



INTERNATIONAL  
OIL POLLUTION  
COMPENSATION  
FUND

EXECUTIVE COMMITTEE  
30th session  
Agenda item 4

FUND/EXC.30/3  
21 November 1991

Original: ENGLISH

## INFORMATION ON OTHER INCIDENTS

### RIO ORINOCO

Note by the Director

#### 1 Introduction

1.1 At its 28th session, the Executive Committee approved the settlements proposed by the Director concerning two claims submitted by the Canadian Government for a total amount of Can\$10 218 848 (£5 045 100). One of the claims related to the operations carried out by or on behalf of the Coast Guard up to 31 January 1991 (Can\$6 950 000) and the other to the operations covered by a contract between the Coast Guard and Groupe Desgagnés to remove the RIO ORINOCO (Can\$3 268 848) (document FUND/EXC.28/9, paragraph 3.2.3).

1.2 The settlements with the Canadian Government have now been finalised and embodied in a Settlement Agreement which is attached to this document at the Annex. Under the Settlement Agreement, the IOPC Fund shall pay to the Canadian Government Can\$6 million on 20 November 1991 and the remaining Can\$4 218 848 on 10 February 1992. Payment is being made in two instalments as the IOPC Fund's working capital is insufficient to cover such a significant payment in respect of an incident which had not been taken into account in the assessment of the 1990 annual contributions. The second payment will therefore not be made until the 1991 annual contributions have been received.

1.3 On 20 November 1991 the IOPC Fund paid Can\$6 million (£2 962 232) to the Canadian Government.

#### 2 Action to be Taken by the Executive Committee

The Executive Committee is invited to consider the information contained in this document.

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ANNEX

**SETTLEMENT AGREEMENT**

BETWEEN:

Her Majesty the Queen in Right of Canada

on the one hand,

AND

Rio Number One Ltd, Georgetown, Cayman Islands, the registered owner of the ship RIO ORINOCO (hereinafter referred to as the shipowner),

Sveriges Ångfartygs Assurans Förening, P O Box 171, S 401 22 GOTHENBURG, Sweden, the insurer of the third party liabilities of the RIO ORINOCO (hereinafter referred to as the Swedish Club),

The International Oil Pollution Compensation Fund, 4 Albert Embankment, LONDON SE1 7SR, England (hereinafter referred to as the IOPC Fund), represented by its Director,

on the other hand.

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WHEREAS

- 1 The asphalt carrier RIO ORINOCO, registered in the Cayman Islands, carrying about 9 000 tonnes of heated asphalt cargo, grounded on the south coast of Anticosti Island in the Gulf of St Lawrence, Canada, on 16 October 1990. As a result of the grounding an estimated 185 tonnes of intermediate fuel oil was spilled and came ashore.
- 2 The pollution of the coastline necessitated clean-up operations which were undertaken by a private company under contract with the Canadian Coast Guard for a short period of time, and subsequently with the Swedish Club. The same company, under contract with the Swedish Club, removed a major part of the bunker oil remaining on board the RIO ORINOCO (estimated at 100 tonnes) in December 1990. In both cases, the Swedish Club was acting on behalf of the shipowner.
- 3 The clean-up and removal operations described above were carried out under the supervision and control of the Canadian Coast Guard personnel on site.

A handwritten signature in black ink, appearing to be 'M. J. [unclear]', is located in the bottom right corner of the page.

- 4 By order dated 20 November 1990, the Federal Court of Canada authorised the shipowner to establish the limitation fund under Section 682 of the Canada Shipping Act. The Court fixed the limit of the shipowner's liability at Can\$1 182 616.60. The Swedish Club constituted the limitation fund by means of a letter of guarantee in that amount.
- 5 In view of the serious pollution threat remaining, attempts were made by the Canadian Coast Guard during the period up to 21 December 1990 to remove the vessel from the grounding position, to prevent further pollution. However, due to unusually bad weather, these attempts failed. The ship was successfully removed in the summer of 1991 by a company under contract with the Canadian Coast Guard and subsequently sold by judicial sale.
- 6 Her Majesty the Queen has submitted a claim to the shipowner, through the Swedish Club, and to the IOPC Fund in the total revised amount of Can\$7 261 546.17, for costs and expenses incurred by the Canadian Coast Guard from 16 October 1990 to 31 January 1991. This claim relates to the operations carried out by the Canadian Coast Guard, by private companies under contract with the Coast Guard, the Coast Guard's monitoring of these operations and the Coast Guard's pollution response at sea.
- 7 Her Majesty the Queen has furthermore submitted a claim to the shipowner, through the Swedish Club, and to the IOPC Fund in the revised amount of Can\$3 268 848 representing the cost to the Canadian Coast Guard of the contract to remove the vessel in the summer of 1991.
- 8 It is noted that the shipowner, through the Swedish Club, has paid compensation for clean-up costs and preventive measures at an aggregate amount exceeding the amount referred to in paragraph 4 above.

AFTER NEGOTIATIONS THE PARTIES HAVE CONCLUDED THE FOLLOWING AGREEMENT

- 9 Agreement has been reached between the parties to this agreement to settle the claim referred to in paragraph 6 above at an aggregate amount of six million nine hundred and fifty thousand Canadian dollars (Can\$6 950 000).
- 10 Agreement has been reached between the parties to this agreement to settle the claim referred to in paragraph 7 above at an aggregate amount of three million two hundred and sixty-eight thousand eight hundred and forty-eight Canadian dollars (Can\$3 268 848).
- 11 The IOPC Fund agrees to pay to Her Majesty the Queen
  - (a) on 20 November 1991 six million Canadian dollars (Can\$6 million); and
  - (b) on 10 February 1992 four million two hundred and eighteen thousand and eight hundred and forty-eight Canadian dollars (Can\$4 218 848).

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- 12 This agreement constitutes a final settlement in respect of any costs incurred by Her Majesty the Queen, including any interest thereon, in respect of clean-up operations carried out and preventive measures taken from 16 October 1990 to 31 January 1991 and the costs of the contract to remove the vessel referred to in paragraph 7 above, except that Her Majesty the Queen hereby reserves all rights to claim against the shipowner, the Swedish Club and the IOPC Fund for the following items:
- (a) all costs and expenses incurred by the Department of Fisheries and Oceans and the Department of Environment, from 16 October to the end of their respective involvements;
  - (b) all costs and expenses incurred by the Canadian Coast Guard from 1 February 1991 to the end of its involvement, except for the cost of the contract to remove the vessel; and
  - (c) any liability which the Canadian Government may have or has incurred with regard to unpaid invoices submitted by Mariner Towing Ltd for Can\$156 960 and Bouchard & Blanchette Marine Ltée for Can\$74 000 for the period up to 31 January 1991.
- 13 The IOPC Fund is subrogated to all rights of Her Majesty the Queen against the shipowner and the Swedish Club in respect of compensation for items covered by this agreement.
- 14 This agreement shall be governed by Canadian maritime law or, to the extent it may be held that Canadian maritime law does not apply or extend, by the laws of the Province of Quebec, and any dispute arising out of the interpretation or application of this agreement shall be subject to the exclusive jurisdiction of the Federal Court of Canada or any other court of similar competence.
- 15 In the event that any of the part payments referred to above are delayed, interest shall accrue in favour of Her Majesty the Queen at a rate in accordance with the Canadian Interest Act.

This agreement has been done in four copies.

The Deputy Attorney General of Canada  
per Daniele Dion

for and on behalf of Her Majesty the Queen in Right of Canada

Ottawa, 14 November 1991

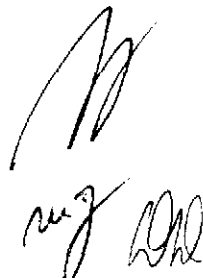


For and on behalf of Rio Number One Ltd

Gothenburg, 6 November 1991

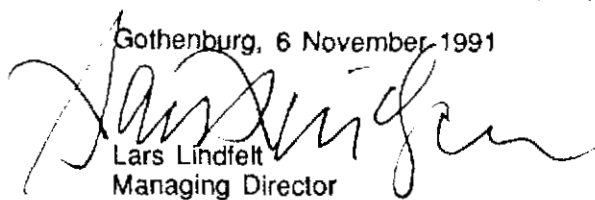


Lars Lindfelt



For and on behalf of Sveriges Ångfartygs Assurans Förening

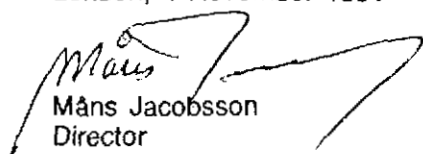
Gothenburg, 6 November 1991



Lars Lindfelt  
Managing Director

For and on behalf of the International Oil Pollution Compensation Fund

London, 4 November 1991



Mats  
Måns Jacobsson  
Director

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