondary Containment Area Evaluation Method Selection Report Confer Process. Based on Alyeska's decision to shift their testing method from ELL to a hydraulic testing method, ADEC requested additional information from Alyeska (due to ADEC by September 19, 2025) and states that if Alyeska's final report as amended includes a testing method other than ELL, the Division will be extending the written comment period beyond the 10-days stated in their June 4, 2025 letter. Any comments would now be due within 30 calendar days once ADEC has completed their review of the report and finds it to contain all the necessary information.
September 3, 2025	Initial concerns and recommendations were received from Council experts on the proposed hydraulic testing method.

2. **Why is this item important to PWSRCAC:** This item is important to PWSRCAC because the secondary containment liners in the East Tank Farm are there to prevent the contamination of ground and surface water in the event of an oil or other hazardous liquid spill. The issue with the secondary containment liner (also known as the "catalytically blown asphalt liner" or "CBA liner") is that if the integrity of the liner is compromised, such as having through holes, cracks, and gaps, the risk of an oil spill causing environmental damage increases. To date, visual inspections of the CBA liners in the East Tank Farm have shown areas where the liner integrity was compromised. Alyeska receives a 60% prevention credit from the Response Planning Standard volume from a catastrophic spill for a "sufficiently impermeable secondary containment liner." PWSRCAC has been following this issue for more than 20 years and has questioned the reasonableness of this prevention credit when the integrity of the liners cannot be verified. This secondary

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containment integrity issue was also the subject of a 2024 Request for Informal Review and a 2025 Request for Adjudicatory Hearing.

### 3. **Previous actions taken by the Board on this item:**

<u>Meeting</u>	<u>Date</u>	<u>Action</u>
XCOM	12/4/19	Authorized staff to submit requests for informal review on VMT C-Plan renewal.
Board	1/27/22	Approval to authorize Executive Director to file request for adjudicatory hearing on the VMT C-Plan related to secondary containment liner.
XCOM	4/28/22	Approval of contract with Dr. Craig Benson for secondary containment liner work.
Board	1/26/23	Accepted report "Methodologies for Evaluating Defects in the Catalytically Blown Asphalt Liner in the Secondary Containment System at the Valdez Marine Terminal" by Dr. Craig Benson dated 11/29/22 as meeting the terms of contract 6512.22.02; direct staff to send report to Alyeska, state and federal regulators with cover letter.
Board	11/26/24	Authorized staff to request an informal review on the VMT C-Plan renewal on COA #1 on the VMT C-Plan renewal related to the secondary containment liner.
Board	3/19/24	Authorized Executive Director to request an adjudicatory hearing on COA #1 on the VMT C-Plan related to the secondary containment liner.

5. **Committee Recommendation:** The C-Plan Project Team, Secondary Containment Project Team, and members of the TOEM and OSPR Committees have been updated on this issue.

6. **Relationship to LRP and Budget:** Project 6512 – Maintaining the Secondary Containment Systems at the VMT is in the approved FY2026 budget and annual work plan.

7. **Action Requested of the Board of Directors:** None, this item is for information only.