

PUBLIC HEARING

before

SENATE COMMITTEE ON ENERGY, AGRICULTURE AND
ENVIRONMENT

on

SENATE BILLS 689 and 200

Auditorium
Ocean City Music Pier
Ocean City, New Jersey
April 3, 1974

MEMBERS OF COMMITTEE PRESENT:

SENATOR JOSEPH L. McGAHN, Chairman

SENATOR BERNARD J. DWYER

1 SENATOR JOSEPH L. McGAHN (Chairman): Good
2 evening, ladies and gentlemen. Welcome to the
3 third public hearing on Senate Bill 200, which is
4 the oil transfer authority act. At the same time
5 we are considering that, we are also considering
6 Senate Bill 689, which is the bill to prohibit
7 deepwater construction.

8 I am Senator McGahn, Chairman of the
9 Committee on Energy, Agriculture and Environment.
10 To my right and your left is Senator Dwyer, who
11 is another member of the committee. The other
12 two members are not present here at this time,
13 and, Senator Dwyer, thank you very much for
14 coming down from North Jersey for this meeting,
15 we certainly appreciate that. After he testifies,
16 Senator Cafiero will join us on this panel.
17 Others on the platform are Mark Rieffer, legislative
18 assistant in charge of drafting legislation in
19 the State of New Jersey, Dave Mattek, who is
20 the legislative aide to this committee, Myron
21 Cohen, legislative aide Charles Datz.

22 As a prelude to this, we have heard
23 testimony in two previous hearings in Trenton.
24 I would like to correct any impression that may
25 have been made, and that is, number one, this

1 committee at this particular point in time has
2 absolutely no opinion concerning the merits of
3 this bill. We are conducting a hearing on the
4 bill, and as I say, we are conducting a hearing
5 on the merits of the bill contra to this, con-
6 trary to this. Be that as it may, we welcome
7 testimony, we welcome, if you will, objective
8 testimony concerning the bill. We have a long
9 list here this evening and we would certainly
10 hope to be able to afford everybody who came
11 the opportunity who wishes to speak, to speak,
12 and as a result of this we want you to express
13 your views, and we request one thing, you furnish
14 specific data on matters pertinent to the issue,
15 that is, the issue of the establishment of a
16 deepwater port authority, including technical,
17 economic, ecological, and environmental material.
18 Statements should be supported by factual infor-
19 mation insofar as practical. Oral statements will
20 be heard. For the accuracy of the record, all
21 facts and statements should be submitted in writing.
22 In the interest of time you are discouraged from
23 reading entire lengthy written statements; brief,
24 oral summation of such a statement will suffice,
25 as all written statements handed in will be included

1 in the meeting record in its entirety. All
2 statements should be submitted to the committee
3 prior to testimony, if at all possible. All
4 statements, both oral and written, become part
5 of the official written record on this hearing
6 and will be made available at a later date for
7 public scrutiny. In the instance of testimony
8 that is repetitious, not objective or factual,
9 this committee will make note of any opinion, but
10 I have a certain prerogative as chairman of this
11 committee to simply cut short further discussion
12 on that. We will take note and it will be made
13 part of the record of any objections or any opinions
14 that you have. This right on my part will not be
15 invoked to restrict your right to speak, but rather
16 to expedite this hearing rather than running all
17 night. Any objection, subjective or objective,
18 will be made a part of the official record of
19 this testimony.

20 With that, I will simply call the first
21 witness this evening. That is Mr. James Kelly.

22 Mr. Kelly, if you state your name and state
23 your position for the record, we would appreciate
24 it.

25 JAMES R. KELLY: Yes, sir. My name is

1 James R. Kelly, I am the Director of the World
2 Trade Division of the Delaware River Port
3 Authority, a bi-state agency created by Pennsyl-
4 vania and New Jersey.

5 Gentlemen, this evening I would like to
6 make a presentation to you regarding the deepwater
7 port and bringing out a number of factors involving
8 it. I want to bring out the factors of environ-
9 mental impact; I want to bring out the economic
10 impact, and I want to talk about industrialization,
11 and I want to talk about the location, the probable
12 location of the deepwater port.

13 I must report to the committee we do have
14 a written statement which I believe has been filed
15 with the committee. I am not reading from that
16 at all.

17 I also wish to apologize to the committee
18 the slides that we wish to present to you that
19 will demonstrate our points are to be projected
20 on the screen behind you. If I may ask at this
21 point for your indulgence, is there any way the
22 lights could be dimmed just slightly?

23 That's fine. Everyone see that all right?

24 Sir, if we could move the stack of books on
25 the left of the table I think the view would be

1 better.

2 This, gentlemen of the committee, is a
3 world map that basically describes the routing
4 of crude oil from its source in the Mid East.
5 Prior to the closing of the Suez Canal the red
6 line was the general route of crude oil into the
7 East Coast of the United States. After the closing
8 of the Suez Canal crude oil moved along that green
9 route into the East Coast of the United States,
10 and this brought about the economy of scale in
11 transportation, thereby bringing about the super-
12 tanker, the VLCC. This product, the crude oil,
13 is generally moved in the large type tanker over
14 this route. Refined product is normally moved
15 over a much shorter distance from the Caribbean
16 area and Venezuela, and therefore moves in smaller
17 type tankers.

18 The total amount of petroleum product that
19 moves into the ports of New York and Philadelphia,
20 the specific East Coast ports for this purpose,
21 is 118 million tons annually. Of this, 52 million
22 are the refined product and move in a smaller
23 class ship, and the 65 million tons is the crude
24 oil that moves in the very large crude carriers.
25 Of the crude oil, 65 million tons, 47, 48 million

1 tons of it is foreign oil. This foreign oil is
2 what requires the large tankers. The domestic
3 oil comes from our Gulf Coast and that moves in
4 the regular size carriers, because the gulf does
5 not have a deepwater port and neither do we, but
6 we are talking about that 48 million tons of
7 foreign oil that comes in the large carriers.

8 Now, if you divide that between the Port
9 of New York and the Port of Philadelphia, you will
10 find approximately 35 million tons move into the
11 South Jersey end of our port area and 13 million
12 tons move in through the Port of New York.

13 In terms of refining capacity, 70 per cent
14 of the refining capacity is in the Southern Jersey
15 end of the state and 30 per cent in the New York
16 area.

17 You see the distribution here by this
18 chart most of the oil is moving in through the
19 Delaware Bay at the present time, a small amount
20 into Norfolk, and about a third into the Port of
21 New York. This is the way it's moving now.

22 Now, as to the ships that are carrying
23 them, we have examined the ships that exceed 40
24 feet in draft. 40 feet is the controlling depths
25 of our channel both in New York and in Philadelphia.

1 In the Port of Philadelphia area 369 ships
2 exceeding drafts of 40 feet were unloaded in
3 the year 1972 at the port area in the bay, and
4 in New York 217 vessels drawing more than 40
5 feet, and as you go up the scale, you see that
6 the larger tankers, 43, 44, 45, are basically
7 being unloaded at the present time in the Delaware
8 Bay. But they are not moving up the river, they
9 have too much draft.

10 Worldwide there are some 62 so-called
11 deepwater ports. A few of these are what are
12 known as industrial deepwater ports. They are the
13 ports basically of Rotterdam, Antwerp, Marseille,
14 Le Havre. All of these ports were cited in a
15 recent survey by the Arthur D. Little Company,
16 which indicated that any deepwater port would
17 automatically bring with it industrial development.

18 Well, gentlemen, I spent most of my career
19 watching the development of Rotterdam and Antwerp
20 and Le Havre and Marseille. I know the individuals
21 at the port, I was in the port at the time these
22 ports were on the drawing board, I waded around
23 them in the mud when they were being constructed,
24 and I know it is a very, very difficult thing
25 to build a deepwater port and to attract industry

1 into it. I know that there are significant
2 controls on the parts of the nations of Holland,
3 France, and Belgium that are deliberately bringing
4 in industry, are deliberately creating deepwater
5 ports for this purpose, controlled industrial
6 development at the port.

7 Now, the rest of the deepwater ports are
8 transshipment terminals, not at all associated with
9 industrial development, created for the purpose
10 of transshipment only.

11 This is Rotterdam, an outline of Rotterdam.
12 You see that red area at the North Sea end, that
13 was manmade, deliberately manmade. 275 million
14 dollars was pumped into it by the nation of Holland
15 and the City of Rotterdam to create 10,000 acres
16 of land. They established controls for the
17 purpose of insuring that this subsidy money
18 devoted to this purpose would bring industry,
19 oil refineries, chemical manufacturers, and steel
20 mills into this area. They also dug their channels
21 deep enough to bring the ships in to support that
22 industry.

23 But, gentlemen, this was not something
24 that just happened overnight, it was deliberately
25 controlled development.

1 The same is true for Antwerp, Le Havre,
2 and Marseille. I know, I have been there.

3 The other kind of port that we talked
4 about is the transshipment. This is a mockup
5 outside of the Port of Kiri in Japan on the
6 Island of Kyushu in the Kowasaka Bay. This is a
7 resort area, strictly a resort area, but for the
8 purpose of transshipment of oil into the country
9 of Japan the deepwater exists at this point, and
10 therefore the national government under controlled
11 conditions built the Port of Kiri.

12 Here we will talk about some of the
13 environmental safety precautions incorporated
14 into a transshipment terminal, and believe me,
15 they are substantial, and I am not sure it could
16 be accomplished with the monobuoy system.

17 Take a look at this. This is Kowasaka Bay
18 where the terminal is developed, the national
19 park area, a resort area. This is the T-Bar tying
20 up the ship at the end with pipelines coming
21 ashore to deliver the crude oil in and to pump it
22 out into smaller tankers for distribution through-
23 out Japan.

24 The Chevron vessel is a ship of some
25 300,000 tons. You will notice around the ship

1 there is a fence. That's to protect the area from
2 any spill that might occur in the discharge of
3 that ship. That's a little better view of it.
4 That's point one for safety of environment.

5 Point two is the delivery of the crude oil
6 into the tank farm system ashore. This particular
7 tank farm happens to be close to the pier area.
8 It need not be. In Japan land is extremely scarce
9 and they did develop the tank farm immediately
10 behind the berthing area. They tried to phase
11 the coloring of the tanks into the natural scenery.

12 They also have very fine fishing waters in
13 that area and the waters are pure and clear and
14 you can see to the bottom.

15 Again, gentlemen, I have walked in this
16 area and talked with these people and I know it.
17 They built a large wall to protect the oil tanks
18 from the sea and to insure that any oil spillage
19 in the tank area would not get into the sea.

20 The ships that carry the oil have in their
21 bilges dirty water; they have in their own ship
22 sewerage system materials that have to be dis-
23 charged before the ship can return to sea.

24 In the case of the deepwater transshipment
25 terminal, there is a series of systems in which

1 these ship bilge waters are purified. They go
2 through settling tanks and chemical processes,
3 finally delivered into that reservoir, made sure
4 they are pure, and then returned to the bay in a
5 pure condition.

6 They have auxiliary vessels. This is a
7 line handler. When the ship comes in, gets close
8 to the pier, the lines must be taken ashore. It
9 is done by vessels like this. At sea a vessel
10 like this does not operate too effectively. They
11 have tugboats that are also firefighters, and also
12 for the purpose of discharging detergents in the
13 event of any kind of spill of oil. They have
14 scrubbers that scrub up the oil. The scrubber is
15 contained within the fence in case there is any
16 oil leakage out of the scrubber itself, but that
17 vessel cleans up any amount spilled and accumulates
18 it within those tanks there and puts it ashore.

19 Now we have a deepwater port too, and
20 there it is, it's in the middle of the Delaware
21 Bay at the present time. We are discharging better
22 than one ship of that size a day in this area, and
23 in my mind, that is environmentally hazardous,
24 extremely risky, and it's not the way to do it,
25 but that's the way we are doing it.

1 Now, I want to get away from liquid bulk
2 for a moment, and if you look at this chart, you
3 will see at the top we talk about container and
4 great bulk ships. Those type of ships, the draft
5 on them will remain below the 40 foot level with
6 the channels we have today in our ports, and we
7 are not concerned about them.

8 We talked about the liquid bulk, the super-
9 bulk, that red line which you see there has exceeded
10 the 40 foot limit back in the seventies and late
11 sixties. The ore carriers and the dry bulk
12 carriers are going to exceed that 40 foot limit
13 very shortly. Those ships are now on the drawing
14 board, so we not only have a problem for liquid
15 bulk, but we have a problem we are encountering
16 for dry bulk.

17 In Canada, in Vancouver Bay, an island was
18 built in order to overcome this problem with respect
19 to coal or dry bulk. It's also being used now
20 for the other materials. This type of terminal
21 has relieved the coastline and the bay area of
22 Canada from proliferation of smaller ships and
23 has put their product on the world market, and
24 it can be delivered as far as Japan and still
25 compete with other nations' coal. But that's

1 what we are talking about in terms of dry bulk.

2 Now, we are also talking about economic
3 impact. This port area has the largest concentration
4 of port-related, water-related industry of any
5 port in the world at the present time. We have
6 oil and petrochemicals and shipbuilding and steel-
7 making and building materials and food distribution.
8 All of these industries are dependent upon our
9 port, are dependent upon transportation for the
10 receipt of their raw materials in order to produce.

11 This is a typical example of the water-
12 related industries, Kaiser Gypsum in Burlington
13 County on the Delaware River. We have all kinds
14 of these along the Delaware River in the upper
15 reaches of the Delaware River, each one of them
16 being served by a ship, by its own dock, and
17 discharging the raw material, dry bulks ashore.
18 This is the kind of thing that technology is going
19 to overcome the ocean transportation, as those
20 ships get larger those plants will not be able
21 to receive their goods without a certain amount
22 of lightering, again down the Delaware Bay.

23 And what does this port-dependent industry
24 mean to us? I don't have the figures for the
25 Southern New Jersey area, but I am sure they

1 are very comparable to the Northern New Jersey
2 area. In our area, port-related port-dependent
3 industry, those that I just listed and talked
4 about produced 250,000 jobs, one out of every
5 three workers in manufacturing alone. I am not
6 talking about retailing or any other wholesaling
7 type of industry or the resort industry, which
8 is also dependent on those, but this is the basic
9 number in manufacturing. That payroll represents
10 two billion dollars annually, one third of the
11 payroll in the Delaware Valley region, and the
12 value added by manufacturing amounts to five
13 billion dollars, or 46 per cent of the total
14 economic impact on this region.

15 Now, in the dry bulk we talk about the
16 grains and the coal and the ores for the steel
17 mills and the liquid bulk. We talk about all
18 of these things that have to move, that have to
19 be transported, and this is what we talk about
20 when we talk about deepwater port, not just oil.
21 The location, the obvious location is in the
22 natural deep waters of the lower Delaware Bay,
23 because you have to have a facility that can be
24 protected, you have to have an area that can
25 come under state or regional control. This

1 development must be controlled by the state, by
2 the region, it should not be left up to individual
3 industry to control, as associated development,
4 whatever it may be, should also come under state
5 control or regional control so that these
6 facilities can serve their proper purpose.

7 So in summary I say to you that the
8 economic health of this region is dependent upon
9 a deepwater port. I say to you at the present
10 time the environmental hazard of our method of
11 doing it today is bad, if not horrible, and we
12 look to a deepwater port, fixed facility and
13 protected waters to overcome this, we look to
14 state control of the development, we look to
15 state funding through the development of these
16 facilities, and we believe they are self-sufficient
17 in financing, and of course are a great service
18 to the industry in our region.

19 Thank you very much for your attention,
20 gentlemen.

21 SENATOR McGAHN: Thank you very much, Mr.
22 Kelly, for the very enlightened presentation.

23 Would you be in a position to give us
24 statistics upon the pollution that now occurs
25 in Delaware Bay, oil pollution?

1 MR. KELLY: Statistically I can't do that,
2 sir, I can only relate to certain instances that
3 we have seen occur in our river where recently
4 we have had two collisions of the smaller tankers
5 in the constricted range, the Marcus Hook range,
6 where we have had, if I recall correctly, something
7 like 25,000 drums of oil spilled in that river
8 because of collisions. We have had generally a
9 fairly good safety record, but of late, as more
10 and more ships are coming up that river and larger
11 ships are coming up that river, the hazards are
12 increasing, and it's bound to happen again.

13 We have also had spills in the Schuylkill
14 that have not been related to the transportation
15 of the oil, but rather spills from tanks that
16 were holding it in storage.

17 SENATOR McGAHN: Basically then, both from an
18 ecological standpoint and economic standpoint,
19 this type of port you are talking about would be
20 feasible?

21 MR. KELLY: Yes, sir.

22 SENATOR McGAHN: For the record, there was
23 and has been in the last eight week time some
24 one million gallons of oil spilled in the Delaware
25 and reported loss of over 3.5 million gallons since

1 June of last year, so that certainly the lighter
2 procedure that is now occurring in the lower Dela-
3 ware, in the upper reaches of the Delaware,
4 certainly is a very polluting process as far as
5 that is concerned.

6 A very important point here is the location
7 that you designate here actually is within the
8 territorial waters of the State of Delaware.

9 MR. KELLY: On one side it is within the
10 territorial waters of Delaware and on the other
11 side within the territorial waters of New Jersey.

12 SENATOR McGAHN: But, however, as you
13 envisioned this, would this be basically encompassing
14 the Bigstone Beach primarily in Delaware?

15 MR. KELLY: Yes, the one ~~pro~~posed location
16 is Bigstone Beach, but actually our location
17 follows the deep water as it comes into the middle
18 of the bay. At Cape May there are the shoaling
19 areas which would be protected to an installation
20 either on the New Jersey side, in the case of
21 Cape May shoals, it would be protected in the
22 Jersey side, and in the case of Bigstone Beach
23 it is further up into the bay and protected
24 naturally by the capes.

25 SENATOR McGAHN: Would this have any

1 economic impact or adverse environmental impact
2 upon Cape May County?

3 MR. KELLY: No, sir, in my judgment it
4 would not, it would have a beneficial effect to
5 Cape May County.

6 SENATOR McGAHN: You are assuming then in
7 making this statement there be no onshore
8 development that was predicted in the Arthur D.
9 Little study as far as onshore industrialization
10 and tank farms under growth that has occurred in,
11 incidentally, the undeveloped countries where
12 these reports were taken?

13 MR. KELLY: Yes, the Arthur D. Little
14 report, as I say, reported industrial development
15 at ports that deliberately caused that development
16 under controlled conditions. In the case of Cape
17 May, as I pointed out, the Cape May County Free-
18 holders recently had a study done by the U.S.
19 Department of Agriculture, which indicated that
20 70 per cent of the land in Cape May County is
21 unsuitable for either urban development or
22 residential development without saying anything
23 about industrial development. If you can't build
24 a house you can't build a tank farm or build a
25 refinery.

1 You also have the problem in Cape May
2 County of a lack of water. The refineries are
3 built on our rivers because they use the fresh
4 water in their processing. Cape May does not have
5 that fresh water. Refineries and chemical companies
6 and the steel plants are built upstream because
7 they are in the heart of our market. It is cheaper
8 by far to deliver the raw product to the plant
9 than it is to deliver the refined prodxt to the
10 market. It cost 30 times as much to deliver a
11 refined product as it does a raw product. So
12 there is no reason nor is there any natural recourse
13 in Cape May County that I can see that would cause
14 any development of any heavy industry in that
15 county as a result of the deepwater transshipment
16 terminal.

17 SENATOR McGAHN: Delaware of course has
18 passed a coastal zoning protection act which of
19 course would preclude any type of this development.
20 Do you have any information as of this point in time
21 of the status of the repeal movement on this?

22 MR. KELLY: Yes, sir, the senate and the--
23 I think the joint legislature has formed a
24 committee to restudy the coastal zone law,
25 particularly with reference to the development of

1 a deepwater transshipment point. This is under
2 study at the present time.

3 There are a number of documents that are
4 available through committee actions. The University
5 of Delaware and others are presenting testimony
6 to the committee, and my sense of it is that the
7 coastal zoning act will not be repealed, but will
8 permit through licensing a deepwater transshipment
9 terminal in the Delaware.

10 SENATOR McGAHN: You feel the strong land use
11 provision can actually effectively stifle the
12 type of secondary onshore development that Arthur
13 D. Little has predicted, and if so, this could
14 be of course simply legislated I should say?

15 MR. KELLY: Yes, sir, we would strongly
16 recommend there be legislation that would control
17 any kind of development associated with a deepwater
18 port, whether it be in the bay or ashore, that
19 the development be totally controlled. As is the
20 history of most ports of the world, this is the
21 way it is done.

22 SENATOR McGAHN: It is furthermore your
23 testimony you feel if such were to be in fact
24 accomplished, it would be much better if the
25 state would control both the island, the port,

1 the transmission lines, rather than having private
2 industry do this, so that under these circumstances
3 the state could or the unit of government could
4 better control the operation?

5 MR. KELLY: That is correct.

6 SENATOR McGAHN: Thank you very much, Mr.
7 Kelly, I appreciate that.

8 Senator Dwyer, do you have any questions?

9 SENATOR BERNARD J. DWYER: Senator Buehler
10 is one of the strenuous protestors of this bill
11 and appeared before this committee just recently.
12 I think that should be mentioned.

13 I take it, Mr. Kelly, you are proposing
14 your Delaware Port Authority, whatever your full
15 name is for this authority, would build this port.
16 Is that your proposal?

17 MR. KELLY: No, I am not really proposing
18 that at all; what I am proposing is that the
19 controls be instituted through state or regional
20 legislation for the development of such a terminal.
21 What the implementing body be, I have no
22 recommendation as to that.

23 SENATOR DWYER: So actually you appear
24 here tonight in favor of strict controls for such
25 a port?

1 MR. KELLY: Yes.

2 SENATOR DWYER: Which means that you favor
3 such a port?

4 MR. KELLY: I very definitely favor such a
5 port and I very definitely favor controls of such
6 a port.

7 SENATOR DWYER: You mention that 900,000
8 barrels a day of oil come into the Delaware River
9 estuary. Am I correct?

10 MR. KELLY: That's correct, sir.

11 SENATOR DWYER: Would 900,000 barrels a day
12 support such a port?

13 MR. KELLY: Yes, sir.

14 SENATOR DWYER: It would?

15 MR. KELLY: Yes, sir.

16 SENATOR DWYER: And you would not have to
17 have any additional onshore facilities to make
18 the port a paying proposition?

19 MR. KELLY: No, sir, the volume that would
20 be moving through that port would be somewhere in
21 the range of 50 million tons a year, and even if
22 you took 50 cents a barrel, your revenue would be
23 somewhere in the range of \$200,000 a year just
24 for oil alone, and you are--I am not advocating
25 a single type terminal, I am advocating a multi-

1 purpose terminal that would handle coal and---

2 SENATOR DWYER: Yes, you mentioned steel,
3 and you cited the gypsum plant.

4 MR. KELLY: Yes, sir.

5 SENATOR DWYER: And your main point is to
6 have such a port to stop the pollution in the
7 estuary itself because of the transshipment and
8 the barging off and things of that sort?

9 MR. KELLY: Yes, sir, it's environmentally
10 inspired and also economically inspired.

11 SENATOR DWYER: Economically inspired, but
12 not enough of inspiration economically to move the
13 shipments you have, the smaller draft boats and
14 not barge off and cut down pollution?

15 MR. KELLY: I'm sorry, I don't think I
16 followed that.

17 SENATOR DWYER: Not enough of an economic
18 inspiration to move the smaller draft ships to
19 ride on up the Delaware and not to barge off and
20 not run the risk of polluting as a result of the
21 barging, which is apparently where most of the
22 pollution occurs, in the barging process?

23 MR. KELLY: Well, if you are assuming, sir,
24 we would have enough shipments of the small class
25 to do that. Your assumption is incorrect because

1 already 50 per cent of the world fleet exceeds
2 40 feet in draft, so there would not at the
3 present time be enough ships to do this.

4 SENATOR DWYER: Thank you.

5 MR. KELLY: Yes, sir.

6 SENATOR McGAHN: Thank you very much, Mr.
7 Kelly, we all appreciate your presentation.

8 Dr. Haskin.

9 HAROLD H. HASKIN: I appreciate very much,
10 gentlemen, this opportunity to appear before you
11 and to speak on behalf of the shellfish industries
12 of the State of New Jersey.

13 My name is Harold Haskin, I am Professor
14 of Zoology and Shellfish Investigations at Rutgers,
15 the State University.

16 As a member of the Oyster Culture Department
17 of the New Jersey Agricultural Experiment Station,
18 I have been in charge of the Shellfish Research
19 Program of the state for nearly 25 years. During
20 this period our laboratory has worked closely
21 with New Jersey's major commercial shellfish
22 species: the hard clam statewide, the soft clam
23 in Monmouth County, especially the oyster in
24 Delaware Bay, and more recently with the surf
25 clam off the open coast. The proposals now to

1 establish a port facility for deep-draft tankers
2 either in Delaware Bay or off the open coast with
3 pipeline transfer to bay shore storage facilities
4 are of great concern because of the threat
5 particularly to bay resources and, to a somewhat
6 lesser extent, to the open coast resources.

7 Rather than an exhaustive presentation of
8 particulars on all our shellfish species, I would
9 like to establish a few principles using the oyster
10 as an example and then extrapolate very briefly
11 to some of the other species.

12 The East Coast oyster since colonial days
13 has been a symbol of the bounty of our land. In
14 glowing terms early settlers wrote to friends and
15 relatives in the Old World of life in the Colonies
16 where the common man could gather an abundance of
17 oysters in the bays and estuaries. It is ironic
18 that this early symbol of bounty and good living
19 has disappeared from several of our estuaries
20 under pressure of increasing populations and
21 industrialization. The Delaware estuary is one
22 of the few remaining on the East Coast that are
23 dependable producers of seed oysters on a major
24 scale.

25 Unfortunately the oyster is particularly

vulnerable to pollution damage. It is limited in habitat to areas where sea water and fresh water from land drainage mix. The adults are sedentary with no power of locomotion and thus to survive must tolerate the ever-changing conditions brought about by variations in river flow, tidal currents, storms, and so forth. Unfavorable conditions might only be met for very limited periods by tight closure of the shell. When water temperatures reach 77 degrees Fahrenheit Delaware Bay oysters are stimulated to spawn and for a two-week period thereafter the microscopic larvae are free-swimming. This pelagic period is a particularly hazardous one in the life cycle, since the larvae are at the mercy of the currents. They may starve, be buffeted by storms, be eaten by the many plankton-feeding organisms in the estuary, or be carried by unfavorable currents to unsatisfactory settling areas. At the end of the two week swimming period the larvae must find a clean, solid surface to which they cement themselves. They are then fixed for life unless moved by some agent, such as an oyster dredge. At settling the young spat are about 1/75th of an inch in length and may easily be smothered by the multitude of other

1 organisms that compete with them for space and
2 food. They are also easy prey to a variety of
3 predators, such as crabs and boring snails. The
4 principal predators, such as snails or drills, and
5 the space competitors cannot live as far up bay
6 in the fresher, lower salinity water as does the
7 oyster. This results in a "sanctuary area"
8 relatively free of enemies for the oyster in the
9 upper reaches of its salinity zone. The "sanctuary
10 area" is an extremely important one for the
11 production of seed oysters. Here the young
12 oysters can grow slowly for two or three years
13 with very little mortality until they are less
14 attractive to drills. They are then transplanted
15 to the lower bay planting ground for one or two
16 years for final growth and conditioning. In
17 just these final seasons of growth in the higher
18 salinity waters the planter will frequently lose
19 as much as three quarters of his crop to predators.

20 Thus we have a population of organisms adapted
21 to life in a relatively narrow zone of the Delaware
22 estuary dependent on an adequate supply of fresh
23 water from the river to keep predators and
24 competitors in check, yet vulnerable to materials
25 in that supply that are toxic either to the oysters

1 or to their food supply, or that settle on potential
2 setting surfaces, rendering them unfit for the
3 oyster spatfall.

4 From this consideration of the environmental
5 relations of an oyster population it is apparent
6 I think that the upper salinity zone "sanctuary
7 areas" are of greatest importance in maintenance
8 of the species. Here are found the natural seed
9 beds which depend not only on the proper balance
10 of fresh and salt water but even more critically
11 on the current systems which concentrate and bring
12 to them the oyster larvae at the end of this
13 swimming period. Natural beds of oysters are now
14 rare phenomena. We still cannot define adequately
15 all the conditions necessary for their existence.
16 Man with his dredging of channels, control of
17 river flows, failures in erosion control and
18 pollution of harbors and rivers has destroyed
19 natural bed after natural bed. To the best of
20 my knowledge no one has created a seed oyster
21 bed of any commercial significance where a natural
22 oyster bed did not previously exist. In contrast,
23 planted grounds have been established in many
24 areas which do not support natural oyster
25 populations but where salinity and food conditions

1 are favorable for final growth and market
2 conditioning of the planted oysters.

3 Establishment of a port in New Jersey waters
4 of Delaware Bay that would handle vessels with
5 draft of 90 to a hundred feet would require
6 extensive dredging, permitting the inflow of
7 more high salinity water and resulting in dis-
8 turbance of the fresh salt water balance described
9 above. The precise amount of dredging would
10 of course depend on the size and location of the
11 terminal. At present, the limiting depth at the
12 entrance to the main ship channel below Brown
13 Shoal, within the bay, is about 45 feet. It is
14 assumed that the terminal, if in New Jersey waters,
15 would be east of this location. To be sheltered
16 by Cape May Peninsula from easterly storms it
17 might be placed in one of the sloughs east of
18 Brandywine Light, and I notice Mr. Kelly a few
19 moments ago in a slide which placed a deepwater
20 facility in precisely this location. All of
21 this area lies between the 60 feet and 30 feet
22 depth contours, and the necessary dredging would
23 open the bay to additional ingress of salt water.
24 Furthermore, although at the bay entrance on the
25 line between Cape May Point and Cape Henlopen,

1 depths approximately 115 feet are shown, outside
2 of this, about five miles or more, are limiting
3 sill depths of about 65 feet. A channel through
4 this relatively shallow sill would have to be dug
5 and maintained, thus opening the bay entrance to
6 the higher density, high salinity bottom water
7 now blocked from the bay by the shallow sill.
8 The magnitude of the dredging would determine how
9 much additional salt water is to be admitted to
10 the bay and thus also the magnitude in shift of
11 the freshened water barriers to major oyster
12 predators and competitors. Substantial ingress
13 of cooler and saltier water in summer could also
14 influence spawning patterns in the lower bay
15 areas and permit the incursion of such predator
16 species as the starfish and black mussel, competitors
17 which are currently of little importance.

18 Also of concern is the nature of the
19 cargoes handled at a lower bay terminal, since
20 the terminal would be athwart the source salt
21 water for the entire eastern portion of the bay.
22 Spills here, with fractions contaminating the
23 lower indraft water, could contaminate the entire
24 lower bay. It is especially important to realize
25 that there is good evidence for net up bay movement

1 of water along the Cape May Peninsula and that
2 materials discharged into the lower bay entrance
3 will not be carried rapidly seaward.

4 In the final stages of their assessment of
5 the deepwater port question two years ago, the
6 Army Engineers favored a deepwater unloading facility
7 several miles offshore to reduce: one, the hazard
8 to the coast of spills, and two, the impact of
9 extensive dredging at the bay mouth. The offshore
10 unloading facility plan still carried, however,
11 provisions for storage and perhaps supplementary
12 unloading facilities in the lower bay off Town
13 Bank. These facilities would still be a major
14 threat to the continued existence of the biological
15 populations. The special sensitivity of the lower
16 bay to sources of pollution in the major indraft
17 areas must be reemphasized.

18 At the Cape May hearing by the Army Engineers
19 on December 18, 1972, the president of a newly
20 formed pipeline company presented a plan to construct
21 the offshore loading facility with pipeline up the
22 main bay ship channel to a storage facility at
23 Greenwich in Cumberland County between the Cohansey
24 River and Stowe Creek. This tract of land approxi-
25 mating 4200 acres is owned by the Atlantic City Elec-
tric Company, and a vice president of that company,

1 also an officer of the newly formed pipeline
2 company, confirmed the proposition to use their
3 Greenwich tract for this purpose. As shown on
4 the accompanying diagram--that is the last page
5 of this thing, sir--this tract is on the shore
6 of Delaware Bay immediately adjoining major
7 natural seed oyster beds in the middle of the
8 freshened sanctuary areas that I have described
9 above. There is strong presumption here of
10 development of a major petrochemical complex
11 adjacent to the terminal facility. In this area
12 of central importance to the traditional and
13 valuable oyster industry, establishment of a major
14 source of industrial pollution should not even be
15 considered.

16 To emphasize that the importance of
17 protecting this area for the oyster resource
18 is well recognized, I would like you to know that
19 although the Greenwich tract was originally
20 acquired for the construction of a nuclear
21 powered generating station, that use was not
22 permitted by the state. Robert Roe, then
23 Commissioner of Conservation and Economic
24 Development, backed by Governor Hughes, because
25 of the sensitivity of this area for the oyster,

1 refused to allow construction of the power plant
2 and satellite industries at this location. The
3 plant is now under construction approximately ten
4 miles up bay at Artificial Island, safely removed
5 from the seed beds area on property obtained in
6 a complicated three-way land swap with Army
7 Engineers, State of New Jersey and the utility
8 companies. It is regrettable that, with full
9 knowledge of the value of this area to the
10 shellfish industry, the owners of the Greenwich
11 tract now propose its use for a pretroleum handling
12 facility.

13 Those interested in the preservation of
14 the shellfish industries of the Delaware estuary
15 see cause for alarm in the fate of the shellfish
16 industries of the Raritan Bay area. Early in
17 this century the Raritan estuary supported a high
18 quality oyster industry about one third the size
19 of that of Delaware Bay. As the oil refineries
20 in the area increased, the oysters developed
21 kerosene flavors and became unsaleable. About
22 the time of World War I, under increasing pressures
23 of heavy industrial and domestic pollution, seed
24 areas in Newark Bay and the Upper Raritan Bay
25 were destroyed and the industry collapsed.

1 In the three years following the opening
2 of the Raritan Valley Trunk Sewer early in 1958,
3 our laboratory collected over 300 bottom samples
4 from the Raritan Bay area with a view toward the
5 possible reestablishment of an oyster population.
6 The condition of the bottom, with oils washing
7 from the samples as they were sieved on deck,
8 plus the absence of flora and fauna normally
9 associated with healthy oyster bottom, led us to
10 abandon hope of such reestablishment at that time.
11 Since that time further increases in pollution
12 have caused condemnation of the entire Raritan
13 Bay area for the taking of hard clams also.

14 This New Jersey experience with total
15 destruction of a shellfish industry by pollution
16 is in the background of our concern for the
17 Delaware Bay industry. We know that this industry
18 can be similarly destroyed and that the encroachment
19 has begun. We are concerned with the increasing
20 industrialization of the lower Delaware Valley and
21 proposals to establish industry on the shore of
22 the state controlled seed beds.

23 Short of total destruction by massive
24 pollution, industrial and domestic, our information
25 on pollution hazards to the oyster populations is

1 all too scant. We have known for many years that
2 oysters are remarkable concentrators of particulate
3 matter in the water. An adult oyster will pump an
4 average of 20 quarts of water an hour through its
5 gills and will remove quantitatively practically
6 all microscopic materials. In so doing it will
7 concentrate bacterial contaminants and many dissolved
8 chemicals. Thus it is particularly vulnerable to
9 particulate and dissolved pollutants. As indicated
10 above, natural seed oyster beds are in areas where
11 the current systems tend to concentrate and entrap
12 the pelagic larvae. This means that, in general,
13 they are not rapidly flushed areas and pollutants
14 also may be expected to accumulate.

15 By virtue of their power to concentrate
16 many materials suspended and dissolved in the
17 water, the oyster, clam and other filter feeders
18 become valuable early indicators of pollution.
19 Waters satisfactory for the production of food
20 shellfish are also satisfactory as nursery areas
21 for valuable fin fisheries, for wildlife habitats
22 and for recreation. In other words, waters good
23 for shellfish are also good for people.

24 New Jersey has extremely valuable
25 shellfisheries. Delaware Bay alone last year

1 produced over 400,000 bushels of oysters, and
2 over the next five to ten years we expect this
3 harvest to double. The U.S. landings of surf
4 clams have been largely New Jersey landings over
5 the last ten years. As our industries, and
6 particularly the oil industry, move into new
7 areas, they freely claim that they will be virtually
8 pollution free. Before they are permitted, by
9 any relaxation of zoning or any exercise of
10 eminent domain, to move into new areas, I would
11 like to have a positive demonstration of their
12 claims in such an area as the Raritan Bay-Arthur
13 Kill region. When we see the resurgence of
14 Raritan Bay shellfisheries as a result of
15 responsible industrial clean up, it is then time
16 to consider further advance of heavy industry
17 into waters that are apparently producing volume
18 shellfish.

19 Thank you very much.

20 (Diagram attached at end of hearing).

21 SENATOR McGAHN: Thank you very much.

22 Will you please give this committee some
23 estimation of the economic impact of the shell-
24 fishing industry in the Delaware Bay, both from
25 the standpoint of people employed and the dollar

1 return per year?

2 DR. HASKIN: I can't give you an exact
3 figure on the people employed. I can dig these
4 statistics out and send them to you, if you like.

5 SENATOR McGAHN: We would appreciate it for
6 the record.

7 DR. HASKIN: I have indicated here that
8 currently the oyster industry the last year
9 produced about 400,000 bushels. As most of the
10 people in South Jersey know, the oyster industry
11 has been through a very serious period of decline,
12 starting back in the early fifties, due to some
13 mismanagement, followed by a new oyster parasite
14 that hit the industry. It hit an all time low
15 of about 10,000 bushels in the year 1959-60.

16 Since that time we, under close supervision
17 in the seed beds, have been building back. I have
18 indicated that we expect, not here but in other
19 places, that we are pretty confident that barring
20 any catastrophe or major industrial expansion in
21 the area, that that industry can come back to
22 its pre-1950 plateau, which was approximately
23 a million bushels a year.

24 Now, oysters at the present time out of
25 the Delaware area are selling at the shucking

1 houses, this ex-vessel without processing, at
2 \$6 to \$8 a bushel. A limited volume of this
3 crop is being shipped also as shell stock for
4 about \$14 to \$15 a bushel. From that you can get
5 I think an approximation of this single industry.

6 SENATOR McGAHN: Thank you. What has been
7 the impact of the recent practice of lightering
8 with oil pollution in the Delaware and the oil
9 spillage that I have mentioned just recently?

10 DR. HASKIN: There has been no measurable
11 impact on this industry.

12 SENATOR McGAHN: Then basically what do you
13 account for the decline in the oyster industry?

14 DR. HASKIN: In the early 1950 decline?

15 SENATOR McGAHN: Yes, I mean talking about
16 decline.

17 DR. HASKIN: The early decline, yes. In
18 1945 there was a change in the method of taking
19 of oysters from those upper bay seed beds.

20 If you will look at those charts at the
21 end of the testimony that I gave you, it shows
22 the seed beds in the upper end of that bay, and
23 basically the entire oyster production depends
24 on the volume of seed transplanted from that area
25 to the planting grounds.

1 Prior to 1945 oysters could be harvested
2 from that area only under sail power over a
3 statutory two-month period, May and June of every
4 year. Under considerable pressure toward the end
5 of World War II, power dredging was allowed, and
6 there was no consequent reduction in length of
7 dredging season. Many smaller power boats came
8 into the fleet. About 1950 the oyster men began
9 to complain of lack of seed oysters in that area,
10 and in about 1953 some controls were placed.

11 There's not been a full eight week dredging
12 season up there since. It's been a matter of
13 building back root stock due to that earlier seven
14 or eight year period of really gross mismanagement
15 of the natural resource.

16 The additional further decline was due to
17 a new parasite never seen anywhere else in the
18 world that came in, and in six weeks in the spring
19 of 1957 we lost 50 per cent of the oysters in
20 Delaware Bay, a new disease, just an epidemic
21 sweeping through.

22 SENATOR McGAHN: Do you feel any other type
23 of pollution other than oil pollution might
24 have been a factor, industrial waste, sewer
25 effluent, anything of that type in the Delaware

1 that might be a factor?

2 DR. HASKIN: No, I think our oyster men
3 in the early fifties would have liked very much
4 to be able to point to an industry that was
5 responsible for the decline other than their
6 own, but the pattern of decline was from the
7 lower end of the bay up, starting with the seed
8 beds closest to the planting grounds. The major
9 sources of pollution are still the Delaware River
10 itself and what is coming down from that industrial
11 river, and industrial associated decline would
12 have started at the upper end of the seed beds
13 rather than the lower.

14 SENATOR McGAHN: Then your testimony, as
15 far as the record is concerned, you feel any
16 dredging would be necessary to accommodate a port
17 would be detrimental to the shellfish industry?

18 DR. HASKIN: My principal point there,
19 Senator, was the criticism of the proposed, as
20 I understood it, number one location for the
21 onshore facilities with that pipeline coming up
22 into the bay with the facility located in
23 Greenwich Township, the very heart of this
24 seabed area. If we've got to have a pipeline
25 coming into the bay, I would like to see it come

1 on up into the present industrial refinery area
2 for final termination.

3 SENATOR McGAHN: Fine, thank you for that,
4 basically that's what I was hoping you would say.
5 I have no further questions.

6 Senator Dwyer?

7 SENATOR DWYER: Just to thank you, Doctor,
8 for a very excellent statement, and I think you
9 said an awful lot in that last sentence. When do
10 you think we might be able to have edible oysters
11 for our community?

12 DR. HASKIN: When we get that industrial
13 cleanup. In the trade, as they went out of
14 production, they were known in the mid-West as
15 the standard oils.

16 SENATOR McGAHN: Thank you very much,
17 Doctor.

18 Senator James Cafiero.

19 Will you please identify yourself for the
20 record?

21 SENATOR JAMES S. CAFIERO: Yes, sir.
22 Senator McGahn, Seantor Dwyer, first of all, I
23 would like to thank both of you gentlemen and
24 your good committee, Senator, and your staff for
25 graciously granting our request to hold this

1 hearing here in Cape May County.

2 Secondly, I would like to thank you, Mayor
3 Waldman, and fellow commissioners, his staff, and
4 City of Ocean City for making this facility
5 available for the hearing and for their assistance
6 in making all the necessary arrangements.

7 Some of what I am about to say has already
8 been made part of the permanent records of similar
9 hearings conducted by the United States Army Corps
10 of Engineers on May 31, 1972 and by the Commerce
11 Committee of the United States Senate chaired by
12 Senator Ernest F. Hollings of South Carolina on
13 March 6, 1973. However, at the risk of being
14 somewhat repetitious, I would like to make my
15 sentiments and position clear, and part of the
16 records of the proceedings of this committee
17 which has been charged with the responsibility of
18 reviewing and evaluating Senator Dodd's bill
19 creating an oil transfer facility corporation.

20 My legislative colleagues, Assemblymen
21 James R. Hurley, Joseph W. Chinnici, and I have
22 and will continue to oppose any plan which would
23 jeopardize the very heart of the fishing and
24 resort industries by placing a potential oil
25 spill off our coast in any form, be it an offshore

1 pipeline, an offshore floating oil terminal, or
2 a deepwater port.

3 Our public opposition dates back to
4 August of 1969, when we introduced Assembly
5 Concurrent Resolution No. 101 calling upon the
6 United States Army Corps of Engineers to withhold
7 approval of the plans for the proposed construction
8 of offshore pipelines for the unloading of oil
9 tankers off the coast of New Jersey. That bill
10 passed both Houses of the Legislature and was
11 filed in the office of the secretary of state,
12 with duly authenticated copies being forwarded
13 to the United States Army Corps of Engineers and
14 to each member of the Congress of the United States
15 elected from the State of New Jersey.

16 On March 16, 1970 we introduced Assembly
17 Concurrent Resolution No. 71, calling upon the
18 United States Army Corps of Engineers to withhold
19 approval of the plans for the proposed con-
20 struction of an offshore floating oil terminal
21 for the unloading of oil tankers in the Delaware
22 Bay off the coast of New Jersey. That bill too
23 passed both Houses of the Legislature and was
24 filed in the office of the secretary of state on
25 March 23, 1970, with copies being distributed as

1 I mentioned above.

2 As a result, both Houses of the New Jersey
3 State Legislature, acting in concert, are on record
4 stating their objections to the construction of
5 offshore pipelines and/or offshore floating oil
6 terminals for the unloading of tankers off the
7 coast of New Jersey.

8 Assemblyman Hurley joined me in sponsoring
9 both resolutions and worked for their passage on
10 the floor of the Assembly.

11 After the Army Corps of Engineers hearing
12 of December 18, 1972, to which Dr. Haskin has
13 referred, Assemblymen Chinnici, Hurley, and I
14 joined forces with our legislative colleagues
15 from Monmouth County and simultaneously introduced
16 identical bills in both Houses prohibiting the
17 construction of a deepwater petroleum port and
18 any related facilities on or adjacent to the New
19 Jersey coast.

20 While the bill passed the Assembly, it
21 failed to gain passage in the Senate when it
22 became caught in a squeeze on the part of three
23 environmental bills during the closing days of
24 the 1973 session. I think it was at that time
25 the Bill 1429, which is our coastal facilities

1 review act, while it prohibited construction of
2 refineries and things of that nature, sort of
3 took the heat and pressure off the passage of
4 that bill.

5 We have at all times stated that the
6 construction of a deepwater port or similar
7 facility anywhere off of our shores would imperil
8 South Jersey's tourist and fishing industries.
9 Anything which would interfere with the pursuit
10 of the recreational activities of the residents
11 and visitors in our area would be intolerable.

12 Those of us who are shore and tourist oriented
13 are too well aware of the hazards, dangers, and
14 risks beyond our control which can turn any season
15 at any time into a disaster. A case or two of
16 equine encephalitis in May, 15 or 20 days of rain
17 in June, a shark sighting or two in July, early
18 hurricanes on their way north from the Caribbean
19 during mid-August, or a cold, cold September,
20 would do the trick.

21 The proponents of this bill may say, "We
22 at the shore do not have any big events scheduled
23 for April, and perhaps an oil spill, big or small,
24 would do nicely just after Easter."

25 Well, we don't need an oil spill, big or

1 small, or any risks thereof in April or any other
2 time of the year.

3 The potential hazards which I have outlined
4 above are acts of God and acts of nature beyond the
5 control of mortal man. The hazards accompanying
6 the construction of any contemplated facilities
7 off our shore are manmade and within our control.
8 The proponents would have us believe that the
9 risks are minimal. However, as a lawyer, I have
10 been trained to deal in possibilities and not
11 probabilities. Neither I nor any of my constituents
12 are oddsmakers, bookmakers, or gamblers. If we
13 do not choose to risk our economic futures on our
14 own, you may rest assured that we are not going
15 to sit idly by as spectators and watch selfish
16 interests play Russian roulette with our economic
17 future by juggling oil cans off our shores.

18 According to figures compiled by the Cape
19 May County Planning Board, the much heralded
20 potential revenues from such a facility offer a
21 bad bet for even the most compulsive gambler.
22 Tourism grosses more than three billion dollars
23 annually and contributes between 150 and 200
24 million dollars per year in sales and other taxes
25 to the state. Cape May County alone grosses more

1 than 185 million dollars from its tourist economy.

2 Port proponents suggest revenues from a
3 port would approach 150 million dollars. Those
4 figures alone make the project mathematically and
5 economically unsound.

6 I don't care about the fictional potential
7 revenues the oil interests talk about as coming
8 from a monobuoy and oil lines coming ashore. I
9 am deeply concerned about the threat of ruination
10 of our entire resort economy and our precious
11 shoreline and other coastal areas. Refineries can go
12 anywhere, but our beaches can't be moved or re-
13 placed.

14 New Jersey is and was among the hardest
15 hit states in the nation during the current
16 gasoline shortage. Notwithstanding the fact
17 that it has nine refineries representing about
18 five per cent of the total gasoline capacity of
19 the United States. New Jersey has for years
20 suffered with more than its share of the ugliness
21 and smells of the refineries and tank farms in
22 order to accommodate and service our neighboring
23 states. Presently the East Coast has capacity
24 to refine 1.5 million barrels of crude oil per
25 day. New Jersey refines almost half of that by

1 comparison to New England, which refines less
2 than eight thousand barrels per day.

3 There are no guarantees that by the
4 adoption of a policy of appeasement to the selfish
5 oil interests, that New Jersey will do anything
6 more than to further the existing environmental
7 blight. We have by our very track record already
8 earned the right to fair, if not preferential
9 treatment in the allocation of gasoline, which
10 has not been forthcoming.

11 If the United States and the East Coast need
12 more oil to be refined, let other areas import and
13 refine it, New Jersey has done more than its share.

14 It would appear that this problem is a
15 perennial, having been considered by the Army
16 Corps of Engineers in 1972, by the United States
17 Senate Commerce Committee in 1973, and now by
18 this committee in 1974. I trust that this
19 committee will, in its infinite wisdom, play the
20 role of the exorcist to the fullest and lay this
21 matter to rest once and for all to the ultimate
22 peace of mind and benefit of us all.

23 Thank you very much.

24 SENATOR McGAHN: Senator Cafiero, what
25 about, either by design or accidentally, you

1 omitted in saying about people coming to the
2 seashore resort, you mentioned everything, but
3 you failed to mention no gas to get down here
4 to the resort area. Deliberately or intentionally?

5 SENATOR CAFIERO: Well, now that we are
6 off the odd-even day, I think we could pass that
7 one over.

8 SENATOR McGAHN: Fine. Senator, I don't
9 know if you are aware of the fact that for over
10 20 years there have been 18 monobuoys operating
11 off the coast of California within the three-mile
12 territorial limit. These have been relatively
13 small and of course have been used primarily to
14 feed another transport system, not refineries on-
15 shore--this is mainly refined product for electrical
16 generating stations--off some of the best beaches
17 there. There has been no despoiling of those
18 beaches, there are no oil spills in that particular
19 area. Would you care to comment?

20 SENATOR CAFIERO: Well, as I said, we are
21 not oddsmakers, not bookmakers, and not gamblers,
22 and no matter how remote that possibility may be,
23 we don't feel that offsetting balance on these
24 figures here, if we realize 185 million dollars
25 from our tourist attractions and revenues and

1 the compensating balance is going to be potentially
2 150 million dollars, one would not offset the
3 other, and no matter how you say it, one oil
4 spill that may ruin these beaches for decades
5 and decades is just not worth the chance.

6 The first gentleman that spoke shocked me
7 even more, because what he said is he would like
8 to have the facility out there with all of the
9 risks and none of the benefits, which makes it a
10 worse picture, a worse victim.

11 SENATOR McGAHN: Are you aware of what
12 the number one industry in the State of New Jersey
13 is?

14 SENATOR CAFIERO: No.

15 SENATOR McGAHN: Petrochemical industry
16 is number one, tourism is number two.

17 SENATOR CAFIERO: It's doing pretty well
18 apparently, if it's number one it's doing pretty
19 well without this oil port.

20 SENATOR McGAHN: For some unknown reason,
21 and I don't know where basically this came from,
22 both the Arthur D. Little study and the Army
23 Corps of Engineers report, all the other reports
24 were basically recommendations of feasibility
25 sites, it is true that in both instances they did

1 make recommendations, but these were simply
2 recommendations of course of the lower area down
3 here in Cape May. I think, as Mr. Kelly has
4 testified, certainly the Delaware Bay area is
5 responsible for 70 per cent of the crude oil that
6 comes in to this area. New Jersey itself is
7 dependent 100 per cent upon water-borne trans-
8 portation of crude coming in, refined product
9 coming in by the pipeline to the extent of about
10 750,000 gallons per day, but there is no other
11 pipeline coming into New Jersey as far as crude
12 is concerned, pipeline for refined.

13 The president has stated by 1980 this nation
14 shall be self-sufficient. Of course he didn't say
15 how there will be self-sufficiency. It therefore
16 becomes incumbent to develop alternate sources
17 of energy, and two of the alternate sources are
18 nuclear generating plants and offshore continental
19 drilling. Now, number one, are both of these
20 alternates then in an effort to cut down on the
21 amount of oil that we are dependent upon, are both
22 these alternates acceptable?

23 SENATOR CAFIERO: Are both acceptable?

24 SENATOR MCGAHN: Yes.

25 SENATOR CAFIERO: I can only go by what I

1 think the sentiment has been expressed by the
2 people in this county time and time again, to the
3 tune of 40,000 signatures on a petition presented
4 to the Army Corps of Engineers about 18 months ago,
5 they don't want to know anything about oil, oil
6 ports, monobuoys, lightering, or anything else,
7 this would place the economy in this area in
8 jeopardy.

9 Cape May County and the State of New Jersey
10 have borne more than its share of pollution by
11 what we find out up to this point. There are
12 many other places and areas I am sure that are
13 suitable for this type of a facility that do not
14 have the beaches that would be placed in jeopardy.
15 If this port were placed a lot of other places
16 and oil would go up on shore, whatever it would
17 hit, it would not hurt anything on the rockbound
18 coast of Maine possibly as it would on these
19 beaches, your beaches and my beaches.

20 Now, maybe it's emotional, maybe it's a
21 gut reaction, but these people do not want it,
22 they don't want to risk it if it's one in ten
23 million.

24 SENATOR McGAHN: Senator, I agree with
25 you. You do not feel at the present time there

1 is sufficient protection in the Coastal Facilities
2 Review Act assuming that the Commissioner of
3 Environmental Protection not only simply reviews,
4 but approves the onshore facilities plus the fact
5 that the state does control its territorial rights
6 for three miles by that plan can transfer this
7 without actually the government giving its O.K.?

8 SENATOR CAFIERO: Here again we are going
9 into possibilities, not probabilities. The only
10 safe course and the only sure course is an
11 absolute ban and prohibition of the construction
12 of any port facilities as long as it's in the
13 power and discretion of the Department of Environ-
14 mental Protection or legislative, and that
15 possibly is in somebody's hands the risk that
16 this facility is going to come.

17 SENATOR McGAHN: Senator, until we find
18 out what the deepwater port in the federal bill
19 is going to be, depending upon what the provisions
20 of that may be, if the president should declare
21 it in the national interest a deepwater port,
22 offshore drilling be out here, then you will
23 find yourself, regardless of whether there is
24 a prohibition or not, you will find a confrontation
25 between the federal government and the state's

1 rights. At that point in time of course this
2 could be argued.

3 Do you or will you, can you believe or
4 trust in the tradition of home rule that your
5 local officials in Cape May County cannot through
6 the zoning process prohibit this type of facility
7 if this is what is necessary? In other words, I
8 am saying to you with strong use of controls
9 would not this be sufficient to prohibit the type
10 of onshore development that has been predicted
11 both by the Army Corps of Engineers and Arthur D.
12 Little?

13 SENATOR CAFIERO: Well, the onshore
14 facilities, I take it, are the subject matter of
15 those items that come within the province of the
16 1429. I don't know for sure whether the Department
17 of Environmental Protection can override what
18 the local situation may be, but the possibility
19 remains that these facilities, as some of the
20 proponents have stated, would not come ashore. I
21 think the first gentleman said we could not have
22 tank farms, so they are just going to put a big
23 pipe up there and run it up the Delaware. You
24 may then say all the local home rule in the world
25 is not going to stop that. We may stop them from

1 coming ashore and we may stop the tank farm in
2 Greenwich, but we are not going to stop the
3 pipeline going up the Delaware, and if that's the
4 case we might not have the tank farms on our
5 shore, but we sure as the devil are going to have
6 oil on our shores, and that's what we don't want.

7 SENATOR McGAHN: You think we have less--
8 incidentally, testimony that we have received is
9 that actually a pipeline, regardless of onshore
10 development, is a much safer method of transporting
11 oil logistically into existing refineries than
12 the present system of lightering, the present
13 system of using small tankers, small barges,
14 which, because of their range, are structurally
15 unsound, and basically most of the oil spills
16 that occur today are due to structural failure of
17 vessels that are 16, 17 years of age, 39,000,
18 40,000 dead weight.

19 My question again, you believe that the
20 pipeline itself, regardless of anything else, as
21 a transport system is less safe than the present
22 methods now, taking into consideration if we do
23 not depend on alternate sources of energy, but
24 are depending upon fossil fuel by the year 1985,
25 instead of actually importing six million barrels

1 a day we will import 15 million barrels per day,
2 instead of 20,000 port calls per year we will be
3 having 20,000 port calls per year by the same type
4 of ship, thereby increasing congestion, traffic
5 congestion in the harbors, and increasing the
6 chances of structural failure, breakup, and also
7 pollution, which do you feel might be better?

8 SENATOR CAFIERO: I could be very unfair
9 and ask you to repeat that question.

10 SENATOR McGAHN: I will be very happy to.

11 SENATOR CAFIERO: Word for word?

12 SENATOR McGAHN: Very definitely, yes.

13 SENATOR CAFIERO: You are talking again---

14 SENATOR McGAHN: At the present time six
15 million, O.K.

16 SENATOR CAFIERO: You are talking about
17 speculation, safer than something else. There is
18 nothing safer than not having it.

19 SENATOR McGAHN: What would happen to the
20 industry in this area if we did not have oil?

21 SENATOR CAFIERO: Doctor, I am a reasonable
22 man and I will tell you how reasonable I was. I
23 sponsored a bill. It was an out and out, absolute
24 ban. Now, the objection to that, if you recall,
25 the debate on the floor of the senate, before

1 Senator Dwyer was there, they thought that was
2 unreasonable because it would discourage industry
3 of any nature from even considering the possibilities
4 after exploring the safety features, then they
5 could go prove to the public another PR job was
6 safer. As reasonable as I was, I voted for an
7 amendment that would cut that thing from absolute
8 ban to a four year prohibition.

9 Now, my mind is not blocked and I am not
10 willing to sit back and let someone prove to me
11 or prove to the 40,000 people that signed those
12 petitions in two or three or four years that this
13 thing is as safe as it possibly can be 100 per
14 cent, no chance of error, two years, three years,
15 four years, and let them educate the people in
16 Cape May, let's convince the 60,000 people in
17 Cape May there is no danger and the tourism
18 industry will be here 20 years, 40 years, a
19 hundred years from now the same as it is today,
20 and the clams and oysters and things here and
21 fishing will be out there and the tourists will
22 be here. We are reasonable.

23 SENATOR McGAHN: Fine, very good. I have
24 no further questions.

25 SENATOR CAFIERO: Thank you, Doctor.

1 SENATOR DWYER: Take my place. I have a
2 two hour drive in front of me, Senator.

3 I think you ought to take the vote now,
4 Doctor.

5 SENATOR McGAHN: Fine. Senator Dwyer,
6 thank you very much for coming down. We will
7 excuse you now, but we will have Senator Cafiero
8 sit in your place.

9 Assemblyman Hurley.

10 ASSEMBLYMAN JAMES R. HURLEY: My name is
11 James R. Hurley, Assemblyman, District Cape May-
12 Cumberland, State of New Jersey.

13 Mr. Chairman and members of the committee:
14 I am speaking here tonight not as an expert in the
15 area of deepwater ports, but I am speaking as a
16 representative of the people.

17 There are many people in this auditorium
18 tonight who want to have something to say about
19 S 200, and for the sake of brevity I'll tell you
20 here and now, I am against the bill. It is a bad
21 bill. This legislative session I am the prime
22 sponsor of A 730, a bill to prohibit a deepwater
23 port anywhere off the coast of New Jersey.

24 S 200 does serve one useful purpose.
25 Right on its face it displays the length, the

1 depth and breadth of one of the greatest power
2 grabs in the recent political history in the
3 State of New Jersey.

4 It didn't take any gall to write this bill.
5 S 200 was framed by and for people who have a
6 professional contempt for the sensibilities and
7 intelligence of ordinary people.

8 This bill was framed against a background
9 of panic. The people, the sponsors think, are
10 demoralized by a gasoline shortage and the sky-
11 rocketing charges for fuel oil, electricity, and
12 all kinds of energy. Was it for real? You ask
13 the questions here tonight, do we know the facts?
14 Do we know all of the facts about how a deepwater
15 port will affect the economy of this area and I
16 ask you the rhetorical question, was the gas
17 shortage for real? And there isn't anyone in
18 this room can answer that one. As a result,
19 everything, it seems to me, is up for grabs.
20 So I ask this question of you, members of the
21 committee, is everything up for grabs? I don't
22 think so.

23 Reduced to its nontechnical basics, the
24 construction of a deepwater port would have these
25 effects in South Jersey: it would alter, and

perhaps the word destroy is a better word, the lifestyle of our people. I want you to think about it seriously and unemotionally for just a moment. Why is the County of Cape May and why is the County of Cumberland made up the way it is? Why does it have a tourist business? Why does it not have petrochemical plants now? Why are there no heavy industries in the County of Cape May? And why are there, for example, in the County of Cumberland the great sand plants in Vineland, Millville, and Bridgeton? Why are there the shellfish industries along the Delaware Bay in Cumberland and in Cape May County?

And the answer that appears to me is very obvious, the natural resources of this area were put there not by man, they were put there long before man ever came to these shores. We did not invent the oyster, we did not create the clam, we did not make these beaches, but I can tell you this, we are very capable of destroying all of that. It was made this way, Cape May and Cumberland Counties have developed in a way particular to them for very apparent reasons, the natural environs of the ocean, the bay, the marshlands, the fish, the shellfish beds, all of these factors

1 and more have contributed to the manner in which
2 we live here, our lifestyle unblemished by heavy
3 industrialization, the quality of life for which
4 millions of people fleeing industrial centers pay
5 cash each and every summer, a unique quality of
6 life for those who have chosen to live here the
7 year round.

8 Atlantic City is trying desperately to
9 regain the aura it carried yesteryear.

10 To suggest S 200 in the southern part of
11 this state or anywhere in the State of New Jersey
12 to me is comparable to suggesting the construction
13 of a steel mill at the Grand Canyon. To bring in
14 a deepwater oil port and its attendant related
15 industries, and we see here tonight the dispute
16 that rages between whether or not these attendant
17 industries will be here or not, nobody really
18 knows the answers, it will change the quality of
19 life here, and I say to you, Mr. Chairman and
20 members of the committee, we do not need this
21 intrusion.

22 The environmental impact on this area
23 would be devastating, and in the words of the
24 Army Corps of Engineers spokesman, the construction
25 of a deepwater port might result in industrial

1 effluent turning Delaware Bay into a cesspool.
2 Under any guise, governmental or private, we
3 do not want a deepwater port.

4 We are not ready to offer our section of
5 New Jersey or any part of it to the petrochemical
6 industry or to the tank farmers, no matter what
7 committments have been made affecting the thousands
8 of bayshore acres owned by the utility combines
9 in our neighboring county of Cumberland.

10 But S 200 would do just that, it would
11 strike down, in my opinion, all the vestiges of
12 home rule and local community planning. It would
13 in fact create a super agency, a super government.
14 It would give heavy industry a call on any and
15 all things in the intended path of its juggernaut.
16 But these aspects I am sure will be developed by
17 other speakers.

18 One last thought and a warning to members
19 of the committee and to the people who are
20 attending this hearing this evening, everything
21 we say here, those of us who oppose the deepwater
22 port, will be written on the wind unless this
23 committee is prepared to deny the release of this
24 bill to the Legislature, to let this bill die and
25 never see the light of day. The members of the

1 audience here present, I ask them be ready to make
2 themselves visible, perhaps even at short notice,
3 to appear at the State House in Trenton. Your
4 very physical appearance will be the best weapon
5 against the passage of this rapacious piece of
6 legislation.

7 Thank you, Mr. Chairman.

8 SENATOR McGAHN: Thank you, Mr. Assemblyman.
9 With the gasoline shortage, whether it was real
10 or contrived I am not in a position to say--I
11 would like to comment, however, that this bill
12 was not drafted in response to the "energy crisis".
13 As you may recall, this bill was originally intro-
14 duced last June, long before there was such a
15 thing as a "energy crisis."

16 I do not see in S 200 anything that states
17 that a deepwater oil port is to be off the southern
18 shore of New Jersey, I do not read in there that
19 it's going to be off Cape May. I think, if you
20 will, that this is not an interpretation that is
21 taken by the Army Corps of Engineers and the
22 Arthur D. Little study. I think, however, we
23 have been hearing the word "possibility," the
24 possible environmental impact that can occur, and
25 not a single speaker has made a comment as to the

1 conclusions that both these reports have drawn
2 concerning the need for a deepwater port in some
3 location.

4 I share your concern as far as the coastal
5 area is concerned, and we realize that very frankly
6 the bill as written carries, particularly in
7 response to, and you can quote me, very frankly
8 giving this authority the right of eminent domain
9 over certain areas. We realize this, and I would
10 say to you if the bill is released--I don't say
11 it's going to be--that provision will be certainly
12 very definitely taken care of.

13 I likewise believe that the majority of
14 counties should be their own determinative as to
15 basically what should be, but again I think we
16 are brought up face to face with home rule vis-a-vis
17 state preempting the right of home rule. Therefore,
18 in this instance you honestly feel that home rule
19 control through the zoning process at the present
20 time and intrusion upon what it wants as far as
21 development in the County of Cape May, or do you
22 feel that the state should basically step in and
23 say, "Look, we are going to preempt local zoning,
24 we are going to do this"? I think this is one of
25 the key and critical questions that you have

1 addressed yourself to, and I think this is a very
2 important thing.

3 ASSEMBLYMAN HURLEY: I interpret, Mr.
4 Chairman, that the bill in my opinion could very
5 well create a super agency to the point that local
6 planning agencies, local municipalities, would
7 have virtually no input, would have virtually no
8 say, so I see not only the state or this agency
9 preempting, I see it usurping it, and I think
10 that's the dangerous trend to be followed, and
11 that's the dangerous word, and that's my great
12 fear about the bill.

13 SENATOR McGAHN: I hope we can resolve
14 your fears to that degree. However, I think again
15 we have other considerations to be met, and that
16 is certainly that in Essex, in Middlesex, or
17 Monmouth, or frankly, in Elizabeth, probably
18 sentiment would be somewhat otherwise because
19 of the industrialized aspect of those particular
20 counties, and certainly we know that in Jersey
21 it is not a homogeneous state, it is a heterogeneous
22 state. Very frankly, it's a very highly
23 industrialized area in the northern section. We
24 do have certain facilities up there, very honestly,
25 in which crude oil must be brought in. Again let

1 me say here there is nothing in this bill that
2 cites the location, there is nothing in this bill
3 at the moment, even let's say were it passed, we
4 could be guaranteed it would mean anything, because
5 at such a time as federal legislation is enacted,
6 we do not know whether even the state could
7 actually operate this type of a facility.

8 But what we are attempting to do in
9 carrying forth these public meetings is attempt
10 to get a headstart on a situation prior to the
11 time that it's accomplished, similar to what is
12 happening now with Alabama, Mississippi, similar
13 to what is happening, incidentally, as far as
14 Georgia, North Carolina, South Carolina is con-
15 cerned.

16 I believe, as you can recall, the Arthur
17 D. Little study stated basically the deepwater
18 port could have a beneficial or could have an
19 adverse impact, depending upon whether the
20 diversification would follow. I would honestly
21 anticipate within the next ten years you are
22 going to find a diversification, some of the oil
23 refining facilities and onshore facilities going
24 down the southeastern part of the state as well
25 as frankly to the northeastern part of the country.

1 New Hampshire at the present time is considering
2 both refinery and a deepwater port on its 21 mile
3 stretch of land. Massachusetts is considering,
4 there's strong consideration in Maine which at
5 the present time does have a pipeline, carries
6 it directly to Montreal. I think these are some
7 of the considerations that one must basically
8 consider.

9 There are various industries in the state
10 other than the interests that you represent. Let
11 me say to you I represent interest of a neighboring
12 county and I share your sentiments concerning this,
13 but frankly, from the standpoint of objectivity,
14 from the standpoint of what a state policy should
15 be, from the standpoint of what is best for all
16 the people, still being able to maintain the type
17 of character and county, maintain the coastline,
18 in some instances there can be effective compromises.
19 There must be tradeoffs in anything as far as
20 this is concerned. We are now talking about cost,
21 we are talking about energy, we are talking about
22 ecology, and this is not a simple problem, it's
23 a complex problem which nobody knows the answer
24 to.

25 ASSEMBLYMAN HURLEY: Mr. Senator, may I

1 address that just a moment? You have made a
2 comment and I would just like to respond to it
3 by saying what you may say may be true. However,
4 I am not willing in my seven years experience in
5 the Legislature, I am not willing to compromise
6 on this matter. It's as simple as that.

7 SENATOR McGAHN: Thank you, Assemblyman
8 Hurley. I would be surprised if you did.

9 Assemblyman Chinnici.

10 ASSEMBLYMAN JOSEPH W. CHINNICI: Senator
11 McGahn, first of all, I would like to thank you
12 and your committee for allowing us the opportunity
13 to express ourselves, and to Mayor Waldman and
14 the City Council of Ocean City for providing the
15 facilities here for this purpose.

16 My talk and my report is not going to be
17 too long, but it's going to be very factual.

18 Deepwater port, oil refineries, pipelines,
19 tank farms. Any one of these words I have just
20 mentioned, whether spoken individually or
21 collectively, bring out a deep-rooted earth
22 shattering fear from within residents of the New
23 Jersey coastline, and rightfully so, especially
24 when one looks at the wholesale decimation of
25 the total ecology of such refinery towns as

1 Bayonne, Newark, and Jersey City.

2 In Southern Jersey, especially in the
3 Counties of Cape May, Atlantic, Ocean and in the
4 Cumberland bayshore areas, the clean air, beach
5 and water of these areas are salable commodities.

6 To get to the point, these South Jersey
7 counties are the center of such industries as
8 tourism, recreation, shellfishing, and the fishing
9 industry. These are not industries that developed
10 overnight or because of a high pressure public
11 relations firm sales pitch.

12 The tourism industry is one which is
13 indicative of this area as a whole. It has been
14 a part of New Jersey shore living for generations.

15 The Cumberland-Cape May bayshore shellfish
16 industry is world renowned for its production of
17 oysters and clams. This treasure of the Delaware
18 bayshore has been a part of Cumberland-Cape May
19 County bayfront history for years.

20 Tonight we have to examine whether or not
21 we want to take virgin, unspoiled waters and
22 beaches and jeopardize their existence. One
23 cannot believe that with the installation of such
24 a docking and unloading facility that it will be
25 safe from major oil spills and pollution free.

1 For the past three months we have been
2 led to believe there was a gasoline shortage.
3 Now that the price of gasoline has increased 15
4 to 20 cents a gallon, it appears that the general
5 public can purchase all of the gasoline they need.
6 The construction of a deepwater port off the New
7 Jersey coast, I am told, will not alleviate any
8 gasoline or oil shortages.

9 Our priorities must be realigned and
10 strengthened so as to reflect the feelings of
11 everyone. Paramount to all other arguments,
12 theories and concepts advanced this evening, we
13 must be assured that in no way are we the people
14 of this state going to be hurried into the enact-
15 ment of this legislation because it offers an
16 instant solution to a difficult problem. And in
17 no way are we going to be hoodwinked into believing
18 that the construction of such facilities are going
19 to relieve any energy or oil crisis, now or in
20 the future.

21 We are dealing with a problem which has
22 been around for many years. Only now has it come
23 to the surface. We are now at the point where to
24 an extent we are totally dependent upon oil or
25 one of its many by-products for our existence.

1 For decades, the oil industry has gone
2 along its merry way and governed itself pretty
3 much as it wanted to do. Now, the oil industry
4 has reached a stumbling block, in that it has been
5 unsuccessful in installing a deepwater port and
6 its related facilities. Because it has been
7 unsuccessful, it has turned to the assistance
8 of the state and federal governments for the
9 creation of a public corporation which will be
10 contrived as to be responsible for the implementation
11 of such facilities.

12 It is my opinion that if the state is to
13 become this much involved in the oil industry,
14 then the state and federal governments should go
15 the rest of the way and see to it that it has
16 control of the oil all along the line from shipping,
17 refining and distribution.

18 Senate Bill 200 is just another means of
19 circumventing the strong opposition to a deepwater
20 port facility.

21 Now don't get me wrong. I am fully aware
22 of the need for facilities for accommodating these
23 huge supertankers, which are approximately 21
24 times larger than any other tanker ship a U.S.
25 port can handle at present. I would be the last

1 person to think that the United States should be
2 behind the rest of the world in the building of
3 deepwater port facilities.

4 However, to look at what New Jersey already
5 has, it is justifiable to say that we already are
6 doing our fair share in oil refining, storage and
7 distribution. New Jersey now is the sixth largest
8 in refining capacity in the nation.

9 The time has come for another area of the
10 eastern seaboard to become the recipient of such
11 benefits as unloading facilities, tank farms,
12 pipelines, oil refineries and all the air and
13 water pollution that is created by these facilities.

14 Let me clearly point out right now that
15 I am not against industry or the advancement of
16 New Jersey's business economy. But we are now at
17 a point in New Jersey's economic development
18 where we must explore ways of promoting light,
19 medium and heavy industries which are air and
20 water pollution free.

21 Even though S 200 specifically restricts
22 the construction of a refinery, we must be con-
23 cerned with the long range possibility of major
24 oil spills and the ultimate dangers as experienced
25 in the Mediterranean with the loss of approximately

1 300 miles of beachfront for a period of years.
2 We have also experienced numerous minor oil spills
3 in the Delaware River and in the Passaic River
4 during the past year which fortunately have been
5 contained with a minimum of damage.

6 In no way should a facility as described
7 in S 200 be constructed along the New Jersey coast
8 or Delaware Bay shore.

9 The promotion of this bill for the
10 construction of an oil port is similar to the
11 high pressure tactics used in our recent so-called
12 gasoline shortage, which was used to extort higher
13 gasoline prices.

14 This time, we should not be made the
15 victim of these same tactics.

16 In conclusion, I have been in the past and
17 I will in the future oppose the construction of
18 a deepwater port along the New Jersey shore or
19 in Delaware Bay.

20 Gentlemen, again I have no knowledge you
21 wanted any expression of Senate Bill 689 or A 730,
22 and I assure you, Senator Cafiero, Assemblyman
23 Hurley and myself will support the bills that
24 would ban deepwater ports along the New Jersey
25 shores.

1 Thank you very much.

2 SENATOR McGAHN: Assemblyman Chinnici, I
3 believe from the legislative delegation from this
4 area that we on this committee have received the
5 message.

6 There is one thing that bothered me a
7 little bit here, if I may, that in private you
8 mentioned that byproduct of oil, am I not correct
9 in assuming fabrics and fibers that you use in
10 your business being petroleum derivatives?

11 ASSEMBLYMAN CHINNICI: Senator McGahn,
12 many of the fabrics we use in our industry today
13 are byproducts of petroleum, but this deepwater
14 port is not needed off the New Jersey coast.

15 Thank you.

16 SENATOR McGAHN: Thank you, Assemblyman.

17 Mayor B. Thomas Waldman.

18 MAYOR B. THOMAS WALDMAN: Senator, I am
19 B. Thomas Waldman, Mayor of the City of Ocean
20 City, and after receiving many, many comments
21 and expressions from our citizens the following
22 conclusions are very evident:

23 The construction of a deepwater port in
24 the proximity to the Jersey vacation shore would
25 surely destroy the carefully built 100 year resort

1 industry and sacrifice the human rights of
2 millions for the benefit of a few vested interests.

3 Our beaches, the bays, the woodlands, the
4 unpolluted air, are priceless possessions that
5 cannot be reclaimed once they are destroyed. And
6 make no mistake about it, a deepwater port and
7 the urbanization and pollution which will most
8 certainly follow, would deal a shattering blow
9 to one of the few havens of man still left on
10 the East Coast.

11 The South Jersey shore provides relief to
12 millions of harried families from highly
13 industrialized communities. Many have invested
14 much of their life savings into summer homes. To
15 these people, the creation of a deepwater port
16 would be a cruel, ironic act that would turn their
17 treasured vacation areas into a scarred and
18 meaningless industrial horror. Once these people
19 become aware of the full implications of a deep-
20 water port in relation to the Jersey shore, you
21 will hear from them and the reaction against the
22 proposed measure will be intense.

23 Even the proponents of the port concede
24 that it will seriously disrupt the balance of
25 wildlife and could increase pollution along the

1 Cape. Economically, the resort industry, which
2 provides approximately 90 per cent of the employment
3 in Cape May County, will be annihilated. The
4 citizens of our community who have spent their
5 lifetimes building solid businesses at the shore
6 will slowly but surely be driven out.

7 An industrialized society that cannot
8 live in harmony with our present successful resort
9 industry would be created with its all too familiar
10 problems of pollution, unemployment and urban
11 misery.

12 Gentlemen, there are few enough garden
13 spots left on this earth. Let's not destroy
14 another. It is unnecessary. It is uncalled for.
15 It is cruel.

16 On behalf of the people of the City of
17 Ocean City and the government and our future
18 generations I urge you to consider the human,
19 ecological and economic aspects of our area, and
20 deny the passage of this proposed permissive
21 deepwater port bill.

22 Thank you for your courtesy in allowing
23 me to testify, Senator, thank you.

24 SENATOR McGAHN: Thank you very much,
25 Mayor Waldman. I have no questions.

1 Senator Cafiero?

2 SENATOR CAFIERO: No.

3 MAYOR WALDMAN: Thank you very much, sir.

4 SENATOR McGAHN: For the interest of the
5 audience present, I would like to clarify my
6 position. My position is simply as chairman of
7 this committee, as a hearing officer I play the
8 role of a devil's advocate. Regardless of how
9 I feel about this bill personally, there are
10 certain facts that I think must be elicited for
11 the record. There are certain statements made at
12 times that demand correction, because they are not
13 factually correct. This is the position I occupy.
14 The decision that the committee will make will be
15 on the record, and not every member of the committee
16 happens to be present. Consequently, when the
17 record becomes public, this is when the decision
18 to report this bill out of committee, not to report
19 it out, to amend it, not to amend it, to simply
20 agree to or say O.K., we should have a complete
21 ban upon a deepwater port. We, despite the fact
22 that I represent again a seashore county and I
23 think that my own personal feelings are closely
24 akin to those of your own legislators, again we
25 do have a duty and responsibility to all the people

1 of this state to be as objective as we possibly
2 can to make a determination. I am not prejudicial,
3 I am not biased, and this is the position I occupy.
4 I just wanted to clarify that.

5 MR. ARTHUR N. HINKEL: Bravo, give him a
6 hand, give him a hand, a good statement.

7 SENATOR McGAHN: Mr. Gillian, Roy Gillian.

8 MR. ROY GILLIAN: Thank you, Senator.

9 Senator McGahn, members of the committee:
10 I do appreciate that clarification that you just
11 gave us, because there for a while I just have a
12 feeling you were for it, Senator, but tonight I
13 think I am here as a representative, elected
14 representative of the people of Cape May County.
15 I certainly represent the unanimous feeling of
16 the Board of Freeholders of Cape May County,
17 although Freeholder Wilsey is here and he will
18 probably I am sure speak for himself.

19 I also have a statement that has been
20 prepared by the Cape May County Planning Board,
21 also with the full cooperation of the board of
22 freeholders, and with all their professional help,
23 there are many facts and figures that are contained
24 in that seven-page report. It is also at this
25 time previous testimony has not changed, I should

1 say that we are of the opinion that the people of
2 this county do not want this facility off our
3 shores.

4 I think what has been said here previously
5 about certain fears of oil spills and so forth,
6 I think the one point that I would like to just
7 make as a matter of comment, I think that it comes
8 down to the word development. I think the people
9 of our county are afraid of the development that
10 would come forth with any kind of a facility of
11 this sort on our shores.

12 I think Mr. Kelly in his beginning statement
13 said if this was a reality, that possibly one in
14 three jobs would be oil related. There again
15 maybe I should speak as not a freeholder and
16 just as a businessman in Ocean City. There are
17 many people that continually come here year after
18 year, we all seem to be making a good dollar, and
19 I don't think that this additional source of
20 people and development will change our way of
21 life.

22 It has been said that possibly we do have
23 a high area of unemployment, particularly in the
24 winter, but in my own opinion I feel a lot of
25 this unemployment is because they don't want to

1 go for a job.

2 I am sure you have that same problem in
3 Atlantic City, but there again I would just like
4 to state that the board of freeholders of Cape
5 May County are unanimously in our opinion that
6 whatever we can do we are against this facility.

7 Thank you. I would like to make this
8 part of the record.

9 SENATOR McGAHN: Thank you very much, and
10 this will be included in the record.

11 The next speaker is Mr. Freeholder William
12 Wilsey.

13 FREEHOLDER WILLIAM R. WILSEY: William R.
14 Wilsey, freeholder, City Commissioner of Sea
15 Isle City, lifelong resident of Cape May County.

16 I back up Roy Gillian's statement one
17 hundred per cent. Speaking as a Commissioner of
18 the City of Sea Isle City, I would like to
19 emphasize a few of the points as pointed out in
20 the Cape May County Planning Board's statement.
21 New Jersey beaches are largely publicly owned
22 or publicly accessible. The beaches are the
23 backbone of our tourist industry. Tourism grosses
24 more than three billion annually and contributes
25 between 150 to 200 million per year to sales and

1 other taxes to our state's budget. Cape May
2 County alone grosses more than 185 million of
3 that total per year from its tourist economy.

4 Port proponents suggest revenues from the
5 port would approach 150 million annually. Placing
6 the very strong possibility of environmental
7 blight aside, that's a bad deal economically in
8 anybody's language.

9 Present East Coast refineries refine one
10 and a half million barrels of crude oil per day.
11 New Jersey's four refineries refine almost half
12 of that. New England refines 8000 barrels a day
13 as compared to 1.5 million. New Jersey consumes
14 about 48 million barrels of heating oils per year;
15 New England almost twice that amount.

16 My point, and I feel it's an extremely
17 important one, New Jersey is saturated with
18 industry. Our tourism trade may be number two
19 in the state, but here we have an area of our
20 country that's almost devoid of any kind of petro
21 refining capacity and they use over twice as
22 much heating oil as the State of New Jersey.

23 I think we all understand the overriding
24 motive involved in the dollar sign profit. I feel
25 that I speak on behalf of the ordinary citizen

1 when I say that it makes a heavy heart and mind
2 that profit motive can override and replace
3 technical problems involved in the deepwater port
4 which have not been completely solved yet. It
5 overrides the environmental problems, it overrides
6 the energy policy problems, and certainly I feel
7 it overrides also the economic-social problems.
8 The people of the County of Cape May, the state,
9 and this country, would like to feel that they
10 would have a fair shake in this type of a problem.
11 Senator, they do not feel this, they feel the
12 overriding consideration in this country, this
13 state, and along the coast is the profit motive.

14 I may be slightly out of order for making
15 the next comment, but I feel very sincerely that
16 it has to be said on behalf of the people in this
17 county and this state and in this country. That
18 is, we must address ourselves to ways that elected
19 officials can run for office without being beholden
20 to big and vested money groups, businesses and
21 industries, and I say this because I have had
22 numerous people come to me, and it may be beside
23 the point in the oil crisis, but the people feel
24 that the oil crisis was contrived, the oil embargo
25 was lifted just a week or so ago and all of a

1 sudden we have all the oil we need. Is that
2 possible? We have had it here all along.

3 I'm sorry I do not see Mr. Kelly here.
4 He made the initial presentation. His opinion
5 was he gave an opinion on the County of Cape May.
6 Now, I am not sure Mr. Kelly has ever resided in
7 Cape May and owned land in Cape May County or
8 what have you. His opinion was the effect on
9 land development in Cape May County will not be
10 adversely affected. That's his opinion, not fact,
11 and I hope the people on the committee will take
12 that into consideration when they study his
13 presentation.

14 He also said, referring to, and I recall
15 the board report, 70 per cent of the land in Cape
16 May County is unsuitable for any kind of development.
17 I believe that to be a true fact, but for the 30
18 per cent left, citizens of Cape May County and
19 honorable legislators, let us not take a chance
20 on developing what remains of our 30 per cent
21 along an industrial, petrochemical, refining
22 complex, what have you.

23 Senator, I would like to address myself
24 to you on one point. I have listened very
25 carefully and I probably intentionally tried to

1 pick out flaws in your reasoning and presentation.
2 You asked one of the speakers about what would
3 we rather have, the 16 year old tanker that
4 carries a small load that's subject to stress of
5 breaking open or a new tanker. It's a two-fold
6 problem. I would rather have a small tanker
7 breaking up than one carrying ten to a hundred
8 to 200 times the oil of a small one. So I think
9 we should address ourselves to the problem of
10 perhaps the oil companies should confine themselves
11 to small tankers so that if there are accidents,
12 there will not be as large a spill.

13 I want to thank the senator and the
14 committee for giving the County of Cape May the
15 courtesy of being able to attend this hearing in
16 the County of Cape May, and Mayor Waldman, thank
17 you for allowing us down here.

18 SENATOR McGAHN: Mr. Freeholder, I thank
19 you very much. I have a few comments please.

20 Since you picked me up on a few details,
21 I would like to say that New York - New Jersey
22 Harbor, along with the Pennsylvania-Delaware area,
23 has a 1.3 million barrel per day refining capacity,
24 which does not always go at 100 per cent capacity.

25 Number two, the very large, new carriers

1 that are manufactured, they are departmentalized
2 so if there happens to be any particular damage
3 done, the entire cargo is not lost.

4 Mr. Freeholder, may I ask you one thing?
5 What is your opinion to the wetlands act?

6 FREEHOLDER WILSEY: I will be glad to
7 address myself to that problem since you are going
8 to allow me to stray from the subject.

9 The wetlands act I think is extremely
10 important to the State of New Jersey. I think it
11 was Assemblyman Hurley who addressed himself to
12 the fact that we did not put the clams, oysters,
13 or fish on this earth. The wetlands, statistically
14 speaking, can be proven that a great deal of the
15 life of the sea is born, developed in the
16 estuaries of the creeks and rivers of the wetlands
17 area.

18 I feel that the wetlands act is extremely
19 important. Perhaps the good senator asked me
20 this question because I am from Sea Isle City
21 and one of my colleagues over there, being kind,
22 made a lot of noise about the wetlands bill. What
23 the wetlands produce as food for the life of the
24 sea, for the birds, what have you, is very
25 important. I do feel, however, that the wetlands

1 has gone too far when they make it next to
2 impossible to develop or continue to develop
3 that which has already been developed.

4 SENATOR McGAHN: In other words then, you
5 would concur basically the wetlands could and
6 should be filled in so that land developers could
7 come in and build homes for the profit motive?

8 FREEHOLDER WILSEY: I didn't say that.

9 SENATOR McGAHN: I'm sorry. You may
10 clarify your statement.

11 FREEHOLDER WILSEY: Maybe I have not made
12 myself clear, but I think the public will bear me
13 out when I repeat, I will repeat what I said
14 before. I think it's necessary to protect our
15 wetlands, correct. I did not say that we should
16 fill the wetlands. Let that be on the record, I
17 do not wish to be trapped by the good Senator.

18 SENATOR McGAHN: I have no intention of
19 trapping you, sir.

20 FREEHOLDER WILSEY: Number two, I said
21 for that meadowland that has been filled, where
22 there has been deposition of soil with the grass
23 and cover, there is nothing but dirt, gravel, that
24 the state perhaps could be a little more lenient
25 and a little more efficient in allowing people

1 to develop that which has already been developed
2 prior to the wetlands act. I did not say I was
3 for filling wetlands.

4 SENATOR McGAHN: Then by the same analogy,
5 frankly, existing refinery sites, existing tank
6 farms, as long as it conforms to existing land
7 use, since it's already existed prior to that,
8 then by this same rationale which you use, you
9 would, am I correct, say that they could expand
10 the refinery space, the tank farm space, as long
11 as it is not in areas that are not now currently
12 permitted?

13 FREEHOLDER WILSEY: Anything I said
14 certainly should not have allowed you to draw
15 that conclusion, put that conclusion in my mouth
16 for me. I would rather you, if I may ask you, to
17 repeat that so I can answer it.

18 SENATOR McGAHN: Yes, I would be very happy
19 to. I think what we are attempting to do here is
20 draw an analogy as far as land use is concerned.
21 You are extremely critical of any industry, no
22 matter what it is, and I believe I am not defending
23 the oil industry and I think if you ask those
24 present in Trenton or if you were in Trenton would
25 realize that I am a little bit brusque and a little

1 more impertinent to the oil industry than I am
2 with some of the people appearing here, but
3 because one must adhere to a certain principle,
4 if you want, state land regulation, if you will,
5 protection of the wetlands, but if you say O.K.,
6 such a thing should be done, this should be
7 continued in that particular area---

8 FREEHOLDER WILSEY: I didn't say that, I
9 said for the land that has been filled prior to
10 the wetlands act.

11 Let me use a simple example, if I may.

12 SENATOR McGAHN: Yes.

13 FREEHOLDER WILSEY: If one tenth per mile
14 of wetlands had been filled by an individual prior
15 to the wetlands act, the grass covered, it would
16 take many years to bring it back to a productive
17 life, I said very clearly let that person continue
18 to develop that. But I in no way implied by anything
19 I said that that area should be allowed--that that
20 person should be allowed to expand into the
21 surrounding areas.

22 There is one point, Senator, if I may. In
23 New England there is a small, independent oil
24 company that wished to build a deepwater port-
25 refinery facility up in New England, and if I

1 remember my remarks earlier, New England utilizes
2 twice as much heating oil as the State of New
3 Jersey. Yet they only refine 8000, they only
4 refine 8000 barrels of crude oil a day for heating
5 oil. I do not have the facts in front of me. The
6 oil companies and all the red tape existing at
7 the federal level has not yet bared the true facts.
8 But there was a company that wanted to develop a
9 deepwater port and a refining capacity to take
10 care of some of their needs, but they were not
11 able to do this. That's one of the reasons I
12 address myself to large companies, oil companies
13 in particular, and their contributions to officials
14 who run for office, from the president on down.

15 SENATOR McGAHN: Sir, what you refer to
16 has not been resolved as yet. Actually Mr. Onassis
17 is willing to build a 1.2 million barrel refinery
18 in New Hampshire and the deepwater oil port which
19 he will personally finance. A decision has not
20 been reached on that as yet.

21 As I mentioned before, your figures as
22 far as heating oil is concerned in New England
23 is true, but the winters are cold in New England.

24 FREEHOLDER WILSEY: I understand that.

25 SENATOR McGAHN: Fine. Let me get back

1 though to my original point. My original point
2 was simply this, as you say, wetlands can be used,
3 filled in where grass is actually growing. You
4 say the state should permit the use of that land,
5 but not extend beyond it.

6 My analogy to you is simply this, we have
7 today existing along the Delaware, on both sides
8 of the Delaware we have refineries, we have tank
9 farms that have the capacity to refine--the
10 refineries by technology where they can refine
11 it by a capacity two times without going into
12 any contiguous land. This is already land that's
13 permitted. Do you feel then that using the same
14 analogy these refineries, these tank farms, the
15 petrochemical industry, should be permitted that
16 same right to expand on that same area of land?

17 FREEHOLDER WILSEY: If I understand your
18 comment and question and analogy, in trying to
19 lead me to a conclusion, no, I think the state
20 and its legislators should address itself to
21 seeing that these big oil companies go elsewhere,
22 and in this county to place their deepwater port
23 and their refineries.

24 New England is trying for one. Let the
25 state representatives and the government of the

1 state address themselves to helping these oil
2 companies that wish to develop up in New England
3 where New England wants them, let's help them do
4 that.

5 SENATOR McGAHN: Thank you, sir.

6 Mayor Guy F. Muziani.

7 MAYOR GUY F. MUZIANI: Senator McGahn,
8 Senator Cafiero, members of the committee, ladies
9 and gentlemen: My comments tonight will be
10 prefaced by reiterating statements that I made
11 back in December of 1972 at the Army Corps of
12 Engineers meeting. They are as pertinent tonight
13 as they were at that time.

14 The City of Wildwood is totally opposed to
15 the proposed bulk oil transfer and storage facility
16 in the Atlantic Ocean off the New Jersey coast
17 and in the Delaware Bay off Town Bank, New Jersey.
18 You recall, sir, back in December of 1972 Town
19 Bank was one of the areas that was prime
20 consideration for the development of this facility.

21 The reasons for our opposition are self-
22 evident, and any comment I make here tonight using
23 the city I represent, City of Wildwood, should be
24 interpreted as meaning the other communities here
25 represented here tonight and others who are not

1 here on the Jersey coast in the resort business.

2 At the risk of being redundant, I will
3 state them at this time because as sometimes
4 happens in bureaucracies, important decisions
5 are made by those farthest removed from those
6 affected by their decisions. This appears to
7 be the case in the matter now before us tonight.

8 Wildwood is a beach resort town, like many
9 other beach resort towns in Jersey. Our winter-
10 time population of less than 5000 jumps to over
11 50,000 permanent residents in the summer, and on
12 some weekends during the summer season there
13 are over a quarter of a million people in our
14 town. What attracts these thousands of visitors
15 are our precious, God-given natural resources,
16 our beautiful beach, clean ocean water, and lots
17 of sunshine unfiltered by industrial smog. People
18 come to Wildwood to sun and surf. The motels,
19 restaurants, night clubs, and other support type
20 businesses would have nothing to support if our
21 beaches become fouled with oil. For all practical
22 purposes, the City of Wildwood would cease to
23 exist as a resort town if our beaches were ruined
24 by offshore oil spills. Now, some might say that
25 the possibility of this happening is quite remote.

1 In answer to such critics, let me quote the District
2 Engineer of the U.S. Army Engineer District of
3 Philadelphia, who on November 29, 1972 in his
4 notice promulgating the meeting following stated,
5 "Spills from this area would, it is calculated,
6 drift offshore during the winter months, but in
7 the spring and summer they might move towards the
8 New Jersey beaches, fouling the entire coast at
9 the peak recreational season." There are not my
10 words, they are the words of the Army engineers.

11 What we have here tonight is a proposal
12 to construct an offshore bulk oil transfer facility
13 because of economic feasibility considerations.
14 It is cheaper to transport bulk oil in the largest
15 tankers possible, but these tankers cannot make
16 it up the harbor to places like Philadelphia and
17 Bayonne. So it has been proposed to transfer this
18 oil off the Southern Jersey coast and pipe it to
19 storage areas, one of which would be four miles
20 off Town Bank. At that time that's the way it was
21 being expressed.

22 What about the economic feasibility
23 considerations of places like Wildwood and Cape
24 May and Town Bank? The assessed real estate value
25 for tax ratable purposes of the City of Wildwood

1 alone is just over 100 million dollars. Much of
2 this property is heavily mortgaged, and the break
3 even point for many businessmen is certainly very
4 high. In other words, anything that causes a
5 reduction in the length of the tourist season can
6 have catastrophic economic consequences. In plain
7 language, people can go bankrupt. Things like bad
8 weather and hurricanes and economic recessions
9 have taken their toll in the past. But nothing in
10 the past has carried with it the seeds of virtual
11 economic destruction, as has the risk we face here
12 tonight. What banker would grant a loan to build
13 a motel or establish a business in Wildwood, or
14 for that matter, any other resort, if our beaches
15 ran the risk of oil pollution?

16 Besides the oil pollution itself, there
17 are two other forms of pollution possible under
18 this proposal. One is the imminent danger of air
19 pollution in connection with the oil storage
20 facility if it was located in Town Bank. Anyone
21 who has ever traveled the New Jersey Turnpike
22 northbound around Elizabeth, New Jersey knows the
23 type of pollution I'm referring to, and the other
24 is the question of whether the required dredging
25 in the Town Bank proposal might lead to accelerated

1 salt water intrusion into our fresh drinking water
2 supply.

3 After examining all aspects of this proposal
4 which are relevant to the Greater Wildwoods and
5 certainly Cape May County, the concept of a deepwater
6 oil port, transfer and storage facility to be
7 located here represents a 100 per cent risk for
8 us, our natural resources, and the style of life
9 we value, versus an economic feasibility decision
10 for the oil industry. We hold that there are
11 other areas, primarily industrial in nature, where
12 this facility might better be located, at only an
13 additional money cost.

14 We cannot accept that the energy crisis
15 that has been developing for years, for service
16 to metropolitan areas located at a distance from
17 here, can only be solved by defacing the great
18 natural resources of our isolated peninsula.

19 Surely, the large companies who are
20 building these great super tankers before there
21 are facilities to handle them, and for the sole
22 purpose of lowering their transport costs, have
23 the final responsibility and burden of developing
24 acceptable means of delivery of their product,
25 other than destroying the hundred year old life

1 style of an entire area.

2 There are a number of rather serious
3 questions one might ask about the dangers of the
4 proposed facility to our shores, and to mention
5 a few pertinent ones:

6 What is the direction of the surface
7 currents off Wildwood during the months of July,
8 August, and September?

9 What is the velocity of this surface
10 current off Wildwood during the months of July,
11 August, and September?

12 How long would it take for the flow of
13 oil to reach our beaches from an oil break or
14 spill from any of the locations proposed?

15 And finally, if the Atlantic seaboard
16 storms can essentially remove portions of the
17 barrier islands, what might these same storms do
18 to oilport facilities?

19 Those were my comments in 1972 and
20 certainly they are as pertinent today as they
21 were then.

22 Of course, we face a different set of
23 circumstances today, being in the throes of a
24 worldwide energy crisis, the pressure to give in
25 to the demands for an offshore oil transfer facility

1 may now seem greater. Nothing could be more
2 unfortunate for the New Jersey resort economy.

3 Gentlemen, the amount of business generated
4 by New Jersey's resort industry and economy is
5 enormous and is conservatively estimated to be
6 three billion dollars. The question as I see it
7 is: Is the State of New Jersey prepared to permit
8 an oil transfer facility off its coast at the
9 expense of its own three billion dollar a year
10 resort industry?

11 The State of New Jersey presently has far
12 greater storage and refinery facilities in the
13 areas of Linden and Elizabeth than the citizens
14 of the state can consume. Why should New Jersey
15 be asked to jeopardize its great natural assets
16 of beaches and tourists, and the large revenues
17 derived from them? Why should New Jersey allow
18 additional oil transfer facilities off our great
19 coast when the present facilities process far more
20 than New Jersey citizens consume now, or could
21 consume in the foreseeable future?

22 As the mayor of one of the finest resorts
23 of New Jersey, I know the effect an oil spill would
24 have on our local economy, and I am not about to
25 accept this eventuality without total protection

1 for resort businessmen. I have written to Senator
2 Cafiero and asked him to take all necessary steps
3 to protect the resort economy by including in any
4 offshore legislation a provision to indemnify
5 resort businessmen for any income lost as a result
6 of oil polluted beaches. I suggested to Senator
7 Cafiero that a per barrel surtax be imposed on
8 the oil companies and this surtax be used to fund
9 a business loss insurance program for the resort
10 economy. I do not want to get involved in the
11 nuts and bolts of such a program. That responsi-
12 bility should rest with the legislators. But I do
13 want to stress the concept of protection against
14 income loss because of oil pollution.

15 The history of oil pollution and transfer
16 facilities off the West Coast should teach us all
17 in New Jersey a terrible lesson. The Santa
18 Barbara oil spills of January 27, 1969 destroyed
19 the beaches of that lonely area for a long time.
20 It was ironic that the oil leases did not have a
21 protective clause to stop oil companies' spillage
22 even though it was polluting the waters. It was
23 stopped on a technical point that they were wasting
24 oil. Secretary of the Interior Walter Hickel at
25 that time commenting on this situation said: "What

1 a sad commentary on the attitudes toward the
2 environment which I inherited as secretary."

3 From the public outrage developed the
4 law of absolute liability for oil spills without
5 cause was created. But, ladies and gentlemen,
6 the damage had already been done. Adequate legal
7 and legislative safeguards had not been made.

8 Another serious incident occurred on
9 February 11, 1970 when a Chevron Oil Company rig
10 in the Gulf of Mexico caught fire. When the Depart-
11 ment of the Interior checked the 7,000 rigs in the
12 gulf, they were staggered to find that hundreds
13 of the rigs were operating without the control
14 chokes. This allowed faster production but
15 eliminated a device absolutely essential to a
16 safe operation. Again new regulations and enforce-
17 ments were organized, but after the damage was done,
18 and with a whole period of operation at the risk of
19 disaster.

20 What the history of the West Coast and
21 the Gulf Coast has taught us is that the shore areas
22 nearby face the total risk. They also have shown
23 that adequate and total safeguards cannot be
24 legislated in advance. We hope that no New Jersey
25 legislator will be so unwise as to get involved in

1 the oil transfer roulette game because the question
2 really isn't whether our shore resort life style
3 and industry will be damaged and permanently harmed.
4 But, ladies and gentlemen, the question would be
5 when and how much it will be damaged.

6 The State of New Jersey need not, and
7 should not, risk its invaluable assets for the
8 economic advantage of the oil industry, especially
9 since New Jersey has already been more generous to
10 that industry than most other areas of the United
11 States.

12 One last word, Senator McGahn, I read in
13 today's Press what you said about how a deepwater
14 oil port was viewed by the oil industry, by
15 economists, by ecologists, and by legislators.
16 There was no mention as to how businessmen view
17 a deepwater oil port. I can tell you how, a
18 businessman views it as the specter of financial
19 ruination.

20 Now, I conclude that, sir, by first of all
21 apologies, I forgot to take my bifocals and I had
22 a hard time reading here tonight, I'm sorry, but
23 I inadvertently forgot to take them with me.

24 SENATOR MCGAHN: Mayor, thank you very
25 much.

1 I would like to comment first of all upon
2 the last thing, a businessman views it as the
3 specter of financial ruination. I would say it
4 would depend upon what part of the state you are
5 from. I do not think businessmen in the northern
6 part of the state or the Philadelphia area view
7 it that way. Today, if you will, there is over
8 600 million dollars that are generated in spinoff
9 and direct benefits from the oil industry in this
10 state.

11 MAYOR MUZIANI: I of course was referring
12 to businessmen in the tourist industry.

13 SENATOR McGAHN: You were referring to
14 them, but you did not state it.

15 MAYOR MUZIANI: That's why I wanted to make
16 that point.

17 SENATOR McGAHN: May I say here, page 6
18 you say you have asked Senator Cafiero to take
19 all necessary steps to protect the resort economy
20 by including in any offshore legislation a principal
21 of indemnification. Does this mean that you are
22 asking him to support offshore legislation?

23 MAYOR MUZIANI: No, sir, just precaution,
24 I am suggesting in case, and we are opposed to it
25 without question, but just in case it happens to

1 slip through, it happens to slip through, as a
2 precautionary measure we are asking the good
3 senator to consider supporting that proposal.

4 SENATOR McGAHN: Well, I think you realize
5 of course this is really not within the state's
6 purview. Other than, let's say, the three mile
7 territorial sea limit, the deepwater port is
8 going to be under the control of the federal
9 government, and certainly any requirements for
10 this are going to be written up by the federal
11 government.

12 For your information, there is a provision
13 that has a hundred million dollar no fault
14 insurance in there for protection of any industry.
15 This has nothing to do with cleanup or spills.
16 Fundamentally, as far as the three mile territorial
17 sea limit is concerned, the State of New Jersey
18 at the present time, and this has nothing to do
19 with this bill, at the present time is in the
20 process of coming up with an oil spill protection
21 containment bill. This is so that any type of
22 oil spill that would be occurring within the
23 three mile limit. We are not talking about this,
24 we are talking now about barges via coastal trade
25 routes going back and forth. So this is something

1 basically we want to consider.

2 Incidentally, I agree with you in some of
3 the questions you had here concerning wave currents
4 and design of storm. I very frankly am a little
5 surprised that you did not consider in this the
6 entire coastal area rather than simply Wildwood.
7 I know your point, but I think it would have been
8 much more meaningful had you ~~taken~~ into consideration
9 the contiguous counties that have the ~~same~~ problem
10 you do.

11 MAYOR MUZIANI: Yes. I had prefaced my
12 comments by making the statement in mentioning
13 Wildwood I wished to interpret by also including
14 all the other resorts on the coast line of the
15 State of New Jersey.

16 SENATOR McGAHN: Mayor, thank you.

17 One final question, if you will. I know
18 you made reference to Linden, Carteret, Wood-
19 bridge. The situation, very frankly, is, as you
20 say, awful, but where we do have three refineries
21 up there, where we have Exxon and where we have
22 Chevron and Hess, we do have tank farms. Would
23 you have any objection to having an oil terminal
24 facility 13 to 15 miles offshore, not off Longbeach,
25 or coming in there with pipelines going directly

1 into the Arthur Kill supplying those terminals
2 up there that would have no impact upon South
3 Jersey at all?

4 MAYOR MUZIANI: Who will guarantee there
5 wouldn't be any breakdowns, spillage problem,
6 who would guarantee that?

7 SENATOR McGAHN: Nobody could give you any
8 guarantee, but technology, incidentally, the
9 technology today---

10 MAYOR MUZIANI: The risk is not worth it.

11 SENATOR McGAHN: No, I disagree with you,
12 I think the risk is much less. The instances,
13 as you stated, Santa Barbara spill, you are talking
14 about offshore drilling, you are not talking about
15 an offshore unloading facility.

16 MAYOR MUZIANI: Is there any guarantee
17 that that will not happen eventually?

18 SENATOR McGAHN: Beg pardon?

19 MAYOR MUZIANI: Is there any guarantee of
20 that?

21 SENATOR McGAHN: No, and neither you nor
22 I are going to be in control over it.

23 MAYOR MUZIANI: I agree with you, I think
24 this is the first ~~step~~ in the door, and eventually
25 we will have the drilling.

1 SENATOR McGAHN: Well, let me say this, if
2 I may again ask you the same question. Assuming
3 that we must come up with some sufficiency as far
4 as energy is concerned, assuming therefore there
5 must be energy to provide by means other than
6 fossil fuel to operate electrical generating
7 plants, to operate your regional sewerage plant,
8 which is going to consume a tremendous amount of
9 energy too, if you will, operate industry,
10 particularly the aluminum industry, if you will,
11 we are going to have to come up with alternate
12 sources of energy, and through these proposed
13 at the present time, or rather let's say three,
14 one is the nuclear generating plant, the other
15 is offshore drilling, the third is the use of
16 coal--that is not necessarily to say low sulfur
17 content--would you accept these as alternates in
18 order to reduce the amount of oil we need in this
19 state by the year 1985?

20 MAYOR MUZIANI: I would not accept any
21 alternate that would in any way jeopardize the
22 resort economy of the community I represent under
23 those circumstances. There is too much at stake,
24 sir, too much at stake.

25 SENATOR McGAHN: But your response, you are

1 making an emotional response.

2 MAYOR MUZIANI: No, sir.

3 SENATOR McGAHN: Yes, you are, you are
4 talking about the livelihood of a community. I
5 am simply saying to you in order to cut down the
6 estimated need for crude oil in 1980 and 1985,
7 we must of necessity develop alternate sources
8 of energy other than crude oil coming into this
9 country. Now, within a satisfactory lead time,
10 the only things that are really available, not
11 some of the esoteric methods such as shale oil
12 removal, geothermal, windmill power, the three
13 most likely is coal, lead time here is only two
14 to four years, but unfortunately we must relax
15 our air pollution standards because, very frankly,
16 it will be high sulfur coal, it's not going to
17 be low sulfur coal, gas, we have nuclear generating
18 plants, and in order again to increase the capacity
19 of our own domestic crude oil offshore. Now,
20 these are three alternatives. Now, we are con-
21 fronted with this. Do you reject everything?

22 MAYOR MUZIANI: My only answer would be
23 this, and it might sound facetious, but I feel
24 that the only answer I can give you, the oil
25 companies have not been reluctant to be selfish

1 concerning their interest, and I stand here and
2 tell you that I am going to be selfish concerning
3 the interest of my community that I represent, so
4 I am definitely opposed to all your suggestions.

5 SENATOR McGAHN: Thank you, Mayor Muziani.

6 Mayor Charles Guhr.

7 MAYOR CHARLES GUHR: Senator, thank you
8 very much for inviting us and allowing me to take
9 your time.

10 Number one, the people in Wildwood Crest
11 are appalled, they are frightened. All of my
12 people are worrying very, very much what is going
13 to happen to their economy.

14 You and I talk as if just the oil port
15 itself is something of importance, and up until
16 yesterday I would probably have agreed with you
17 this was probably one of the most important things
18 that we had to look at in our community. But then
19 the president's Federal Council of Environmental
20 Quality is going to recommend or has recommended
21 that off the New Jersey-Delaware and other East
22 Coast states drilling for oil and gas is an
23 acceptable risk, and I wonder a risk to who.

24 Secondly, we have heard a presentation
25 here tonight that is driving us to an oil port.

1 Yet today, or yesterday, the Federal Council said
2 that as far as if oil were discovered off the
3 East Coast, 30,000 more jobs would be created
4 in the Delaware Bay area. Cape May and Cumberland
5 Counties in Southern New Jersey were named as
6 likely sites for future refinery expansion and
7 construction.

8 This certainly does not lead me to think
9 kindly of the oil industry, risking our people
10 who have a tremendous amount of investment in a
11 tourism business.

12 For this reason, on behalf of myself, the
13 commissioners, and the people of Wildwood Crest,
14 we totally object to S 200.

15 Thank you.

16 SENATOR McGAHN: Mayor, thank you. I have
17 no questions. I certainly respect your statement
18 on behalf of the constituents you represent.

19 MAYOR GUHR: Thank you.

20 SENATOR McGAHN: Mr. Bruce Minnix, Mayor
21 of Cape May.

22 MAYOR BRUCE M. MINNIX: Senators, here
23 we go again. I sometimes feel that I've been
24 elected to make a career of opposing a deepwater
25 oil port off New Jersey. I am Bruce Minnix, Mayor

1 of the City of Cape May, and if that's the way it
2 has to be, O.K. As long as the issue keeps coming
3 up, so will I. And each time, I'll come up to
4 oppose it. The people don't want a deepwater oil
5 port. They haven't wanted it for a long time,
6 and they are going to keep on not wanting it.

7 Governor Brendan T. Byrne publicly opposes
8 the creation of a deepwater port off the Jersey
9 coast; Ex-Governor William Cahill opposed it;
10 Senator Clifford P. Case opposes it; Senator
11 Harrison A. Williams, Jr. opposes it; Congressman
12 Charles W. Sandman, Jr. opposes it; Senator James
13 Cafiero opposes it; both our assemblymen oppose
14 it; the Cape May County Board of Chosen Free-
15 holders opposes it; resolutions have been passed
16 by nearly every community in the area opposing it;
17 environmental groups, both in and out of government,
18 oppose it; editorials in every newspaper have
19 opposed it; at three meetings with the U.S. Army
20 Corps of Engineers, I opposed it on behalf of
21 the citizens of Cape May; this may be used for
22 you, Senator Cafiero, over 70,000 signatures
23 on petitions have been submitted opposing it;
24 at each public hearing, the vast majority of
25 speakers oppose it.

1 Now, these facts tend to make me think
2 that such a project does not have public support.
3 The people don't want a deepwater oil port.

4 Now, these facts were given to the U.S.
5 Army Corps of Engineers in May 1972 in Bridgeton;
6 in December 1972 in Lower Township; and in January
7 1973 in Lower Township. After these hearings,
8 the Corps went away, well aware of the public
9 resistance to the federal government's undertaking
10 such a project.

11 Then came a period of silence and a few
12 unexpected surprises. The biggest surprise of
13 all was a sudden, strange, unexplainable fuel
14 crisis. Suddenly, a national emergency with
15 no advance warning. Well, in the light of such
16 an emergency, something had to be done. It was.
17 We paid more for less, and the oil companies got
18 more for less. One company's prices went up
19 350% in the same period that their profits went
20 up 350%. So, Washington acted. The Alaska
21 Pipeline was suddenly passed on in the face of
22 fierce environmental opposition, and the President
23 decreed that we must be self-sufficient in energy
24 in eight years, and now the New Jersey Senate
25 wishes to act. Their hearing Bill S 200, which

1 would create a utility that could construct or
2 license private enterprise to construct a deepwater
3 port. It's the same old story, it's just from a
4 different source. Well, it's obvious that the
5 best way to become self-sufficient is to spend
6 millions of dollars on a deepwater facility to
7 import oil from abroad. Does that really make
8 sense? Or does it make more sense to use those
9 millions to find alternate energy sources. Experts
10 constantly testify that within 30 years the oil
11 supply of this planet will be gone. Then we will
12 have to spend more millions to find an alternate
13 energy source. I think it doesn't make sense.

14 If we follow that route what will happen?
15 For one thing, it won't bring one more gallon of
16 gas to the people of New Jersey. Nor will such
17 industry make the communities richer. If that
18 were the case, there would be nothing but
19 millionaires in Bayonne. What it will do, however,
20 is industrialize and ruin our beaches, our open
21 spaces, and our way of life. And, yes, we are
22 worried about oil spillage. We become even more
23 worried when the experts tell us it won't happen
24 and, besides, they are working on better ways to
25 clean it up. No, thank you. We don't want a

1 deepwater oil port. We have not changed our minds.
2 We didn't want it in May, or December, or January,
3 and we don't want it in April, nor in June, nor
4 October, no in any other month you can name.

5 I have presented with this a resolution
6 passed unanimously by the City Council of the
7 City of Cape May just today. It's not that long,
8 but I must skip past all the whereases for you
9 and read the last paragraph.

10 "Now, therefore be it resolved that the
11 City Council of the City of Cape May does hereby
12 go on record as opposing said New Jersey State
13 Senate Bill S 200 and further urges Governor
14 Brendan T. Byrne to stand by his public statements
15 and veto such a bill if it is passed."

16 It was presented by Councilman Bernard
17 A. Berk, seconded by James E. Idwin, and passed
18 unanimously.

19 We don't and we won't want an oil port.

20 SENATOR McGAHN: Mayor, thank you very
21 much. I certainly agree with you.

22 That scenario does resemble an ongoing
23 soap opera, and certainly you can take the same
24 thing, you know, come up with different ways of
25 doing it. I feel that I am sitting here in the

1 continuing saga of the deepwater oil port bill.
2 This is the third meeting we have had, and again
3 this is a rehash of the same old things time and
4 time again.

5 But I do appreciate your comments, thank
6 you.

7 MAYOR MINNIX: Thank you.

8 SENATOR MCGAHN: Roberts Roemer.

9 ROBERTS ROEMER: My name is Roberts Roemer.
10 I live in Greenwich, Cumberland County, New Jersey.

11 I appear before you as an individual
12 taxpayer, as a resident of Cumberland County for
13 44 years, and as Chairman of the Greenwich
14 Emergency Committee, Inc.

15 The Greenwich Emergency Committee, Inc.,
16 a non-profit organization, has as its stated
17 purpose, "The scrutiny of all political and
18 quasi-political action"--such as this public
19 meeting--"which may lead to legislation, at any
20 level of government, affecting the health, welfare
21 and general well being of the public in general
22 and Greenwich Township in particular."

23 The Greenwich Emergency Committee, Inc.
24 considers this public hearing on Senate Bill
25 S 200 of particular interest to the residents of

1 Greenwich Township, and we thank you, Senator,
2 for this opportunity to be heard.

3 The Greenwich Emergency Committee, Inc.,
4 representing many residents of Cumberland County,
5 is in favor of decisions, controls and legislation
6 that will protect and preserve our uniquely
7 unspoiled county, a county that cherishes its
8 historically significant port of Greenwich.

9 We welcome clean, safe, contributing
10 industrial operations to our county. We do not
11 welcome, and we will fight, the intrusion of a
12 tank farm or any of the oil-related industries
13 in our unspoiled, green and clean area. I would
14 like to say parenthetically the township committee
15 and the Planning Board of Greenwich Township have
16 written to the governor and to this committee
17 stating their hope that this bill will be defeated
18 and that they do not support a tank farm or any
19 of the oil-related industries in the Township of
20 Greenwich, contrary to former statements that
21 have been made.

22 The few special interests pushing for a
23 tank farm in Greenwich Township would like to
24 move in, ravage our lands, waters and air at a
25 neat profit to themselves, and leave the residents

1 to pay the tax burden of increased demands on our
2 water, school, medical, sewerage, fire and police
3 protection facilities. S 200 would dump these
4 spoils and others on every resident of the State
5 of New Jersey.

6 The Oil Transfer Facility Corporation Act,
7 S 200, does not protect and preserve our County
8 of Cumberland, nor does S 200 protect and preserve
9 any county or part of our state.

10 The Oil Transfer Facility Corporation Act,
11 S 200, is tailor-made to give the oil interests
12 and other profit seeking interests a free hand to
13 rip-off or confiscate public domain for their
14 particular profit and the public be damned.

15 S 200 abrogates the wetlands act, or any
16 other act, rule and regulation to the extent of
17 any conflict or inconsistency.

18 S 200 eliminates the concept of home rule
19 by granting privileges and powers to the Oil
20 Transfer Facility Corporation which supersede
21 the authority of any local governing body.

22 Senator Dodd's Bill S 200 is a disgrace
23 to the Constitution of the land where the government
24 is of, by and for the people. The Legislature
25 of New Jersey must defeat this special interest

1 Bill S 200 as an unfair, dictatorial piece of
2 legislation.

3 Never before now has the Legislature of
4 New Jersey been challenged so seriously to protect
5 and preserve the Garden State from despoiling
6 and profiteering by special interests.

7 The Greenwich Emergency Committee, Inc.
8 urges the Legislature of New Jersey to properly
9 concern its decision making with protecting and
10 preserving what is left of our state. Let's
11 keep it a heterogeneous state, let's not make it
12 an industrial state. Keep Cumberland County
13 green and clean forever and keep New Jersey the
14 Garden State of the Union. Meet these challenges
15 and defeat S 200.

16 SENATOR McGAHN: Thank you very much, Mr.
17 Roemer. This committee is cognizant of the
18 defects in S 200 which you mentioned in relation-
19 ship to the wetlands act, and basically the
20 elimination of strong local control over land use.
21 However, I would say in the two previous hearings
22 we have had, we do have as a committee some
23 serious reservations about so-called home rule
24 and what they have been accomplishing with zoning
25 on their own, and this again is one of the questions

1 that has to be resolved here.

2 Thank you very much.

3 Mr. Cowart.

4 WILLIAM S. COWART, JR.: Senator McGahn,
5 Senator Cafiero, ladies and gentlemen: I am
6 William S. Cowart, Jr., I am Senior Vice President
7 of the Atlantic City Electric Company. The
8 Atlantic City Electric Company is a service
9 company. We serve the southern third of New
10 Jersey.

11 One of our long-range objectives has been
12 the orderly development of Southern New Jersey,
13 to make it one of the best places in the world to
14 live and work and play. We plan to serve Southern
15 New Jersey at the lowest possible cost and we
16 plan to do what is best for the citizenry of
17 Southern New Jersey if it's in our power to do so.
18 However, whatever it cost, that cost will be paid
19 by the users. So I think that I am here to
20 represent a point of view that gives both sides
21 of this apparent argument.

22 It's tough enough for me to follow an
23 act like Mayor Minnix, but it's worthwhile. I
24 feel like--at least I thought I was going to feel
25 like Daniel in the lion's den when I came up

1 here, but as usual, the lions have come and roared
2 and departed without hearing any of the other
3 parts of this operation. No wonder they can get
4 as many signatures as they do by this method.

5 At the end of the Arab oil embargo there
6 is not an end to the nation's energy crisis.
7 This problem has been developing longer than the
8 embargo, and it will be with us for many years
9 after this embargo.

10 This nation must take steps to solve this
11 problem. Included in these steps are, first of
12 all, the great things you and neighbors and all
13 of the people are doing, including industries
14 and commerce, and this is conservation. You have
15 done an excellent job in the last few months. We
16 have all stopped using things we had done, partially
17 because they are not available because of the
18 higher price and partially because of our patriotic
19 feeling we should do our part. That must be
20 continued.

21 The development of all our investigatory
22 sources, natural gas and petroleum, is a must.
23 We must do this as fast as possible. That includes
24 Alaska, the east and west and Gulf Coast for
25 offshore exploration for oil development and gas

1 development. We must develop what little there
2 is left of remaining hydroelectric power sites.
3 In our territory around this area there is only
4 one left. That is the Delaware River and Tocks
5 Island Dam is the one I am speaking of in
6 particular. We must develop nuclear power as
7 rapidly as possible, because this is our only
8 source of relatively cheap power, and we all wish
9 to lower our costs of living so that we can have
10 more expenditure and income for better uses.

11 We must utilize our existing coal supplies.
12 The state does not have much coal, if any, it's
13 all in the central, but the nation as a whole has
14 over one half of the known reserves of coal in
15 the world. The United States is to coal as Saudi
16 Arabia is to oil.

17 And last but not least, we must compromise
18 the overseas delivery of oil, not necessarily
19 from the Arab countries, but from wherever we
20 need to bring it in.

21 In case people are not aware of it, the
22 oil refined in the Delaware Valley that is
23 produced in the United States comes here by ship,
24 by ships around from the Texas Coast up to our
25 locations. Therefore, this optimalization of

1 the overseas oil system requires super tankers
2 and requires deepwater terminals. We can never
3 become completely independent of this until the
4 oil is exhausted, which will probably be, who
5 knows, mid-2000, maybe 2050.

6 According to WFPG this morning, a 765
7 foot tanker ran aground on Cape May. It did not
8 spill any oil. As best I have reported, I want to
9 say Senator Cafiero came very close to having
10 his Easter oil spill wish, had there been the
11 storm that day that there was last Thursday and
12 last Friday. I only point this out we are sitting
13 on a powder keg. It is not whether it's going
14 to happen, but when it's going to happen, and we
15 will have a disaster when it happens, because
16 the tidal flows along the coast and the tidal
17 flows in the estuaries, oil spills will move
18 five to ten miles with each change of the tide,
19 whereas offshore they will only move one or two
20 miles a day.

21 I am going to depart from what I started
22 out to say, because I know it's late and I would
23 like to just put in the most important points
24 and I will leave my prepared speech with you,
25 Senator, as you had suggested originally. I want

1 to just describe a system which I think meets
2 the environmental needs and also the industrial
3 or development or job needs of the citizens of
4 the State of New Jersey. It is a concept which
5 does not require a deepwater port, it does not
6 destroy the beaches of New Jersey, it does not
7 even allow large tankers to come within sight
8 of the beaches of New Jersey. It uses a single
9 point mooring or a buoy situated 30 to 35 miles
10 off our coast. This, by the Corps of Engineers
11 report, is the most safe of all the systems.

12 It is most safe because the large tankers
13 never get into a place where they can run aground.
14 The system can be controlled by electronic means
15 to shut it off if spills do happen, which are
16 small. Tankers are departmentalized, and the
17 general flow is away from the coast anyhow.

18 In the case of the general flows being
19 toward the coast, the time is sufficient to allow
20 volatiles to evaporate and the product comes
21 ashore it's almost dormant.

22 We have had a couple, three speakers tonight
23 say we will ruin the Jersey tourist industry by
24 having an offshore mooring system. I say
25 categorically that is not true, it will have

1 little or no effect on the tourist industry in
2 the State of New Jersey.

3 In the Bahamas particularly, one of the
4 better things to do while you are on the beach
5 is watch the big tankers go into the mooring
6 booths. They are about four miles away off the
7 beaches. The same is true in California, as
8 mentioned by the senator a few moments ago.
9 Assemblyman Hurley said this is an intrusion, this
10 buoy is feeding to a pipeline buried in the bottom
11 of the ocean, delivered quietly, unseen, safe,
12 and labor-free, this product, up the Delaware Bay
13 and River, along the spoil area of the channel
14 is the concept I am trying to get over to the
15 people of Southern New Jersey.

16 Mr. Haskins in his valiant plea for the
17 oyster forgot to mention this concept allowed
18 his department to locate the pipeline route and
19 to pick it through his oyster beds, around them,
20 or any way he wished to do. The pipeline therefore
21 is about as safe a system as can be devised.

22 The tank farm certainly would be necessary
23 because you cannot refine oil as fast as you
24 could take it off from a tanker. I understand
25 from the speaker just before me that Cumberland

1 County does not want a tank farm. Normally there
2 is a tank farm in all counties in the State of
3 New Jersey at the present time, and I would bet
4 most of the people here don't even know where
5 they are. It would be low profile, it would be
6 quiet, it would be good neighbors, and it would
7 be good tax ratable where they are.

8 The pipelines from the tank farm to the
9 refineries will again use areas that have already
10 been disturbed ecologically. These will be the
11 old railroad right of ways, which are worth
12 almost nothing to us today as they are being
13 abandoned more and more. I would like to put
14 some power lines along some of them, but these
15 rights of ways can be used for the routes to the
16 refineries. The Jersey Central Railroad runs
17 right through the center of the state to the
18 northern end for the New York area and the
19 Pennsylvania Railroad runs to Philadelphia.
20 Except for the Shell Company, there are no clients
21 for new refineries in the Delaware Valley as far
22 as I know, and all of these refineries can double
23 their size, and therefore not require new refineries
24 outside of their present fence line.

25 Someone said we don't use as much oil to

1 heat in New Jersey as we do in New England; there-
2 fore they should refine up there. This seems to
3 be about as successful as New Jersey eats more
4 bread than Kansas, but they don't grow the wheat.

5 Now for the good part of New Jersey, for
6 the jobs, there's a source of revenue here is
7 rather large. It can be developed to almost
8 anything you wish. If we start with a million
9 barrels a day, which is about what is coming into
10 the Delaware Valley at the present time, and
11 increase it to two million barrels a day over
12 the next five or ten years, which is probably
13 what it is going to be, you can see for each one
14 cent per barrel for a million barrels a day taken
15 by the state to pay for your rights or for the
16 privilege of building or whatever you wish, is
17 \$10,000.

18 Now, one cent is not very much per barrel.
19 Canada now gets 20 cents to bring it in, ten cents
20 to take it back out, so the oil companies are
21 paying about 30 cents to offload from a large
22 tanker to a smaller tanker coming through Canada
23 and come to our ports.

24 I don't know too much about the oil industry,
25 but I don't consider them the villains many of the

1 speakers have tonight. I have talked to the
2 audience a great number of times on this concept
3 I have just described to you and they can take
4 the attitude of the Fram Oil Filter ad, "You can
5 pay me now or you can pay me later," if you don't
6 want it they will give you the gasoline at a much
7 higher price.

8 To develop a little further though, if
9 you took 20 cents to let them do this, it would
10 produce at two million barrels a day it would
11 bring in by 1980 \$146,000,000 a year for the
12 State of New Jersey.

13 I feel there is more oil on the beaches
14 from old crank cases and outboard motors than
15 there will ever be from oil spills from offshore
16 imports.

17 Now, in regard to S 200 specifically, we
18 need the laws, the wetlands acts, which protects
19 our riparian rights, and local zoning laws are
20 adequate to protect us and allow us to build
21 these facilities. We do not need a state
22 authority. This has to be done by an authority;
23 there is already existing authority which could
24 do it, it is a bi-state authority, and I don't
25 think another authority is needed. I think we

1 need a recognition of the requirements by the
2 people so that the government can act accordingly
3 and promptly.

4 Thank you very much.

5 SENATOR McGAHN: Thank you very much, Mr.
6 Cowart.

7 Incidentally, I think that your latter
8 statement was basically one of the key issues
9 that must be faced in any decisions that are made
10 by the state, and that is the matter if there is
11 submitted an offshore unloading terminal facility,
12 should the private enterprise or should it be
13 controlled by a public agency. I think, as you
14 are well aware, this is frankly one of the key
15 issues that has been--as a matter of fact, and
16 just recently, as you well know, the SEADOCK has
17 made a recommendation the agency be public, and
18 this is now up to the Texas Legislature.

19 The argument of course for the public body
20 is the fact they look out for greater control over
21 what is occurring onshore. The argument of course
22 primarily of private enterprise is would it again
23 be a consortium of the oil companies be operating
24 this, granted albeit as a common carrier, but
25 nonetheless, this again would be simple vertical

1 integration of the oil companies.

2 I think we have seen what has happened as
3 a result of this. Whether pending legislation
4 or any legislation introduced in the congress to
5 diversify the oil companies will or will not be
6 successful--I personally doubt this, but be that
7 as it may, I would myself at this point in time
8 personally think a public authority.

9 The single point mooring buoy, the monobuoy
10 system, this is the concept that is envisioned in
11 S 200, is not that expensive, assuming that you
12 are not having oil where you have to have the
13 pumping station, you know, coming offshore, the
14 cost might be only half that going to existing
15 facilities.

16 May I ask you though for the record if
17 you could give us some indication from an economic
18 standpoint of what would be the economic breakpoint
19 that would render a monobuoy-type of system
20 feasible, how much flow a day would be necessary
21 in order to make this a viable system?

22 MR. COWART: We would assume that the
23 requirement would be met by the mooring buoy and
24 therefore certainly at a million barrels a day
25 and thereafter increasing to two million barrels.

1 Rough numbers, with no engineering on the cost
2 of the pipeline, using rough numbers, this would
3 start out at about 25 cents a barrel to bring it
4 in and reduced to about 15 cents a barrel when
5 it gets up to two million. This is a fraction of
6 what the tanker is costing now to offload in the
7 bay, somewhere between 25 and 35 cents, so it
8 would be cheaper than it is being done now.

9 SENATOR McGAHN: Am I correct in making
10 one assumption here, that is, that your projected
11 two million barrels flow by 1980, or whatever the
12 year, could be handled by simply expanding the
13 existing facilities that occur now in New York,
14 New Jersey, and the Delaware Bay and Philadelphia
15 area?

16 MR. COWART: If you are speaking of refining,
17 that is absolutely correct. It would take, however,
18 about 6000 to 7000 40,000 ton tankers if we go with
19 a single buoy mooring system, and someone a few
20 days ago said this would mean a tanker every two
21 miles from the Middle East to the United States
22 in a continuous stream.

23 SENATOR McGAHN: Basically this would
24 require more than a single point mooring buoy, it
25 would probably take, you are estimating what, a

1 hundred thousand?

2 MR. COWART: I estimate from two to four
3 mooring buoys, because you have to have load
4 factor that makes sense. You couldn't have a
5 ship waiting around to get to the buoy, you
6 would have to have at least two or three, maybe
7 four.

8 SENATOR McGAHN: Generally your flow is
9 about a hundred thousand gallons per hour?

10 MR. COWART: Probably twice that.

11 SENATOR McGAHN: Twice that, assuming 48-
12 inch pipe?

13 MR. COWART: Yes.

14 SENATOR McGAHN: I have no further questions.

15 SENATOR CAFIERO: Nothing.

16 SENATOR McGAHN: Thank you very much, Mr.
17 Cowart.

18 The statement of Mr. Whalen of the Avalon
19 Home and Land Owners Association, I have a copy
20 of it in my hand and this would have been made
21 a part of the official record.

22 Clem Lisitski.

23 CLEMENT F. LISITSKI: Senator McGahn,
24 ladies and gentlemen: Thank you for the courtesies
25 in permitting me to speak on behalf of the Ocean

1 City Beach and Bay Preservation Association, Inc.,
2 a non-profit corporation of the State of New Jersey
3 organized specifically to preserve the beaches and
4 bays of Ocean City and Ocean City's image as
5 "America's Greatest Family Resort." At present
6 we have more than 1200 members in this corporation.

7 Although many of my comments will be made
8 specifically to Ocean City, I believe that they
9 apply to other resort areas. Before specifically
10 commenting on Bill 200, I would like to address
11 myself to what I conceive to be the major issue
12 in considering the development of a deepwater oil
13 transfer facility.

14 How does one reconcile the environmental
15 and economic imperatives attached to the proposed
16 development?

17 If we review that for a minute, and I
18 think the statement itself goes into some detail,
19 Ocean City's present situation, the Department
20 of Environmental Protection in an inspection and
21 analysis performed on August 23, 1973, which is
22 on file in Trenton, has determined that the
23 present treatment plant for sewerage is below
24 the standards of the state on Third Street. We
25 have many other problems in attempting to maintain

1 the quality of the environment here in Ocean City
2 at present with the present industry and housing
3 that we have in Ocean City.

4 The New Jersey Department of Environmental
5 Protection has classified the waters of the bay
6 and surrounding Ocean City as Class TW-1, and the
7 rules and regulations establishing surface water
8 quality criteria dated June 30, 1971 published by
9 the New Jersey Department of Environmental Pro-
10 tection states as follows: "Class TW-1 - tidal
11 waters approved as sources of public potable water
12 supply. These waters shall be suitable for public
13 potable water supply after such treatment as shall
14 be required by the Department."

15 "These waters shall be suitable for shellfish
16 harvesting where permitted.

17 "These waters shall also be suitable for
18 the maintenance, migration and propagation of
19 the natural established biota: and for primary
20 contact recreation: industrial and agricultural
21 water supply and any other reasonable uses."

22 As I say, it is a constant battle to insure
23 that the waters surrounding Ocean City are maintained
24 ecologically to meet the aforesaid standards thereby
25 assisting in maintaining Ocean City's image as a

1 family resort. It is the position of our group
2 that any development of an oil transfer facility
3 will result in increased industrialization in the
4 community with an adverse affect on the environment
5 due to over-taxing facilities already over-burdened
6 and due to the environmental aspects that are
7 coincident with industry, such as air pollution.
8 In addition, oil spill hazard, which magnitude
9 increases due to the larger carrying capacities
10 of very large crude carriers that would be utilizing
11 the facility, is a very real fear that would be
12 borne by the residents of this community and the
13 people who spend their summer vacations here. One
14 spill is all that is needed to do irreparable
15 damage.

16 These are merely examples of the environmental
17 hazards present, as I am not in a position to
18 provide further technical data and do not believe
19 the same would clarify the problem.

20 From an economic standpoint, although
21 more jobs may be created, the many jobs presently
22 existing in the community, as well as the many
23 thousands of dollars invested by the people of
24 this community in the resort industry will be
25 jeopardized. Our members want Ocean City to

1 remain a resort.

2 Now, the answer to my previous question
3 concerning the environment and economics as it
4 relates to a deepwater transfer facility is that
5 the two cannot be reconciled. When the environ-
6 ment goes, so goes Ocean City's economics. They
7 are indefeasibly bound together. Our members are
8 against any deepwater transfer facility being
9 located in New Jersey. We are not unaware of
10 the need of such a facility on the East Coast,
11 but contend that New Jersey is doing its share in
12 providing oil requirements and such a facility
13 would be better located in another state which
14 has more lands available. It is only because of
15 the rural nature of South Jersey that New Jersey
16 has balanced land use, which is conducive to
17 quality living. Our members want to preserve
18 this balance.

19 Realizing that there are other viewpoints
20 and that a deepwater transfer facility may some
21 day be a reality in New Jersey, although dreading
22 the thought, I must speak to Bill 200. It is our
23 contention that the bill fails to provide the
24 necessary balance to insure the needs of the
25 resort communities versus the industrial oil

1 needs are adequately considered. We would like
2 to see the commissioner of the Department of
3 Environmental Protection as a member ex officio
4 of the proposed New Jersey Oil Transfer Facility
5 Corporation and the requirement of his affirmative
6 vote for any action to establish any oil transfer
7 facility with the requirement also that the
8 Wetlands Act and Coastal Facility Review Act be
9 strictly complied with by the proposed developer.

10 Our members also contend that a land use
11 department should be established with liasons
12 between local governmental bodies that may be
13 affected by a proposed transfer facility. The
14 chairman of this department should also be an ex
15 officio member of the corporation. In addition,
16 standards should be developed to render oil spills
17 next to impossible as payment of money damages is
18 insufficient to a person who desires to live in
19 Ocean City and enjoy its unique environment.
20 Quality living offered by Ocean City is irreplace-
21 able to our members.

22 In conclusion, improving upon the standards
23 set forth in Bill 200 does not provide a panacea
24 for the potential damage associated with the
25 development of a deepwater oil transfer facility.

1 Our members are categorically and vehemently opposed
2 to Bill 200 for the development of this facility
3 in New Jersey.

4 I want to thank you gentlemen for the
5 opportunity to state our viewpoint.

6 SENATOR McGAHN: Thank you very much, I
7 certainly appreciate your remarks.

8 I think, as you said here, that to
9 reconcile the environmental and economic imperatives
10 attached to the proposed development, if we knew
11 the answer to that we would have no problem. As
12 you are well aware, there has to be tradeoffs
13 when it comes basically to this question.

14 I am very happy at least that you realize
15 one thing, there are other viewpoints, and that
16 is the reason that we as a committee are sitting
17 and hearing testimony from all parts of the
18 state, and in the determination of what should
19 be in the better interest of the State of New
20 Jersey we may follow the official closing of
21 this record.

22 Thank you very much for your testimony.

23 Edward MacClane.

24 MR. EDWARD J. MacCLANE: Senator McGahn,
25 I have been here since 7:15 and it is now 11:20.

1 It seems to me that this hearing could have
2 progressed more rapidly.

3 I am Edward J. MacClane, President of
4 Midway Civic Association, permanent resident
5 and property owner of 119 Bay Avenue. The
6 Association appreciates this opportunity to
7 express its opposition to Senate Bill 200, State
8 of New Jersey and more specifically, it is unalterably
9 opposed to the construction of a deepwater port
10 off the Jersey shore.

11 The construction of an oil port off the
12 Jersey shore is incompatible with a seashore
13 resort. Ocean City is a wonderful summer resort
14 and millions enjoy the beach during the summer
15 season. Tourism is the number one industry at
16 the shore and this profitable industry would be
17 endangered by accident at the oil port caused
18 by severe storms in the Atlantic or by human error.

19 Further, an oil port would require refineries
20 onshore, and this would create unsightly and
21 polluted areas. We do not want to see the shore
22 turned into an area like Bayonne in Northern New
23 Jersey. A great deal of reserach has been given
24 to the possibility of a deepwater port off the
25 Jersey shore by county officials, and the conclusion

1 reached indicates that an oil facility off the
2 Jersey shore would not be in the best interest of
3 this community.

4 The Association wishes to thank the
5 committee for hearing our views and urge that
6 Bill 200 be rejected by the New Jersey State Senate.

7 SENATOR McGAHN: Mr. MacClane, thank you
8 very much for your remarks. I must apologize for
9 holding you so long. I do not know how a meeting
10 or a hearing like this can be expedited any other
11 way. I can tell you the two previous meetings
12 we had we started at ten o'clock; we were still
13 going at seven o'clock at night, and I sat through
14 all of it.

15 MR. MacCLANE: Well, I appreciate it, but
16 all the people who have been here tonight
17 practically have been officials of the City of
18 Ocean City or Cape May County. We are the taxpayers.
19 This is a cold, large auditorium to sit in this
20 length of time is dangerous to one's health, you
21 might know as a doctor.

22 MR. HINKEL: Bravo, bravo, give him a
23 hand, it doesn't hurt anything, bravo.

24 SENATOR McGAHN: Mr. MacClane, I agree
25 with you, I am sorry for the inconvenience. Quite

1 frankly, we may have to learn to live with our
2 thermostats being a lot lower.

3 Laurel Mowbray.

4 LAUREL MOWBRAY: I am Laurel Mowbray. I
5 am speaking in behalf of the League of Women
6 Voters of Ocean City and also of the Cape May
7 County Environmental Council.

8 Because of the time, I will just read a
9 few paragraphs from my statement. I started by
10 saying maybe the Middle East did South Jersey a
11 favor when they imposed their oil embargo this
12 winter, and after the first paragraph I go on
13 among the other things we learned that we are
14 pursuing economic disaster if we continue to rely
15 on foreign oil to supplement our own resources.
16 Economists were speculating on just how long it
17 would take the Arab nations to own the world. As
18 the price for crude oil kept raising, gold was
19 pouring into the Middle East. Many of the developed
20 nations faced potential bankruptcy, and others
21 financial havoc. For example, just two days ago
22 when the Wall Street Journal came out, because
23 the Arabs had quadrupled the price of oil in the
24 past seven months, for the month of February 1974
25 Japan had a one and one quarter billion dollar

1 trade deficit.

2 Thus, we also learn that there are other
3 sources of energy available that have never been
4 developed, sources which could keep America self-
5 sufficient with non-polluting energy. Let's use
6 the billions earmarked for a deepwater port to do
7 just this, for in the face of history, to continue
8 to build facilities that would rely on foreign
9 oil is idiocy.

10 On page 3, proponents of this port say
11 that we can rely on recent environmental legis-
12 lation for protection. Can we? These goals have
13 yet to be tested in court. Clean air and clean
14 water laws have been passed, and these should be
15 considered health rather than environmental
16 legislation. Yet we have seen standards lowered
17 and deferred. Nor is it impossible to conceive
18 that at any time in the future Trenton will either
19 nullify our coastal protection laws or create
20 exemptions that would render them useless.

21 Every citizen is aware of the economic
22 stranglehold with which the automobile-oil-industrial
23 complex has enmeshed us. Mass railroad trans-
24 portation was sabotaged, cheap conversion of coal
25 to gas was effectively pigeonholed. Americans

1 were blindly led down the path of dependence on a
2 car-oil economy.

3 "What's good for General Motors is good
4 for the country," said Charles Wilson, chairman
5 of its board. He should have included Exxon,
6 Gulf, Texaco, and Standard Oil.

7 Can Trenton and Washington withstand the
8 pressures this powerful complex exerts, or will
9 they offer South Jersey as a sacrificial lamb in
10 a dubious stop-gap measure that will increase our
11 dependency on the Middle East rather than solve
12 the energy crisis?

13 Thank you.

14 SENATOR McGAHN: Mrs. Mowbray, may I
15 possibly ask you to comment constructively on
16 your alternate sources of energy, and did I
17 misunderstand you when you made the statement
18 concerning a cheap conversion of coal and gas?

19 MRS. MOWBRAY: Yes.

20 SENATOR McGAHN: What is the process that
21 produces cheap gasification of coal?

22 MRS. MOWBRAY: That was recently published
23 within the past few months. They had said it was
24 what, eleven cents a gallon, that it could be done,
25 and it has been pigeonholed in Washington. I have

1 the reference at home, I could get it for you,
2 but I didn't bring it with me.

3 SENATOR McGAHN: The technology is not
4 developed at the present time for the gasification.

5 MRS. MOWBRAY: It was published in the
6 paper that it was, sir.

7 SENATOR McGAHN: There is a hope that it
8 can be, but I think the process you are referring
9 to--I won't argue the point with you, but may I
10 ask you, if you care to comment upon some of the
11 alternate sources of energy that could be available
12 within the necessary lead time from a practical
13 standpoint that could be used to therefore
14 decrease our reliance upon foreign imported crude
15 oil?

16 MRS. MOWBRAY: I think that the benefit
17 of this country as a nation we must be self-
18 sufficient energywise and not dependent on nations
19 worldwide which could be--many of them are under
20 the influence of powers that are not necessarily
21 friendly to us. Our main supply of natural
22 energy at this time that we would have to rely on
23 in times of crisis is coal. Unfortunately, coal
24 does carry with it some pollution, but it can
25 nevertheless carry us through while studies are

1 done to develop non-polluting forms of energy.

2 I am not an advocate of nuclear power. I
3 am also realistic, I don't want to live anywhere
4 near it, you know, if you are going to have it.
5 I have been to hearings on nuclear power, I know
6 what it can do. I don't think nuclear power is
7 the long range answer for America either.

8 I don't think we have even started on the
9 long range answers. Solar power, for example,
10 would be an excellent way.

11 SENATOR McGAHN: We are not talking about
12 long range plans, we are talking about interim
13 measures to take us up to 1990.

14 MRS. MOWBRAY: Right. I would suggest, sir,
15 that we use our coal, use conservation measures,
16 let Americans learn to cut down a little bit. I
17 have learned, I walk now whenever I can, I mean
18 I have really tried. Americans are capable of
19 sacrifice. We don't have to waste. I can turn
20 down my degree of temperature in my house ten
21 degrees and put on a sweater.

22 I realize you have a problem with North
23 Jersey heavily industrialized. I realize that
24 many need to earn the money to feed their families.
25 I understand that this is a problem. I also wonder

1 as a citizen how the powers that be can ever let
2 the country come to this situation where we would
3 be dependent on foreign nations for oil, where
4 we would have no alternative energy source or,
5 for example, why the powers that be in New Jersey
6 would ever let its main economy be dependent on
7 oil that came from foreign lands. That's a
8 question; I don't have the answers either.

9 SENATOR McGAHN: Thank you.

10 Mr. Carey, John Carey.

11 MR. T. JOHN CAREY: Senator, ladies and
12 gentlemen: I think perhaps one of the crux points
13 in our whole matter is not the need, not the need
14 but where. I grew up in Ocean City, 63 years of
15 it, and I am a little bit aware of beach erosion.

16 Now, when they talk about deepwater port,
17 this means deepwater back into New Jersey land
18 area. When you start talking about deepwater,
19 you are contrary to the very thing that made
20 South Jersey resorts what they are, and I am
21 talking about Atlantic City included, and that
22 is that the South Jersey beaches are generally
23 sloping shoal beaches, and every time that they
24 are interfered with, with any kind of structure
25 or with deepening of channels, you might possibly,

1 and I bring this especially to your attention when
2 you speak of deepwater through shoal beach areas,
3 you might be destroying the resort areas that
4 all these people tonight have been talking about.

5 There are many places up and down the
6 coast of the United States where deep water is
7 close to the land, not through wide shoal, gently
8 sloping beaches, which is exactly what made this
9 resort area worth the millions and millions and
10 millions that it is in New Jersey, and to put
11 deep water through that might cause problems you
12 never correct.

13 Thank you.

14 SENATOR McGAHN: Thank you very much, Mr.
15 Carey. This is an extremely important point I
16 will be taking into consideration.

17 MR. CAREY: For your information, maybe
18 I happen to be one of the New Jersey State Erosion
19 Committee.

20 SENATOR McGAHN: Thank you very much.

21 Mr. Williamson.

22 MR. JOHN WILLIAMSON: Mr. John Williamson
23 of the Atlantic County Citizens Council on
24 Environment.

25 Mr. Chairman, members of the committee,

1 loyal remainder of the audience: I would like
2 to merely summarize the position of the Atlantic
3 County Citizens Council. Basically the ACCE is
4 dedicated to the protection of the natural resources
5 of South Jersey. We particularly are interested
6 in protecting an industry also, the heart of the
7 tourist industry that we have heard mentioned a
8 number of times, cited upwards of perhaps two
9 billion dollars.

10 Aside from the economic aspects of that
11 industry, we are also concerned with the desperate
12 need of the harried millions of residents in the
13 surrounding megalopolis along the East Coast here
14 which need this resort area as a retreat from
15 the pressures of the city and the kind that
16 industry has built up in the areas to the west
17 of us. We certainly above all things like not
18 to see South Jersey like what we know North Jersey
19 is to date.

20 As far as the Senate Bill Number 200, as
21 it is written it appears to us to have many grave
22 problems, problems of environment, political,
23 economic. We heard of how there are laws that
24 can protect the others here and myself from
25 putting us in danger by the offshore deepwater

1 port, and yet this bill very clearly says that
2 it overrides all other acts and the procedures
3 and regulations they would include. It very
4 seriously affects environmental laws that have
5 been made by the State of New Jersey, which has
6 led the nation in environmental protection, laws
7 that have been made by citizens, many of who have
8 much more concern in New Jersey than the people
9 who drew up this act in its present form. We
10 expect it would be very destructive of natural
11 resources. We would expect that the corporation
12 that it talks about and promotes would likely be
13 oil controlled. We don't feel the government can
14 control that industry, we have seen too much at
15 the federal level where that has not been possible.

16 In this act there is not even a provision
17 for the Department of Environmental Protection
18 to be an ex-officio member of the group that would
19 govern this offshore oil port construction and
20 operation.

21 As has been said, it would also lead us
22 to depend more heavily upon foreign oil. We know
23 how political dangerous this is, we have just
24 seen it, we have been to the brink of that kind
25 of disaster.

1 Now what are we doing? We are trying to
2 get back to exactly where we were before we had
3 the good fortune to get a hint of what might
4 happen. We've got the embargo lifted, we have
5 removed the odd-even days. I expect we will soon
6 be removing the speed limits and all other controls
7 in an attempt to get back to the headlong
8 accelerated road to waste that we have known in
9 the past decades in this country, and it's this
10 accelerating growth that is the problem.

11 I don't believe that the needs of this
12 oil port are pressing requirements, they are
13 looking to the future, the future where the
14 growth rates are excessive, growth rates that
15 are leading to inevitable disaster in this country
16 and in this world.

17 We know at this time that every ten years
18 the requirement for certain energy, electrical
19 energy as an example, doubles, and that require-
20 ment for energy means that there are other resources
21 that must be consumed. That doubling, that
22 redoubling, cannot continue inevitably, there
23 are finite limits to the resources of energy we
24 have available, and generally resources which
25 are already showing up in serious critical shortage

1 form today. The day will come, if we continue
2 this kind of growth increase, when the decade
3 will be before us where we can no longer double,
4 it will be impossible, and when that occurs, we
5 fall off that brink and we are in serious trouble
6 in the country and in the world.

7 We must reduce the rate of growth to a
8 reasonable one that we can cope with. Then we
9 can at least generate energy and resources that
10 we need fast enough to assure a continued lesson
11 use of.

12 From the economic standpoint, this is the
13 growth rate that leads us to the most dangerous
14 involvement that we face today, that is, inflation,
15 not environmental, but inflation. This is a
16 problem that hits everybody, you all know it.
17 Many of the people who sit in this room are
18 seriously affected. Most of the people cannot
19 invest heavily in the growth rate that causes us
20 to need 500,000 ton tankers, million ton tankers
21 in the future. These are the big things that
22 represent limited environmental growth.

23 The people who make a profit are the oil
24 companies, it's not doing us any good. It works
25 in reverse with us, we pay more and we will continue

1 to pay more and will continue to pay more.

2 Development unfortunately means more costs to us,
3 it means more disadvantage to us in the end. We
4 can talk about ratables, but ratables cost us
5 more taxes, more money out of our pocket at a
6 time when inflation is eating it up all too fast.

7 We have got to hold down on the growth
8 rates, we've got to be reasonable with what we
9 want, get along with maybe some of the smaller
10 tankers, and conserve.

11 It's been said that the problem is going
12 to hit us, various kinds of problems will. One
13 of them we've got to face are laws. Mr. Cowart
14 quoted one of those laws indirectly, Murphy's
15 Law. It's not a matter of whether or not it's
16 going to happen, it's a matter of when, and if
17 it's going to be an offshore oil port, it could
18 happen and there could be very serious disruption
19 of natural resources along our coast and shores.

20 So the other problem is of course we are
21 going to have oil exploration. The question is
22 whether we need both. Oil exploration could
23 give us independence, the thing we are supposed
24 to be driving for. If we have both, what are
25 we having a thing like a battle about who caused

1 the pollution out there? Whether it was the oil
2 port, whether it was offshore drilling, or what,
3 control will be very difficult in any event.
4 Whether or not the government or any of our
5 environmental protection laws which are being
6 seriously undermined by a bill, I think this,
7 would do us much good, is doubtful. None of us
8 really know what is going to happen, even
9 legislators, administrators, nobody except the
10 people who are finally out there working with it,
11 engineers, technicians, and how they are going to
12 act.

13 Sure, we see oil spills in the Delaware
14 River. We don't know why or how it happened.
15 Credibility of the oil petroleum industry to say
16 the least is such all we know it's right now an
17 advantage to them to have some of those oil spills
18 happening there. They are putting pressure to
19 get their offshore port. It could be deliberate,
20 they certainly could be careless. We've got no
21 control over it.

22 We think that and recommend that this
23 Senate Bill Number 200 not be allowed out of
24 committee.

25 Thank you.

1 SENATOR McGAHN: Mr. Williamson, conceptually
2 do I sort of get the feeling that you are against
3 the free enterprise system?

4 MR. WILLIAMSON: Certainly not, within
5 limits, but headlong and while uncontrollable, yes,
6 everybody's got to be against that, because it
7 would do everybody in eventually.

8 SENATOR McGAHN: This, however, has been
9 the system upon which America has developed.

10 MR. WILLIAMSON: Within the limited
11 resources that it has had and within the population,
12 up to this time it seems like that has worked out
13 pretty well.

14 SENATOR McGAHN: Restraint of trade though
15 of course basically would be the purview of the
16 federal government.

17 I also get the feeling in your remarks
18 that you were for zero population growth.

19 MR. WILLIAMSON: Not zero.

20 SENATOR McGAHN: Or replacement.

21 MR. WILLIAMSON: No, not at all.

22 SENATOR McGAHN: I misinterpreted your
23 remarks then.

24 MR. WILLIAMSON: Right. More within the
25 limits of what the population can be accommodated,

1 that population that can be accommodated, those
2 resources that we have, to give them a good
3 quality of life.

4 SENATOR McGAHN: Do you think the average
5 individual in this country shares your feeling
6 on that?

7 MR. WILLIAMSON: To want the quality of
8 life, I think they do, I think that's what they
9 really strive for, even though they may not achieve
10 it.

11 SENATOR McGAHN: Quality or a certain
12 status that is reflected in the type of car, the
13 air conditioner, the freezer, the refrigerator,
14 and various other types of things?

15 Again this is your push-pull type of
16 inflation. You brought this up, your discussion
17 was basically on concepts, was largely philosophical.

18 MR. WILLIAMSON: It was largely an attempt
19 to say that we should not, we can and have learned
20 from what has happened within the last six months
21 that there are realistic limits to our available
22 resources, and that we as a long term nation
23 should learn to live within the limits of those
24 available resources and give most of our
25 population the best quality of life that number

1 of people can enjoy.

2 SENATOR McGAHN: America has never been
3 known as a country to plan ahead. It reaches a
4 crisis, reacts to it, and American ingenuity and
5 knowhow seems to get out some how or get us out
6 of it.

7 I concur in your statement concerning the
8 fact that we should not be dependent upon foreign
9 oil. However, that does not answer the question,
10 and that is the question of the crude that we
11 have to bring in, albeit it from domestic sources
12 or whatnot, still has to be brought into New
13 Jersey waterborne, there are no pipelines to
14 transport it in.

15 The question I would ask you from a
16 strictly ecological standpoint, would you consider
17 the transfer of oil from an offshore facility to
18 onshore existing site more ecologically advantageous
19 by pipeline rather than by the present method of
20 lightering?

21 You made a statement you don't know where
22 these oil spills come from. 2.5 million barrels
23 of oil pollute the ocean yearly, and this is
24 due to valves, washing out the bilges. This is
25 the normal type of procedure that occurs because

1 of these existing tankers that we have. The very
2 large carriers have much more sophisticated methods,
3 ballast on top, segregated ballast, load, there's
4 less polluting of water waste, there's less spill.

5 Now, I ask you the question because this
6 question has been asked by members of the Sierra
7 Club, individual representatives of the Sierra
8 Club and other conservationists at a meeting
9 that was held down in Washington before the
10 Maritime and Fishing industries, and his comment
11 at that time that he felt from an ecological
12 standpoint this was a better method, did not say
13 he was unanimous for it, but on a comparative
14 basis the statement was it was ecologically more
15 desirous than the present method we find off our
16 coast today.

17 MR. WILLIAMSON: Admittedly it is presented
18 as a better method. I have no evidence to that
19 effect. I know--I can't tell when I see this
20 oil where it comes from, whether it comes from a
21 tanker with all of these new facilities or an
22 older tanker. All I know it's there, and I think
23 that the money we are talking about investing in
24 this offshore oil port and other moneys could be
25 directed to better control of the present methods

1 to insure that the oil spillage is minimized,
2 and I don't think we have control of that now,
3 and as we have more and more, I see that we are
4 going to have less control.

5 SENATOR McGAHN: Thank you very much.

6 MR. WILLIAMSON: Thank you.

7 SENATOR McGAHN: Mrs. Ross.

8 MRS. RUTH B. ROSS: I am Mrs. Ruth B. Ross,
9 member of the Cape May County Chapter of the Izaak
10 Walton League.

11 This is really a summary of the statement
12 given to the subcommittee here in Trenton on
13 March 4 on S 200. However, I cannot shorten
14 this. Amazingly enough, the facts that I have
15 here have not been given tonight, and these are
16 fully documented. We have presented material
17 at each of the public hearings relative to deepwater
18 ports, and since our chapter is in a county
19 contiguous to one of the site areas, we are keenly
20 interested in the subject.

21 We call the committee's attention again
22 to these facts. This is a summary, they are
23 documented, you have a copy of the original
24 committee's first question, where did these
25 statistics come from.

1 Number 1. Deepwater ports are unnecessary.
2 Government data indicates that the entire projected
3 throughput of a North Atlantic Deepwater Port
4 could be saved three times over through conser-
5 vation measures alone.

6 Number 2. The savings to consumers
7 achieved by a North Atlantic Deepwater Port would
8 be less than one third cent per gallon.

9 Number 3. The projected profits of a
10 North Atlantic Deepwater Port would be 79 million
11 dollars per year.

12 I repeat that, the projected profits of a
13 North Atlantic Deepwater Port would be 79 million
14 dollars per year.

15 Number 4. It is projected that a North
16 Atlantic Deepwater Port would spill 40 times
17 more oil than the present practice of lightering.
18 I have to document that right now from the Corps
19 of Engineers--that is in the original statement--
20 quoting Coast Guard data.

21 Number 5. The Department of Commerce has
22 estimated that a VLCC oil spill would cause two
23 billion dollars damage to New Jersey in one year.
24 This is a Department of Commerce statistic.

25 Number 6. There is no known technology to

1 handle the possible range of oil spill sizes for
2 a deepwater port.

3 Number 7. The landside impacts of a
4 deepwater port would make Southern New Jersey
5 resemble the Marcus Hook area.

6 Number 8. 12,000 acres would be required
7 for crude oil storage, refinery and related
8 petrochemical activities in Cape May and Cumberland
9 Counties.

10 Number 9. The water requirements of such
11 development would exceed the estimated ground
12 water reserves of the New Jersey Coastal Plain.

13 Number 10. The additional industry would
14 generate BOD content in its effluent equivalent
15 to the raw untreated sewage of 500,000 people.
16 I think we are all familiar with the Corps of
17 Engineers statistics.

18 Number 11. In Cumberland or Cape May
19 Counties industrial land would increase 430%
20 in the next 30 years with deepwater port
21 construction.

22 Now, the most important fact of all, the
23 United States Bureau of Mines estimates that at
24 the present rate of growth, the known global
25 reserves of petroleum will be exhausted in 20 years.

1 Now, we are very familiar with Senate Bill
2 200. We call on behalf of the subcommittee's
3 attention to the following:

4 Number 1. Senate Bill 200 provides a
5 mechanism whereby the taxpayers of New Jersey would
6 underwrite the cost of building a port for the
7 oil companies.

8 Number 2. Senate Bill 200 permits the
9 condemnation by the corporation--that is, the
10 oil transfer facility corporation--that permits
11 the condemnation of any property, public or private,
12 in Middlesex, Monmouth, Ocean, Atlantic, Cape
13 May, Cumberland and Camden Counties including
14 land under the water, meadowlands, and riparian
15 rights. After condemning such land, the corporation
16 would be privileged to mortgage it for security
17 for the payment of bonds and notes issued by the
18 corporation and to do it all in secret, without
19 any recording except in its own records.

20 Number 3. Senate Bill 200 in one paragraph
21 wipes out the cumulative effect of years of land
22 use planning, zoning regulation, building codes
23 or similar regulations.

24 Number 4. Senate Bill 200 permits the
25 state, after using its taxing and police powers

1 to build a port, to turn around and lease it to
2 oil companies to run, thereby creating another
3 income producing area for those companies.

4 Number 5. Senate Bill 200 permits any
5 state, county, or municipal governmental department
6 to lease, lend, grant or convey to the corporation,
7 without advertising, any real property or interest
8 therein within the shore zone which may be
9 necessary or convenient to the effectuation of
10 the purposes of the corporation including public
11 property.

12 Number 6. Senate Bill 200 provides that
13 the property of the corporation is exempt from
14 all taxes.

15 Number 7. Senate Bill 200 provides for
16 no public participation in the evaluation of
17 the environmental effects of the proposed port
18 and requires the corporation merely to consult
19 with the State Department of Environmental
20 Protection.

21 Number 8. Senate Bill 200 provides that
22 its provisions override any other law of the
23 state regarding its contents or regulations
24 adopted under the act.

25 In the light of the above and in the

1 interest of the people of New Jersey, we urge the
2 committee to give Senate Bill 200 and similar
3 special interest legislation a quiet burial.

4 SENATOR McGAHN: Mrs. Ross, I would ask
5 you to kindly for the committee document the
6 allegations that you have made in your statement,
7 number one, that they are unnecessary, that
8 government data indicates that the entire
9 projected throughput of a North Atlantic Deepwater
10 Port could be saved three times over through
11 conservation measures alone. You are talking
12 about high options in some of these things, and
13 basically this is not correct.

14 I have also in front of me the exact, same
15 study, the savings to consumers achieved by a
16 North Atlantic Deepwater Port would be less than
17 one third cent per gallon. Basically this is
18 correct. You mean one third cent to three cents
19 per gallon, depending upon the type of project
20 that is brought in.

21 The projected profits of a North Atlantic
22 Deepwater Port would be 79 million dollars per
23 year.

24 It is projected the North Atlantic Deepwater
25 Port would spill 40 times more oil than the present

1 practice of lightering.

2 I would like it, if you may, to read from
3 the Army Corps of Engineers' report concerning
4 that particular statement. From conclusions
5 there it would reduce the probability of oil
6 spill. I would question these, I would like
7 further documentation from the appropriate
8 authority. You are using high option figures,
9 you are using basically the worst projected option
10 that's come up, and these are not quite fair,
11 because you do not also state the final conclusion
12 in any of these reports, whether it be the interim
13 report of the Army Corps of Engineers, or the
14 Department of Commerce has estimated that VLCC
15 oil spill would cause two billion dollars damage
16 in New Jersey in a year. This was a projected
17 loss of worst possible disaster of 325,000 dead-
18 weight ton tanker that spilled 2.5 million barrels
19 of oil. This is assuming a total crackup of the
20 whole thing, not realizing that there is a
21 compartmentalized situation, not taking into
22 consideration the mileage offshore that a VLCC
23 could transfer, would not be next to shore alone.
24 You know, you are talking now about modules that
25 really, very frankly, would be no practicality.

1 At the time this was written this may have been
2 true; at the present time it is not, the technology
3 has increased. At the present time the West Coast
4 Clean Bay Incorporated Company has the capacity
5 or capability of cleaning a hundred thousand
6 barrels spill per hour. There is another company,
7 Clean Channel Association, in Houston, which is
8 a 10,000 foot of spill capacity, skimmer boats,
9 vacuum trucks, etc., so forth, and can handle
10 the type of spill that would occur with a 125,000
11 deadweight ton tanker.

12 The landfill impacts of a deepwater port
13 would make Southern New Jersey resemble Marcus
14 Hook. We are again talking about a high option
15 situation. The same thing as far as the 12,000
16 acres for storage. The BOD requirements, you
17 are talking about industrial equivalent to
18 500,000. This is correct, this is out of context.
19 Nobody has ever denied the fact that at the
20 present rate the estimated oil reserves could
21 be expended by the turn of the century. Nobody
22 has made a statement the deepwater oil terminal
23 is a permanent type of situation, the life of
24 the facility is simply 25 years. We are talking
25 here about interim measures. This is for the

1 record.

2 Number one, Senate Bill 200 provides a
3 mechanism whereby the taxpayers of New Jersey
4 would underwrite the cost of building a port for
5 the oil companies. Absolutely and totally untrue.
6 This is an authority, a public authority that
7 has the right to float bonds and do it, but it
8 is not the full faith and credit of the State of
9 New Jersey behind it, the taxpayers do not pay
10 for this.

11 MRS. ROSS: Senator, may I interrupt for
12 just a moment?

13 SENATOR McGAHN: Yes.

14 MRS. ROSS: When Mr. Frederick Long presented
15 these to the subcommittee, were these challenged
16 at that time?

17 SENATOR McGAHN: Were these what? I'm
18 sorry.

19 MRS. ROSS: Were the facts that he gathered
20 together challenged?

21 SENATOR McGAHN: Unfortunately, when he
22 presented them I was out of the chambers at the
23 time.

24 MRS. ROSS: Oh. I wondered if these were
25 challenged at the time, because if they had been,

1 I don't believe I would be delivering these
2 statements this evening.

3 SENATOR McGAHN: The fact they may or may
4 not have been challenged at the time doesn't change
5 the situation. It just so happened at that
6 particular time I was out, I ~~was~~ out of the
7 chamber doing something else. It was late in
8 the afternoon, I recall that, I did not hear his
9 testimony, and I say to you I would appreciate,
10 because the facts and figures I have here certainly
11 do not jell with these, and I think it's totally
12 unfair if these are in fact inaccurate to have
13 these in the record as accurate facts. I am not
14 challenging you, I realize that you are reading
15 these.

16 MRS. ROSS: The record in the committee,
17 is it possible to go over the records and see
18 whether he was challenged at that time?

19 SENATOR McGAHN: Oh, that will be a matter
20 of record. That was the second hearing, the
21 transcript of which we do not have as yet, I can't
22 answer that, but personally, I heard him start
23 out and I had to leave the chambers at the time,
24 so I did not hear him. I missed several
25 individuals testifying. I think the gentleman

1 that testified for the Izaak Walton League was
2 one of these, but I would honestly challenge
3 these.

4 The remainder of the comments concerning
5 S 200 I concur in, and we as a committee realize
6 this, we realize there are some defects in it, but
7 unfortunately, we aren't conducting a hearing on
8 changing the bill, we have taken no position on
9 that bill as yet.

10 MRS. ROSS: All right, thank you.

11 SENATOR McGAHN: Thank you very much.

12 Mr. Hinkel. I apologize for keeping you
13 so late.

14 MR. ARTHUR W. HINKEL: My name is Hinkel.
15 You do not have to apologize to me. I would like
16 to make this comment even before I talk.

17 Those of us that are knowledgeable must
18 respect those citizens who accept the responsibility
19 of office. That becomes particularly true now
20 because of the harrassment which they must suffer.
21 You should be and you are a most honored citizen.
22 Unfortunately, from a public that doesn't under-
23 stand, doesn't recognize that, and treat you
24 accordingly. You all have my respect regardless
25 of any political differences.

1 Now, I am president of Hinkel Associates,
2 and so that you may understand what that means,
3 the certificate and tradename was registered on
4 March 20, 1968 in Cape May County and in the
5 State of New Jersey. My attorney was James S.
6 Cafiero, Esquire in that case, in the filing
7 action. We all love our Jimmy in Cape May County.
8 I am sorry he is not here to hear my comments
9 about him, which I feel equally as I stated to
10 you.

11 Now, I am going to demonstrate that I can
12 talk in five minutes of the important things I
13 may have chosen to speak about, and I suppose if
14 I run over I will even cut it off.

15 Now, in connection with Bill 200, and I
16 will talk as fast as I can for the sake of the
17 cameraman, and may I suggest to you, Mr. Cameraman,
18 you are at liberty to leave, you don't need to
19 stay for me, I have had enough pictures in my
20 life, I am 76 years of age, I don't need it, I
21 know that well, and that's not any criticism,
22 because you are tired and I have that same feeling.
23 I came up the hard way and I know what it is to
24 be tired and work hard and I know I am very
25 sympathetic also with the committee, serving as

1 a subcommittee, and suffering it must be, because
2 I have to congratulate you, Senator, on your
3 willingness to endure all this and the way you
4 have gone into this thing to give the people a
5 chance to express their opinion. It is the
6 democratic way, we must honor you for that.

7 Now, I will try to--that took an extra
8 minute out, O.K.

9 SENATOR McGAHN: Take your time, at this
10 time you have earned it.

11 MR. HINKEL: In connection with that Bill
12 200, I would say this, any authority that issues
13 bonds, we have to pay the interest in the one
14 year and in the succeeding years as the bonds
15 fall due, I mean the payments, interest and
16 principal payments, they may in a historical
17 fashion sometimes the bonds are called, and
18 rather distort the budget, and in that budget
19 they have to meet that in the general expenses.
20 Now, most of the senators and assemblymen, and
21 I want to say the public, we all know that, but
22 I want to tell you, unfortunately, we the people
23 sometimes don't know it. I happen to know it
24 because I served on the New Jersey Taxpayers
25 Association in certain committees.

1 I want to make one statement clear, a
2 statement filed with you by Mr. Whalen. I am
3 honorary chairman of the Home Owners Association
4 and a member of the executive committee for life.
5 The action taken by that association was the
6 action of the association. He is the only one
7 who is qualified here to present a statement on
8 behalf of that association.

9 However, we all must reserve the right of
10 dissent, providing it is clear to everybody that
11 I speak on my behalf alone.

12 Now, one of the most sacred rights that
13 remain to us is the right of dissent. I am afraid
14 sometimes that that right of dissent is misused,
15 sometimes by maybe a supreme court justice who
16 thinks that right of dissent was meant by our
17 founders, the constitutional founders, to protect
18 the criminal and protect other people.

19 Now, I will get on in connection with
20 this bill about the port, and we talk about these
21 large tankers. I have listened to a debate on
22 WCAU where the report was brought up and the
23 statement was made that we have these large
24 tankers and they have these large savings. I am
25 a specialist in loans, feasibility studies, I am

1 a specialist in management, both an operating man
2 and a financial man. I didn't see any data to
3 demonstrate the facts. I want to make a loan,
4 I wouldn't make a loan to anyone of those ships
5 unless I knew a lot more about it, just as a
6 banker or a businessman, and I don't happen to
7 be a lawyer or other than just an ordinary
8 businessman.

9 Now, I want to tell you something else.
10 Are any of you gentlemen familiar as I am with
11 these men up there? Have they spent one tenth
12 of their money to develop modern lighters and
13 going into the system of operating up there? I
14 was in mass transport, my position in mass transport
15 was treasurer and secretary of the Board of SEPTA,
16 of the old SEPTA. I only left them about 1959.
17 I happen to know mass transit.

18 I also happen to know how to build ships.
19 I was in charge of the emergency fleet of ships
20 way back in the old days in Hog Island. They
21 built ships by the hundreds. We established a
22 cost accounting system, the first case of similar
23 to IBM. I am telling you more because I am getting
24 worked up here, you will pardon me.

25 Now, I want to say this, if you would make

1 that investigation, my thought that they developed
2 modern type of flow, and incidentally, let me
3 explain that I do not deny that I am a candidate
4 for the Second Congressional District running
5 against a Republican, against Congressman Sandman.
6 I also want to make clear to you that I don't
7 deny I am using this as a platform, because I am
8 sure the newspaper reporters are here. I don't
9 expect any publicity in connection with this; in
10 fact, I don't think they are going to publish
11 what I am presently going to say.

12 What I am going to say is very briefly
13 this, I have no personal antagonism to the oil
14 industry group. I think they are just ordinary
15 businessmen like I am, like the rest of us. Why
16 should we condemn them? And have you ever stopped
17 to think we can raise the price of land three and
18 four hundred per cent? So then they scream, it's
19 raised, they raise a certain percentage, it's
20 a legal concept, our position is doubtful. I am
21 not trying to defend them.

22 I want to tell you this also about the
23 international men. If you understand international
24 affairs, the international bankers and these so-
25 called oil men, they have an equal position that

1 we have in trying to solve the world's problems.
2 They are very useful to America in establishing,
3 retaining the gold standard, doing so many things.
4 Our particular problem is minor with them. Properly
5 appealed to, they might be so useful to us it isn't
6 even funny.

7 What I want to say, I want to point out
8 to you in connection with these big oil ships
9 they are building, if you are familiar with the
10 missile program--my nephew worked with the missile
11 problem, my nephew's name is Neil, his name is
12 Hinkel, and he's home, he's proud of it, my son,
13 because of war conditions he used that name, so
14 I want you to understand I know something of
15 the missile problem, because I went out there
16 the last Skylab launch and I listened to him
17 describe what they can do with the modern missiles.
18 These ships can be pinpointed by the missiles
19 that are available that would destroy each one.
20 They are subject to submarine attack, and don't
21 let anyone tell you that they can't be blown to
22 pieces.

23 Now, by the same token, I have tried to
24 ask this question. These tankers are not registered
25 in American registry. We have no assurance that

1 if there is a war we even have any tankers. What
2 are we talking about? It's amazing to me how
3 these people talk about these things, but without
4 settling these questions for American interests,
5 and we can do it without calling a name, because
6 if we get into it, we will find right down in the
7 main the unions prevented it because they want
8 to save a little union dollars, they permitted
9 this type of registry, which, when the chips are
10 down and war starts, where are the ships to bring
11 oil here?

12 You see, these are the things that I speak
13 about, the things that Americans must know about
14 and have the courage, and because of economic
15 factors I am one of the few men who will not be
16 hurt by asking these questions. I don't need
17 anybody's help. As far as I am concerned, my
18 days are--I have reached a point where my country
19 is my only thing, and if I can live meaning
20 anything to my country as part of my final
21 heritage, I will welcome the opportunity.

22 Now, I don't want to belabor a lot of
23 these points. I think I have just about wound
24 up, except I do want to say one thing, and this
25 thing I always say on various occasions, I never

1 care if anybody publishes it, I have a belief in
2 God and in this society. I don't think anybody
3 minds my stating that. I also ask God's help.
4 I do not claim to have any spiritual support in
5 any way, shape, or form, but I don't hesitate to
6 do that, and I also want you to know that I know
7 no fear except the fear that is natural to every
8 human being which is involved in God's natural
9 law of survival. Other than that I don't fear
10 anybody.

11 So in conclusion, in the hopes you
12 gentlemen will come up with some kind of an
13 answer and I will get an opportunity, the New
14 Jersey taxpayers, as I say, will consider your
15 bill, they haven't taken any position, I talked
16 to Frank Haines today to be sure I wouldn't have
17 to mention that I wasn't speaking for them, and
18 I know you know Frank and all those people, that's
19 one of those kind of things. But anyway, I wish
20 you all the luck, you have my sympathy, because
21 you will be damned if you do and you will be
22 damned if you don't. The people you support,
23 they will love you; the other people won't, and
24 you are in political life, you face up to
25 responsibilities, I know it, and I expect to do

1 my share, in the election I may surprise a great
2 many people.

3 SENATOR McGAHN: May I say I wish you luck.

4 MR. HINKEL: Well, thanks a lot, and that's
5 very kind of you, because you are a gentleman,
6 but I think you really mean it. Thank you very
7 much.

8 SENATOR McGAHN: Thank you very much, Mr.
9 Hinkel.

10 For the record, may I make one comment
11 concerning something you said? At the present time
12 the 40,000 deadweight tug barges which are carrying
13 crude oil from the Gulf Coast to the East Coast
14 under the Jones Act do sail under the American
15 flag. Also, for the first time, American super
16 tankers have been built, subsidized by the
17 federal government, subsidized to the extent of
18 the difference in cost between what it would
19 cost a foreign country and here, and they also
20 sail the American flag. Thank you.

21 Mr. Edward Marro. I guess he's gone.

22 Yes?

23 ROBERT GILLIS: My name is Robert Gillis,
24 a resident of Stone Harbor.

25 I speak here with respect to having

1 witnessed all of the oil port hearings in the
2 last two years, and I just want to ask a couple
3 of questions briefly, if I may.

4 First of all, do you see a future for S 200
5 in light of what you know to be federal regulations?
6 And I recognize they are quite confused and a gray
7 area with EPA in relationship to oil in general,
8 but what do you see of the future of state
9 authority in relationship to the federal government?
10 I haven't been able to figure that one out at
11 all, so I am asking you.

12 SENATOR McGAHN: Of course basically let
13 me say this, you certainly know any oil port
14 facility which would be 13 to 25 miles offshore
15 would be in international waters. This would not
16 even be within the nine mile continuation zone
17 outside of the three mile territory. That probably,
18 the exact position will be and is going to be on
19 the agenda for the law of the states, which is
20 to be held this year in South America.

21 At the present time, however, a deepwater
22 oil port situated in international waters would
23 be considered a reasonable use of that facility
24 by the nation adjoining that particular area.

25 MR. GILLIS: Probably fall into international.

1 SENATOR McGAHN: That's correct. Now, the
2 problem there is of course basically pipelines
3 leading from that on shore. Again the state
4 would have no control over anything past the nine
5 mile continuous zone, but it would control the
6 right of access to the states through the three
7 mile territorial zone to repair, etc.

8 MR. GILLIS: So after the development of
9 the bonding and everything the emphasis that the
10 authority would have would be on land use?

11 SENATOR McGAHN: The impact here I think,
12 as you know, has been developed by Arthur D. Little
13 and everybody else is basically the impact on
14 land site development. This is where strict land
15 use controls are necessary on the part of the
16 state in order to control.

17 MR. GILLIS: O.K. That leads me to the
18 next question. I have just become aware of the
19 advocacy bill that swept through the assembly
20 73 to nothing, and the question is in your
21 understanding of the advocacy bill would the
22 authority--does the state come under that act?
23 I am a little confused.

24 SENATOR McGAHN: I think that really the
25 advocacy bill, we haven't even considered in the

1 Senate yet, and I don't think--I am trying to, but
2 I don't think that's a topic we are talking about,
3 the deepwater port.

4 MR. GILLIS: O.K. Let me come at it another
5 way. I have witnessed we had the structure in
6 the state, another authority structure in the
7 state is not under citizen control because it's
8 private in nature, and the question is, is there
9 a possibility as to will it have perhaps in
10 amended form when you take it out of committee
11 some kind of mechanism for public evaluation?

12 SENATOR McGAHN: Yes, if it comes out there
13 the mechanism for a public hearing.

14 MR. GILLIS: No, not public hearing.

15 SENATOR McGAHN: For environmental impact
16 statement.

17 MR. GILLIS: O.K., you answered my question.

18 SENATOR McGAHN: There also will be most
19 likely a citizen right to sue that will be
20 basically passed.

21 MR. GILLIS: O.K. I just wanted to make
22 a small, private statement in favor of some kind.

23 SENATOR McGAHN: O.K., fine, thank you.

24 Is there anyone else present that wishes
25 to testify? Do we have anyone remaining?

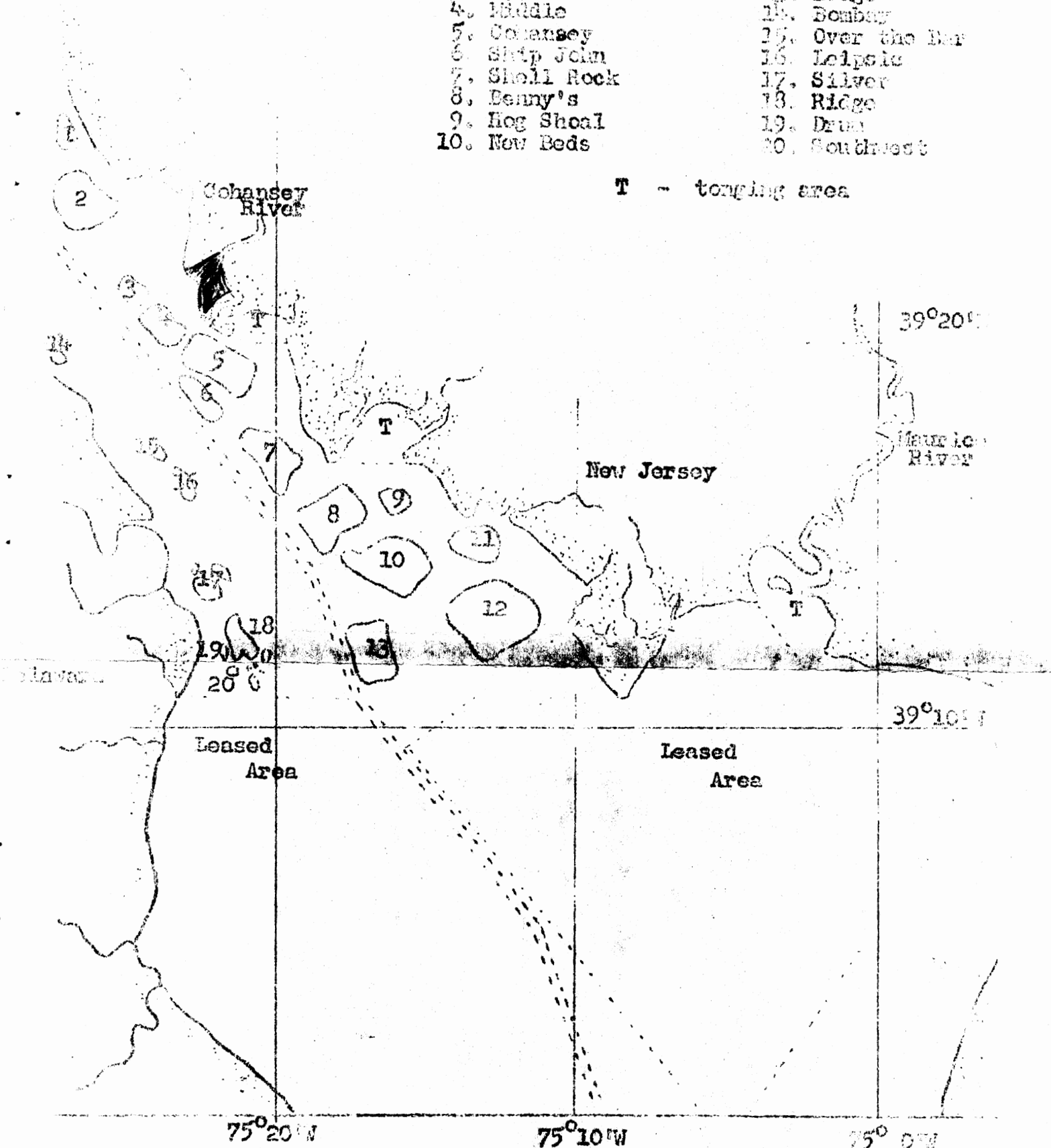
1 Fine. I thank you, everyone, for your
2 patience. Anybody that I may have offended by
3 my questions, I certainly did not wish to do so,
4 this was simply in the interest of attempting to
5 clarify the issue. Thank you.

6 (Hearing concludes.)
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THE NATURAL SEED OYSTER BEDS OF DELAWARE BAY

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|-------------------|------------------|
| 1. Upper Arnold's | 11. Beaden's |
| 2. Arnold's | 12. Egg Island |
| 3. Upper Middle | 13. Lodge |
| 4. Middle | 14. Bombay |
| 5. Cohansey | 15. Over the Bar |
| 6. Ship John | 16. Lelpais |
| 7. Shell Rock | 17. Silver |
| 8. Benny's | 18. Ridge |
| 9. Hog Shoal | 19. Drum |
| 10. New Beds | 20. Southwest |

T - tonging area



1 STATEMENT OF WILLIAM S. COWART, JR.:

2 My name is William S. Cowart, Jr. I am Senior
3 Vice President of the Atlantic City Electric
4 Company. The Atlantic City Electric Company
5 serves the southern third of New Jersey and, as
6 a good industrial citizen, it is vitally concerned
7 with the economic and environmental future of the
8 region.

9 This concern involves the realization
10 that the natural ecological attributes of Southern
11 New Jersey have to be protected and that, equally
12 important, a sound economy has to be maintained
13 so that the citizens of the area can enjoy the
14 environmental benefits together with a satisfactory
15 standard of living. It is a foregone conclusion
16 that this required balance can be brought about
17 by intelligent and organized action. A nation
18 that can put men on the moon can certainly exert
19 the type of expertise required to provide adequate
20 energy and economic development and at the same
21 time guard against threats to the environment.

22 The economy of the United States and the
23 established American way of life have been
24 threatened by the arrival of the energy crisis.
25 The effects, both direct and indirect, of the

1 curtailment of energy due to the crisis are far
2 reaching in their consequence to the economy of
3 New Jersey. These effects extend into the various
4 segments of the manufacturing sector as well as
5 to direct users of primary energy sources. We
6 have regulated ourselves into a dilemma where
7 those fuels which have been available could not
8 be used, and those fuels which could be used have
9 not been available.

10 Further complicating this problem has
11 been the advent of the Middle East oil embargo.
12 It is anticipated that the available domestic
13 inventory of petroleum sources including the
14 potential exemplified by Alaskan reserves is
15 inadequate for future needs. The United States
16 has become increasingly dependent upon foreign
17 crude oil. This need could be alleviated by
18 future exploration and development of domestic
19 sources including those of the Continental Shelf
20 of the United States.

21 Facilities to receive VLCC's (Very Large
22 Crude Carriers) must be provided in order to
23 receive deliveries of imported oil upon the
24 easement of foreign restrictions. Such equipment
25 would also be applicable for the reception and

1 transshipment to storage tanks of the products of
2 future wells that may be developed on the Continental
3 Shelf.

4 Offshore reception systems do not
5 necessarily require a major construction effort
6 such as a complete port or manmade island. It
7 is felt that a relatively simple monobuoy anchorage
8 could be utilized to adequately accommodate the
9 aforementioned activities. An SBM (Single Buoy
10 Mooring) terminal system is economical and easy
11 to construct and would appear to offer many
12 advantages. It provides maximum flexibility,
13 is exceptionally seaworthy, and reduces fire,
14 pollution and collision hazards. There are more
15 than 100 SBM terminals already in service that
16 are operating satisfactorily. Techniques and
17 equipment design for these systems have been
18 advancing and safety devices that immediately
19 shut off a potential blowout are rated highly
20 efficient by government oil specialists.

21 In a comprehensive study of potential
22 sites for deepwater facilities, the U.S. Corps
23 of Engineers advocated construction of an offshore
24 reception center in the Atlantic Ocean. This
25 approach represents considerably less of a threat

1 to marine ecology and also eliminates the hazard
2 of increased traffic within the relatively
3 congested bay area that is now experienced from
4 the daily unloading of tankers. Since the ability
5 to service large scale tankers would be provided,
6 a lower number of transfers would be required as
7 well as a smaller number of ships.

8 In addition to the favorable reduction of
9 accident potential relative to utilization of large
10 scale shipping, there are economies of capital
11 investment and operating costs to be realized.
12 As stated previously, the capability of procuring
13 oil from potential deposits on the Continental
14 Shelf would also be provided. Geological estimates
15 indicate the possibility of petroleum reserves of
16 an appreciable magnitude existent in the area of
17 the Baltimore Canyon. This particular Atlantic
18 Coast structural feature extends from a point off
19 northern New Jersey down to a latitude slightly
20 below Cape Hatteras, North Carolina. The U.S.
21 Geological Survey estimated recoverable crude oil
22 resources off the East Coast at 42 billion barrels
23 and natural gas at 211 trillion cubic feet. This
24 would more than double U.S. reserves of oil at
25 a time when the Middle East is a question mark

1 and when other traditional foreign suppliers are
2 seeing their own reserves falling. It is believed
3 that in the best interest of filling our future
4 petroleum needs and insuring independence of
5 foreign sources, exploration and drilling in this
6 region should be carried out.

7 Such a program combined with offshore
8 pumping and transfer facilities would allow the
9 United States to achieve independence of foreign
10 oil, but would still permit the reception of
11 imported oil if and when it becomes available.
12 It is felt that ultimately such a facility will
13 have to be constructed in this region and New Jersey
14 should be in a position to reap the advantages
15 represented by through-put charges, ratables
16 and other economic rewards.

17 The intent of S 200 to allow the con-
18 struction of facilities as described in the fore-
19 going is agreed with. However, it is felt that
20 it should be done by the private sector and not
21 a government bureaucracy. New Jersey has all
22 of the necessary regulatory procedures and powers
23 by which to adequately control any such endeavor.
24 Therefore, a special authority established for
25 the sole function of conducting oil transfer

1 operations is unnecessary. At least two private
2 enterprises have made application to conduct an
3 oil unloading operation and have been unable to
4 secure the necessary approval. This illustrates
5 the fact that New Jersey's existing control system
6 does work. State regulations coupled with existing
7 bi-state and federal controls are more than
8 adequate for surveillance and direction of any
9 oil reception center that may be constructed and
10 operated off of New Jersey's shores.

1 STATEMENT IN FULL OF LAUREL MOWBRAY:

2 Maybe the Middle East did South Jersey a
3 favor when they imposed their oil embargo this
4 winter. Americans learned that we were not self-
5 sufficient energy-wise, but dependent on the whims
6 and caprices of foreign powers. We learned that
7 the major oil companies are not American, but
8 international companies to whom we are just
9 another customer. We learned of tax breaks, of
10 deals with foreign powers to increase profits,
11 of the powerful and successful Capitol Hill lobby.
12 And we learned, to our sorrow, no matter what
13 the price at the gas tank, we have to pay.

14 We also learned that we are pursuing
15 economic disaster if we continue to rely on
16 foreign oil to supplement our own resources.
17 Economists were speculating on just how long it
18 would take the Arabian nations to own the world.
19 As the price for crude oil kept rising, gold was
20 pouring into the Middle East. Many of the
21 developed nations faced potential bankruptcy,
22 and others financial havoc. (Because the Arabs
23 have quadrupled the price of oil, for example,
24 this past month of February Japan had a one and
25 one quarter billion dollar trade deficit.)

1 But the public also learned that there were
2 other sources of energy available that have never
3 been developed, sources which could keep America
4 self-sufficient with non-polluting energy--such
5 as solar power and wind power. Both need money
6 for development. Let us use the billions earmarked
7 for this port to do just this, for in the face of
8 recent history, to continue to build facilities
9 that would rely on foreign oil is idiocy.

10 Tourism is our state's second most important
11 industry. South Jersey, with its beaches, clean
12 air and open spaces, is the playground for millions.
13 We serve a truly good and needed purpose in
14 providing a respite for those in the urbanized
15 congestion around us.

16 A deepwater port and tourism will not
17 co-exist. You can have one or the other, but not
18 both. A deepwater port brings with it heavy
19 industrialization, particularly of refineries and
20 petrochemical complexes. Not only would Cape May
21 County have to convert most of its land to
22 commercial/industrial and residential use, but,
23 because of the large amount of heavy industrial
24 activity, our character would be changed to
25 approximate that of other refining centers.

1 Fresh water needs would be tremendous, and we
2 would "likely be forced to import large volumes
3 of water." Sewage needs would increase greatly.
4 Air pollution loads, even with the most modern
5 protective devices, would more than double.
6 Massive oil spills could have critical impacts
7 on the shore areas.

8 Has anyone gone to Sewaren lately? In
9 the 1920s Sewaren, N.J. was an exclusive summer
10 resort. In 1927 Shell Oil said they only wanted
11 to build a few storage tanks. Today the beach
12 is stained by oil and strewn with garbage. Gas
13 fumes and other foul odors have forced many to
14 install air conditioners just to keep out the smell.

15 I am not saying that what happened at
16 Sewaren will happen here, or anything half as bad,
17 although it could. The point is that it wouldn't
18 take very much to kill our three billion dollar
19 tourist industry. And what happens to our people
20 when the values of their businesses and properties
21 plummet downward?

22 Proponents of this port say that we can
23 rely on recent environmental legislation for
24 protection. Can we? These laws have yet to be
25 tested in court. Clean air and water laws have

1 been passed, (and these should be considered health
2 rather than environmental legislation), yet we
3 have seen standards lowered and deferred. Nor is
4 it impossible to conceive that at any time in the
5 future Trenton will either nullify our coastal
6 protection laws, or create exemptions that would
7 render them useless.

8 Every citizen is aware of the economic
9 stranglehold with which the automobile-oil
10 industrial complex has enmeshed us. Mass railroad
11 transportation was sabotaged; cheap conversion
12 of coal to gas was effectively pigeonholed.
13 Americans were blindly led down the path of
14 dependence on a car-oil economy. "What's good
15 for General Motors is good for the country," said
16 Charles Wilson, Chairman of its board. He should
17 have included Exxon, Gulf, Texaco, and Standard
18 Oil.

19 Can Trenton and Washington withstand the
20 pressures this powerful complex exerts, or will
21 they offer South Jersey as a sacrificial lamb
22 in a dubious stop-gap measure that will increase
23 our dependence on the Middle East rather than
24 solve the energy crisis.

25 America can conserve. We can stop the mad

1 squandering of our resources. We can use our
2 vast coal reserves. We can manage to develop
3 independent energy sources.

4 We have come to a fork in the road. One
5 way will temporarily satisfy the oil companies,
6 but will spell destruction for South Jersey. Let
7 us take the other.

1 STATEMENT OF JOSEPH A. WHALEN: Our
2 association, the Avalon Home and Land Owners
3 Association (AHLOA), comprises over 1200 members
4 owning properties evaluated at over 100 million
5 dollars in the shore community of Avalon, New
6 Jersey. The majority are summer residents from
7 the border states and western New Jersey who
8 support strongly the economy of Southern New
9 Jersey. This represents a clean investment and
10 is only one (1) of some six (6) other comparable
11 seashore communities. Why entertain a hazard
12 which will endanger if not devastate it?

13 We believe there is an obvious need for
14 a rational approach to balance the increased needs
15 for energy while protecting to the maximum degree
16 the natural environment of our country and
17 specifically our Garden State. Last July the
18 Department of Army, Corps of Engineers recommended
19 against the construction of any deepwater ports
20 off New Jersey or Delaware, recognizing it as a
21 "short sighted solution to a long range problem,"
22 and not providing the above cited sought for
23 balance.

24 S 200 can only be termed irresponsible
25 since it provides no consideration in many

1 important regards. These include but are not
2 limited to: (a) Ruination of the surrounding
3 environment with attending mass damage to the
4 ecology; (b) completely destroy a recreation area
5 for some 30-40 million persons residing in the
6 eastern megalopolis; (c) pending congressional
7 legislation intended to determine the states'
8 right to build oil ports; (d) economically un-
9 sound; AHLOA completely supports the findings of
10 the Cape May County Planning Board as set forth
11 in their position paper; (e) insurance protection
12 and "fail safe" regulatory responsibilities;
13 both are mandatory, particularly in a new
14 technological configuration of this magnitude.

15 Let it be abundantly clear that even if
16 all or any of the above deficiencies were
17 corrected or remedied, construction of any form
18 of oil port off the New Jersey coasts would not
19 be warranted. New Jersey already processes the
20 majority of oil for the northeastern states.
21 Now is the time to achieve balance. It is
22 particularly ironic that New England with
23 relatively inferior beaches, and who consumes
24 twice as much heating oil as New Jersey rejects
25 oil ports. Yet, some members of our state's

1 legislature not only embrace but push for deepwater
2 ports that could utterly destroy our finest asset--
3 our beautiful sandy beaches. Again, we ask why?

4 While the earth on which we live pursues
5 a daily course on its axis representing a true
6 symbol of balance, we who live on it must strike
7 at the imbalance which plagues us. To foster
8 more oil processing would nurture the imbalance
9 which already prevails in New Jersey. Accordingly,
10 we plea no deepwater oil ports off our shores.

STATEMENT OF RUSSELL W. SCHAEFFER:

Because of the lateness of the hour, I wish to present the views of the Borough of Avalon as being against an oil port of any shape or form.

1 STATEMENT OF OCEAN CITY FISHING CLUB, INC.:

2 The Ocean City Fishing Club, Inc. founded
3 in 1913 has been a part of the Fourteenth Street
4 beach scene at Ocean City, New Jersey since 1915
5 when our first fishing pier and clubhouse were
6 built. Over sixty per cent of our 175 members are
7 year-round residents of New Jersey and about
8 eighty per cent of our members are property owners
9 here.

10 Our history shows we have survived gale
11 force wind and wave and hurricane, too--but not
12 without severe financial loss, so we think we have
13 some knowledge of what "mother Nature" on a
14 rampage can do to all of us. We just hate to
15 think what a very large crude oil carrier oil
16 spill would do to our coastline beaches even in a
17 relatively calm sea. (By very large crude oil
18 carriers we include super tankers with a 250,000
19 DWT up to 500,000 tons--they could be over 1300
20 feet in length (four times the length of a football
21 field) have a breadth of up to 208 feet, and be
22 up to ten stories high.)

23 The final environmental impact statement
24 for the tanker construction program prepared by
25 the Maritime Administration states--although it is

1 recognized that containment and recovery of
2 spilled oil at sea is highly desirable, no system
3 is now available that could handle the possible
4 range of oil spill sizes or cope with waves
5 above six to eight feet and currents greater than
6 one knot. Such conditions are commonly experienced
7 at sea.

8 The Maritime Administration report also
9 describes the impact of a potential very large
10 crude oil carrier oil spill on the Delaware
11 offshore and vicinity as follows: A major oil
12 spill 20 miles offshore results in (1) major oil
13 accumulation in the wetlands; (2) a slick of 2
14 c.m. (centimeters) thickness 1600 feet wide and
15 80 square miles in area; (3) a coastal impact of
16 oil from just above Chesapeake Bay entrance all
17 the way to New York Harbor; (4) contamination of
18 large tracts of shell fish beds both on the
19 Continental Shelf, in Delaware Bay, and along
20 the whole shore line; (5) potential loss to the
21 fin fish industry at ten to 15 million dollars
22 the first year; (6) estimated damage to the
23 tourist industry of 2.8 billion dollars in the
24 first year of which two billion would be suffered
25 by New Jersey.

1 The Army Corps of Engineers in their
2 January 15, 1973 report at Erma, New Jersey
3 stated that a deepwater port could change the
4 economy of the coastal area and the area could
5 become industrial.

6 Of the 50 major deepwater ports in the
7 world, all are heavily industrialized with the
8 exception of seven. Six are export ports on the
9 Persian Gulf. The seventh is Bantry Bay, Ireland,
10 where severe topography, lack of regional markets
11 and Irish Law prohibited oil refineries. In-
12 cidentally, Gulf Oil Company, the operator,
13 originally agreed to the refinery prohibition but
14 has sought and received an exemption to build a
15 refinery. This necessitated a change in national
16 law.

17 Presently the East Coast has a capacity to
18 refine 1.5 million barrels of crude oil per day
19 and New Jersey refines almost one half of that
20 amount. Certainly we are doing more than our
21 fair share. To run the risk of destroying our
22 beaches from Sandy Hook to Cape May and ruining
23 this tourist and recreational area does not seem
24 to be in the best interest of the people of New
25 Jersey and their many visitors.

1 The Ocean City Fishing Club, Inc. went on
2 record at the Army Corps of Engineers Public
3 Hearing in January 1973 at Erma, New Jersey as
4 being opposed to a deepwater port. As State Senate
5 Bill S200 would create an authority to build or
6 have one built for them, our position remains the
7 same as in January 1973. Any amendments to this
8 bill would also be unacceptable to us as long as
9 the bill would permit the construction of a
10 deepwater port. We urge the sponsors of State
11 Senate Bill S 200 to withdraw it.

12 We endorse the Izaak Walton League statement
13 of March 4, 1974 which we believe has been pre-
14 sented to your public hearing body and also
15 endorse the statement of the Cape May County
16 Planning Board which was presented to your public
17 hearing body this evening.

18 We urge the defeat of State Senate Bill
19 S 200.
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1 STATEMENT OF ATLANTIC CITY BRANCH OF
2 AMERICAN ASSOCIATION OF UNIVERSITY WOMEN: On
3 behalf of the local Atlantic City branch of the
4 American Association of University Women, an
5 organization which represents 230 women, I would
6 like to submit the following testimony concerning
7 the bill S 200.

8 We object to the state financing an oil
9 transfer facility for the following reasons. Our
10 main concern is the landside affects such a
11 facility will produce. The coastal areas of New
12 Jersey are mainly resort areas which attract
13 millions of visitors each year. These people
14 flee to the shore in the summer to grab a weekend's
15 peace. They appreciate the seashore and the
16 wildlife and scenery which accompanies it. A
17 Philadelphia Federal Reserve bank estimated a few
18 years ago that the total value of tourism and
19 recreation at the shore was worth 2.4 billion
20 dollars to the state. Needless to say, it is
21 important to protect such a profitable industry.

22 In January 1973 the Army Corps of Engineers
23 reported that the construction of a deepwater
24 port acts as a catalyst for refinery and petro-
25 chemical complexes in close proximity to a terminal

1 facility. Such industrial growth would be
2 accompanied by population growth, new housing,
3 larger demands on public services, more sophisti-
4 cated sewage facilities, most of which are
5 presently overloaded, and new demands on county
6 water supplies. Along with such growth would come
7 all of the problems and expenses of land use; waste
8 disposal, and air and water pollution. In other
9 words, the quality of life which attracts many
10 residents to this area would be jeopardized. We
11 feel that New Jersey, the most densely populated
12 state in our nation, already does her share in
13 meeting energy demands. The Middle Atlantic area
14 already uses half of the entire East Coast's
15 demand for petroleum products, but currently only
16 a fraction of this market is served by Middle
17 Atlantic refineries.

18 Proponents of a deepwater port claim a
19 facility will produce new jobs. Who will benefit
20 from these jobs? Will positions be filled by
21 area residents or will labor be imported? How
22 many existing jobs which depend on the tourist
23 trade will be jeopardized? Will a majority suffer
24 so a few may profit?

25 Further, our organization opposes a

1 deepwater port facility because we do not feel
2 it is a long range solution to the energy situation.
3 An industrial complex could leave a longlasting
4 scar on our surroundings, but may offer only a
5 short range solution to our energy needs. We must
6 continually ask ourselves what the chief source of
7 energy will be in twenty-five years. We must not
8 increase our dependence on foreign oil; instead
9 we should begin to develop our own resources.
10 Alternate sources of power must be developed. A
11 continuing emphasis must be made on using our oil
12 products more wisely, cutting down on wastes, and
13 conserving our energy.

14 Lastly, our organization, which supported
15 the wetlands act because we recognize the value
16 of these areas, would like further explanations
17 from proponents of an oil transfer facility to
18 explain how the environment will be protected by
19 this act and the Coastal Bill. On page 9 in
20 S 200, the corporation is given the authority to
21 acquire in the name of the corporation by purchase
22 or otherwise, on such terms and conditions and in
23 such manner as it may deem proper, or except with
24 respect to the state, by the exercise of the
25 power of eminent domain, any land and other

1 property, including land under water, meadowlands
2 and riparian rights, which it may determine is
3 reasonably necessary for an oil transfer facility
4 or for the relocation or reconstruction of any
5 highway by the corporation. Further, on page 25,
6 S 200 says, "It is the intent of the legislature
7 that in the event of any conflict or inconsistency
8 in the provisions of this act and any other acts
9 pertaining to matters herein established or pro-
10 vided for or in any rules and regulations adopted
11 under this act or said other acts, to the extent
12 of such conflict or inconsistency, the provisions
13 of this act and the rules and regulations adopted
14 thereunder shall be enforced and the provisions
15 of such other acts and rules and regulations
16 adopted thereunder shall be of no force and
17 effect." Do not these two sections then, make
18 the wetlands act worthless?

1 STATEMENT OF THE NEW JERSEY STATE

2 DIVISION OF THE AMERICAN ASSOCIATION OF UNIVERSITY
3 WOMEN: On behalf of the American Association of
4 University Women, New Jersey State Division, which
5 numbers over 6000 members located throughout the
6 state, we would like to thank the Senate Committee
7 on Energy, Agriculture and Environment for this
8 opportunity to comment on some features of S 200
9 which concern us. First, however, we would like
10 to commend the committee for holding hearings in
11 several locations throughout the state so that
12 interested citizens can express their views.
13 Locally, the hearing date and site has had very
14 little advance publicity, and we suggest that in
15 the future public notices could be placed in the
16 local press which would encourage greater
17 participation by area citizens.

18 For the past four years, the New Jersey
19 Division of AAUW has had a land use project which
20 has worked towards responsible use of land through
21 comprehensive and coordinated planning. In March
22 we sponsored a statewide conference on taxation
23 to focus attention on the need for revision of
24 the tax structure in New Jersey. New Jersey's
25 reliance on local property taxes has worked against

comprehensive planning, and we do not find that S 200 contains controls which could effectively limit landside development which traditionally accompanies the construction of an oil transfer facility. S 200 would limit the corporation to three fourths of a square mile for onshore storage, holding and distribution facilities, but it does not prohibit private companies from constructing refineries outside this limit. We do not think that local zoning would be able to resist pressures for industrial development, especially under the current tax system. The Army Corps of Engineers report on deepwater port facilities of January 1973 states that "The location of a deepwater port terminal will tend to induce industrial concentration, particularly of refineries and petrochemical complexes." The report also indicated the character of the entire Mid-Atlantic region would change from rural-recreational "to become heavily influenced by refinery, petrochemical and associated industrial development."

In a paper prepared by Thomas O'Neill for the New Jersey Department of Environmental Protection, January 1974, he states, "The

1 Philadelphia Federal Reserve Bank estimated a
2 few years ago that the total value of tourism
3 and recreation at the shore to the economy of the
4 state was 2.4 billion dollars." The New Jersey
5 shore is a major recreational area for the highly
6 urbanized cities of the Northeast, and with current
7 population trends from rural areas to urban ones,
8 and with increased leisure time as a result of a
9 shorter work week, the need for this unpolluted
10 open space at the seashore will be increasingly
11 apparent. The demands of an oil transfer facility
12 would be incompatible with a tourist economy, but
13 we find no resolution to this problem in S 200.

14 The New Jersey State Division AAUW
15 utilized its "Hot Line" to help secure passage
16 of the Wetlands Act of 1970, and we supported the
17 Coastal Areas Facilities Review Act. We recognize
18 the value of New Jersey's coastal wetlands as a
19 primary source of nutrients for ocean life, as
20 a nesting ground and haven for countless migratory
21 birds, as the basis of a lucrative shellfishing
22 industry, and as a buffer zone protecting the
23 mainland from ocean storms. S 200 would exempt
24 the corporation from the limitations to development
25 imposed by these laws. We respect the importance

1 and fragility of our coastal region, and we view
2 with alarm any attempts to override the legal
3 protection they have finally received. Why
4 should a public corporation not be governed by
5 the same laws as a private one? We would like
6 to quote again from Mr. O'Neill's paper, in which
7 he states that "petroleum products are extremely
8 dangerous to most forms of marine life, cannot
9 be broken down in oxygen-depleted waters, will
10 continue to cause damage long after their
11 deposition in current dumping grounds, and widen
12 the environmental impact of other pollutants such
13 as pesticides or heavy metals."

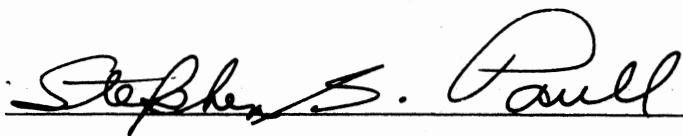
14 The idea behind S 200 seems to be that
15 by creating a public corporation to construct
16 and operate an oil transfer facility, the problems
17 attendant to such a facility will be solved. We
18 question this assumption. The existing acts to
19 protect the coastal area would be set aside by
20 S 200, although an environmental impact statement
21 would be required, this would apply to private
22 developers as well. After the Army Corps of
23 Engineers released its report on deepwater ports,
24 Governor Cahill issued a statement in which he
25 said, "It is apparent that oil spills through

1 collision or other accident involving super tankers
2 over 300,000 tons could wreck the marine environ-
3 ment of the Delaware or Raritan estuaries. It
4 is equally apparent that such oil spills could
5 devastate our ocean beaches. Still further it
6 is predicted that the construction of much of
7 this industry will create problems of coastal
8 wetlands destruction, substantially more air
9 pollution, considerably greater contribution of
10 pollution to our streams and beaches, and demands
11 for additional water supply. These are problems
12 for which there is no readily apparent solution."
13 We suggest that S 200 solves none of these problems.

14 Finally, we have all been made aware during
15 our recent energy crisis that the supplies of oil
16 on earth are not infinite, and most authorities
17 predict that its usage will peak about the year
18 2000. We have also been urged to reduce our
19 dependence on foreign oil. It seems short sighted
20 to irreparably damage one of our most valuable
21 natural resources, our wetlands and beaches, for
22 the sake of an industry on its way to obsolescence.
23 We would like to see the State of New Jersey
24 study its total energy picture and develop some
25 guidelines and priorities to meet future energy

1 needs. We would like to see conservation measures
2 implemented--our energy demands are rising at a
3 faster rate than our population and, as Americans,
4 we consume far more than our share of the world's
5 energy resources. We would like to see other
6 energy sources used, but with the safety of our
7 citizens and the environment in mind. We do not
8 think that the passage of S 200 would be in the
9 best interests of the people of this state.

10
11
12 I, STEPHEN G. PAULL, a Certified Shorthand
13 Reporter of the State of New Jersey, do hereby
14 certify the foregoing to be a true and accurate
15 transcript of the proceedings in the above
16 entitled cause.

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19 DATED: April 15, 1974.
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BRODART, INC.	Cat. No. 23-221

BRODART, INC.

Cat. No. 23-221

