



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND

EXECUTIVE COMMITTEE
46th session
Agenda item 4

FUND/EXC.46/5
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INFORMATION ON OTHER INCIDENTS

SEA PRINCE

Note by the Director

1 The incident

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 a small, unknown 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 island. Most of the oil was carried eastward 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 vessel and 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 salvage the vessel 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 advise 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 The salvor decided to remove the oil before attempting to refloat the vessel. The salvor transferred some 80 000 tonnes of oil to another ship via barges during the period 6 to 22 August 1995, leaving only some 950 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 intention was for the salvor to refloat the vessel and tow it to a ship-breaker. However, shortly after the completion of the bulk 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, on the basis of information supplied by the salvor, 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 negotiate a contract for the removal of the vessel and oil remaining on board, and invitations for tender were issued. The salvage contract under Lloyds Open Form 95 was terminated on 1 September 1995 in accordance with its provisions, when it appeared that there was no reasonable prospect of the salvor being able to salve the ship and remove the residual oil. The salvor remained on the site with his equipment under a standard daily rate contract in order to lay additional ground tackle to minimise the risk of the vessel moving as a result of bad weather and to remove residual oil from the vessel's tanks. That contract was terminated on 1 September, the salvor not having proceeded as required, with the oil removal not having been completed. The salvor departed from the site on 8 September 1995.

2.6 The Korean authorities instructed the owner of the *Sea Prince* that any remaining oil should be removed from the vessel. A local contractor was engaged to remove further oil. However, this operation was terminated because of bad weather and was not resumed in view of the prospective wreck removal contract.

2.7 A contract was signed for the removal of the vessel. The contract stipulated that all oil should be removed from cargo and fuel tanks, machinery and pipelines etc. The contract additionally allowed for commencement of these works before the actual contract date and this part of the operation started on site on 23 October. The *Sea Prince* was successfully refloat on 26 November 1995 and has been towed out of Korean waters. The contract continues as the main engine, supporting double bottom, tail shaft and propeller became detached during the refloating of the vessel. Pollution control measures continue as a precaution.

2.8 The wreck of the *Sea Prince* has been sold to a salvage company which intends to take it to a shipyard in the Philippines to be broken up.

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. Under instruction 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.

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 Clean-up operations had been completed in all but one area of Sorido island by the end of October 1995. It is expected that the clean-up operations in the remaining area, closest to the vessel's grounding site, will be completed by the end of January 1996.

3.5 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.

3.6 On 3 August 1995 there occurred a collision near Koje 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.46/6). Since the oil from the *Sea Prince* and the oil from the *Yeo Myung* affected partly the same area, the surveyors acting in the two cases were asked to pay special attention to this aspect in monitoring the clean-up and disposal operations. A large number of pollution samples for hydrocarbon fingerprinting were taken in order to establish the sources of the pollution.

3.7 In addition to traditional fishery, intensive 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.

3.8 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.

3.9 Chemical analyses have been undertaken in the United Kingdom of marine products taken from polluted and non-polluted areas. Most of the samples taken from the polluted areas showed low levels of concentration of petroleum hydrocarbons comparable to those found of samples taken from the non-polluted areas. Samples of mussels and clams taken from the polluted area showed high levels of concentration of petroleum hydrocarbons. However, the fingerprints of the oils indicated that the *Sea Prince* was not the source of the contamination.

3.10 Taste testings of samples have been proposed by the experts of the UK Club and the IOPC Fund. The claimants have so far refused to carry out these tests.

4 Consideration by the Executive Committee at its 44th session

4.1 At its 44th session, the Executive Committee took note of the information on the *Sea Prince* incident contained in documents FUND/EXC.44/9 and 44/9/Add.1. The Committee expressed its concern that the total amount of the established claims arising out of this incident might exceed the total amount of compensation available under the Civil Liability Convention and the Fund Convention. For this reason, the Committee considered it necessary for the IOPC Fund to exercise caution in the payment of claims (document FUND/EXC.44/17, paragraph 3.8.2).

4.2 The Executive Committee authorised the Director to make final settlements as to the quantum of all claims arising out of this incident to the extent that the claims did not give rise to questions of principle which had not previously been decided by the Committee. The Director was not authorised at this stage to make any payments. He was instructed to include in any settlement agreement a proviso qualifying the Fund's obligation to pay the amount agreed in the event that the total amount of the established claims were to exceed 60 million SDR (document FUND/EXC.44/17, paragraph 3.8.3).

5 Claims for compensation

5.1 A number of claims relating to clean-up operations have been settled at Won 16 690 million (£14 million). The shipowner and the Club have made payments in settlement of claims for such operations totalling Won 10 964 million (£9.3 million). Some claims in this category are pending and further claims are being submitted.

5.2 The experts employed by the IOPC Fund and the P & I insurers of the *Yeo Myung* and the *Sea Prince* have examined how the distribution of the costs of clean-up operations carried out in certain areas should be made. They have considered it possible to make a clear separation between the incidents in respect of part of these operations. As regards some operations, the experts have recommended that the costs should be apportioned equally between the *Sea Prince* and the *Yeo Myung* incidents.

5.3 In September 1995, there was a red tide in the area affected by the oil from the *Sea Prince* and the *Yeo Myung*. The fisheries co-operative associations have maintained that this red tide, which caused massive damage to fisheries, resulted from the oil spill response to these two incidents, in particular the use of large quantities of dispersants. It is the view of the IOPC Fund's experts, however, that red tides are a common phenomenon in Korean waters in September and October and that they are caused by a combination of industrial pollutants, municipal waste and ambient sea temperatures at that time of the year.

5.4 Provisional claims for fishery damage have been submitted by most of the villages affected by the spill in respect of alleged damage to caged fish and alleged damage to N°1 common fishing grounds, but so far without supporting documentation. The damage suffered has been provisionally indicated at Won 75 278 million (£63 million), with an additional Won 145 396 million (£121 million) for anticipated future losses.

5.5 A claim has been submitted for Won 35.1 million (£29 100) for alleged damage to a variety of crops and plants on Sorido, caused by wind-blown oil. This claim is being investigated.

5.6 Provisional claims totalling Won 4 804 million (£4 million) have been submitted by hoteliers and others engaged in tourism-related activities on Namhae island, Koje island and Yeochon county. Supporting documentation has not yet been provided, but it would appear that there is some overlap between these claims and corresponding claims arising from the *Yeo Myung* incident.

5.7 The UK Club and the owner of the *Sea Prince* have reserved their position with regard to claims for reimbursement of the cost of the measures associated with the work carried out under the contract referred to in paragraph 2.7.

5.8 In view of the fact that the aggregate amount of the claims presented or indicated so far greatly exceeds the maximum amount available under the Civil Liability Convention and the Fund Convention, the Director proposes that the IOPC Fund's payments should, at least for the time being, be limited to 25% of the established damage suffered by each claimant.

6 Limitation proceedings

6.1 The shipowner has not yet initiated limitation proceedings.

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

7 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.

8 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 make payments in respect of the claims arising out of this incident to the extent that the Committee deems appropriate.
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