



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND

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Agenda item 3

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INCIDENTS INVOLVING THE IOPC FUND

SEA PRINCE

Note by the Director

1 Introduction

1.1 On 23 July 1995, the Cypriot tanker *Sea Prince* (144 567 GRT) part-laden with approximately 86 000 tonnes of Arabian crude oil grounded near Yosu (Republic of Korea). Explosions and fire damaged the engine room and accommodation area.

1.2 It is believed that some 700 tonnes of bunker fuel were spilled together with an unknown but similar quantity of crude oil from cargo tanks damaged as a result of grounding. During the following weeks small quantities of oil leaked from the half submerged section of the tanker. Some of the spilt oil spread to the islands immediately north of Sorido. Most of the oil was carried eastwards by currents and eventually affected shorelines along the south and east coasts of the Korean peninsula. Small quantities of oil also reached the Japanese islands of Tsushima.

1.3 The *Sea Prince* was owned by Laserarrow Shipping Co Ltd of Cyprus and was operated by a Korean company (Hoyu Tanker Co Ltd). The vessel was entered with the United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Ltd ("UK Club"). The cargo was owned by Honam Oil Refinery Co Ltd, a member of CRISTAL.

2 Removal of remaining oil cargo

2.1 The oil remaining on board the grounded tanker, some 86 000 tonnes, constituted a major problem. A Japanese salvage company was engaged by the shipowner to salve the ship and the cargo, and a salvage contract (Lloyds Open Form 95) was concluded on 28 July 1995 between that company and the shipowner.

2.2 On 25 July 1995, the Director engaged salvage experts to follow the development on behalf of the IOPC Fund.

2.3 After technical evaluations the salvor intended to refloat the vessel with the remaining oil on board and tow it to a safe place for discharging the cargo. On the advice of the IOPC Fund's salvage experts, the Director conveyed to the shipowner, the UK Club and the salvor his serious concerns in respect of the planned operations, in view of the risk that large quantities of oil could escape. He indicated that the IOPC Fund might challenge the admissibility under the Fund Convention of costs for such operations on the ground that the planned measures would not be reasonable.

2.4 Due to changing conditions, the salvor decided to remove the oil before attempting to refloat the ship. The salvor transferred some 80 000 tonnes of oil to barges during the period 6-22 August 1995, leaving only some 630 tonnes on board. The residual quantity was dosed with dispersants to ensure rapid dispersal into the water column should the oil be lost during subsequent salvage operations or bad weather. The salvor intended to refloat the vessel and tow it to a ship-breaker. However, shortly after the completion of the discharging operation, another typhoon passed close to the site of the grounding, and the salvor was forced to suspend all operations in preparation for refloating. Further investigation undertaken after the period of bad weather showed that the vessel had suffered serious structural damage, and the technical experts agreed that there was an unacceptable risk that the ship could break during any refloating operations.

2.5 In view of this situation the shipowner decided to dispose of the vessel under a wreck removal contract, and invitations for tender have been issued. The salvage contract under Lloyds Open Form 95 was terminated on 1 September 1995. The salvor remained on the site with his equipment under a standard daily rate contract in order to ensure that the vessel would not move as a result of bad weather. That contract was terminated on 6 September, and the salvor departed from the site on 8 September 1995.

2.6 The Korean authorities have instructed the owner of the *Sea Prince* that any remaining oil should be removed from the wreck. The salvor commenced operations to this effect. The shipowner is continuing this operation with assistance from local contractors.

3 Clean-up operations and impact on mariculture and fisheries

3.1 The International Tanker Owners Pollution Federation Ltd (ITOPF) was engaged jointly by the IOPC Fund and the UK Club to follow the clean-up operations and give technical advice to those carrying out these operations. One ITOPF representative who was already in Korea in connection with another oil spill when the *Sea Prince* incident occurred, was able to reach the site of the incident on 25 July, and another ITOPF staff member arrived the following day. Two Korean firms of surveyors were also appointed to monitor these operations and to conduct investigations into the possible impact on fishery and mariculture resources as well as on other resources.

3.2 An oil spill response was organised by the shipowner under the direction of the Marine Police. The shipowner mobilised a dispersant spraying aircraft operated by a Singapore company. Six local contractors were engaged, offshore recovery vessels and equipment were mobilised and dispersant spraying was carried out. Local fishermen assisted in the response as well as the Marine Police using its own vessels. Most of these resources have been stood down, but a few units are retained in view of the risk of escape of small quantities of oil from the damaged stern section of the ship.

3.3 The shoreline impact of the oil was mostly light to moderate, with predominantly small stretches of rocky coasts, sea wall defences and isolated pebble beaches being affected. Contractors were engaged to provide equipment and materials to the local villagers who undertook the cleaning of beaches using manual methods. Some 2 000 people were involved in this work which was largely completed by the end of August. Two of the worst affected islands required further cleaning.

3.4 A local waste disposal contractor has been given the task of transporting collected waste from temporary storage sites on the islands to a licensed incineration and landfill disposal site.

3.5 In addition to traditional fishery, extensive mariculture is carried out in the area, particularly around the islands near Sorido. Floating fish cages, mussel farms and set nets were oiled to varying degrees, and the operators of these facilities undertook to clean them with assistance from local villagers.

3.6 Joint surveys to record the oil pollution of mariculture facilities in the affected area were carried out with the involvement of various local fishing representatives, marine scientists working with ITOPF and local surveyors. Two experts from Centre de documentation de recherche et d'expérimentations sur les pollutions accidentelles des eaux (CEDRE) also participated in the surveys on behalf of the shipowner/Club and the IOPC Fund. Samples of fish, shellfish and seaweed were taken for chemical analysis and taint testing.

3.7 On 3 August 1995 there occurred a collision near Koeje island resulting in the tanker *Yeo Myung* spilling about 40 tonnes of heavy fuel oil which contaminated shorelines previously affected by oil from the *Sea Prince* (cf document FUND/EXC.44/10). Oil samples have been taken and local surveyors appointed in an attempt to separate the impact of the two incidents to the extent possible .

4 Claims for compensation

4.1 The clean-up costs incurred so far have been indicated at some £22 million. It is not possible to assess at this stage the cost of the removal of the oil from the *Sea Prince*.

4.2 It is likely that there will be claims for compensation from the aquaculture and fisheries sectors for significant amounts. There may also be considerable claims from the tourist industry.

4.3 The shipowner and the UK Club have made three advance payments in respect of costs of clean-up operations, after consultation with the Director, totalling Won 2 278 090 000 (£1 890 000).

4.4 The Director has examined the claims submitted, on the basis of the reports of the surveyors and technical experts. He is of the opinion that the payments effected so far by the shipowner and the UK Club relate to operations which fall within the definitions of "pollution damage" and "preventive measures" and that the amounts paid are reasonable.

4.5 The Director submits to the Executive Committee for consideration whether the Committee might be prepared to authorise him to make final settlement of all claims arising out of the *Sea Prince* incident, except to the extent that these claims give rise to questions of principle which have not yet been decided by the Committee.

5 Limitation proceedings

5.1 The shipowner has not yet initiated limitation proceedings.

5.2 The limitation amount applicable to the *Sea Prince* is 14 million SDR (£14 million).

6 Investigation into the cause of the incident

The Korean authorities are carrying out an investigation into the cause of the incident. The Director is following this investigation through the IOPC Fund's Korean lawyers.

7 Action to be taken by the Executive Committee

The Executive Committee is invited to:

- (a) take note of the information contained in this document;
- (b) give the Director such instructions as it may deem appropriate in respect of the handling of the claims arising out of this incident; and

- (c) authorise the Director to settle the claims arising out of this incident to the extent that the Committee deems appropriate.
