



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND

EXECUTIVE COMMITTEE
46th session
Agenda item 4

FUND/EXC.46/7
5 December 1995

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INFORMATION ON OTHER INCIDENTS

YUIL N°1

Note by the Director

1 The incident

1.1 On 21 September 1995, the Korean coastal tanker *Yuil N°1* (1 591 GRT), carrying approximately 2 870 tonnes of heavy fuel oil, ran aground on the island of Namhyeongjedo off Pusan (Republic of Korea). The tanker was refloated by a tug some six hours after the grounding. While being towed towards the port of Pusan, the tanker sank in 70 metres of water, 10 kilometres from the mainland.

1.2 Two cargo tanks were reported to have been breached as a result of the grounding. Apart from the initial release of oil following the grounding and sinking, small quantities of oil leaked from the wreck from time to time during October. Only minimal quantities are now leaking to the sea surface from the wreck.

1.3 Shorelines on the east and north coast of Koje Island, on the west coast of Kadokto and immediately to the east and west of the mainland at Pusan, as well as a number of smaller islands were oiled as a result of the initial spill. Some re-oiling of shorelines west of Pusan also occurred following later small releases of oil from the wreck.

1.4 The *Yuil N°1* is entered with the Standard Steamship Owners' Protection & Indemnity Association (Bermuda) Ltd (the "Standard Club").

1.5 The shipowner, the Standard Club and the IOPC Fund engaged Korea Marine & Oil Pollution Surveyors Co Ltd (KOMOS) and the International Tanker Owners Pollution Federation Ltd (ITOPF) to act as their surveyors.

2 Clean-up operations

2.1 Initially, the clean-up operations at sea were carried out by two skimmers and a number of fishing vessels deploying sorbent pads. The Marine Police also used ships for spraying dispersants. The operations at sea were reduced, however, when it became apparent that the oil leaking from the wreck did not constitute a serious threat to coastal resources. Booms were deployed in some coastal areas to protect laver seaweed farms and the booms were later removed when the perceived threat of further pollution had decreased.

2.2 The on-shore clean-up was carried out by a number of contractors, with the assistance of some 1 750 local villagers. The clean-up operations in many areas were completed by early November. In the more heavily polluted areas the on-shore clean-up was terminated at the end of November, whereas a few areas will not be completed until mid or late December.

3 Wreck removal and related issues

3.1 The shipowner employed a specialist British company to conduct a survey of the wreck by a remote operated vehicle to establish the condition of the wreck.

3.2 The Marine Police has issued an order to the shipowner to remove the oil or the wreck. On the basis of studies carried out by experts employed by the shipowner, the owner has maintained that it would be unnecessary and unwise to remove the oil or the wreck. The shipowner has argued that there is a minimal release of oil and that there is no risk of any significant release of oil if the wreck is left where it lies since the wreck is slowly becoming covered in mud which will help to prevent further significant escape of oil. The owner has also stated that if an oil removal or wreck removal operation were to be carried out, there would be a significant risk that oil would escape causing further pollution. It has been pointed out that it would be very difficult, if not impossible, to remove the wreck in the coming months, due to the weather conditions during the winter, and that such an operation would in any case be very costly. This issue is being considered by the Korean authorities.

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 *Yuil N°1* incident contained in document FUND/EXC.44/15. 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 11.2).

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 11.3).

5 Claims for compensation

5.1 Claims have been received from various contractors for the cost of clean-up operations. Agreement has been reached on the quantum of the claims with all of these contractors for a total of Won 10 319 million (£8.8 million). The Standard Club has made full or partial payments in respect of some of the agreed claims, totalling Won 627 300 000 (£532 380).

5.2 The oil has affected areas where there is intensive fishing and mariculture. KOMOS and ITOFF have carried out surveys of some stretches of shoreline and mariculture facilities which have allegedly been affected by the oil. Further surveys have been carried out in the Pusan area from 30 October to 4 November 1995 jointly by KOMOS, ITOFF and experts employed by the claimants (Pusan Fisheries Cooperative).

5.3 A co-operative of owners of set nets on Koje island claimed compensation for its members for a total of Won 1 385 million (£1.2 million) for the costs of cleaning their nets and for loss of income during varying periods of up to 20 days when fishing was interrupted. The claims, which were accepted for Won 1 167 million (£990 000), were paid in full by the Standard Club.

5.4 On 25 October 1995, agreement on the method for calculating the losses was reached with representatives of eleven local fisheries associations on Koje island. A final settlement of the claims presented by ten of these associations was reached on 25 November, for a total amount of Won 1 399 739 900 (£1.2 million). These claims relate to cleaning costs and loss of earnings for fishing boat owners, loss of earning for set net owners, loss of earnings of class N°1 common fishery grounds and farms for cultivation of sea squirt and short necked clams. The Standard Club has paid approximately 50% of the agreed amounts and has undertaken to pay the remaining 50% by 16 December 1995.

5.5 On 27 October 1995, a meeting was held by Koje Fisheries Cooperative at which it was decided to dismiss the chiefs of five of the fisheries associations referred to in paragraph 5.4 who had signed the agreements for final settlements. These five chiefs have appealed against this decision. The IOPC Fund's Korean lawyer has advised the Fund that these dismissals do not affect the validity of these agreements.

5.6 A laver cultivation farm in the Naktongp'o region claimed Won 61 706 694 (£52 370) for the cost of cleaning and replacing contaminated equipment. This claim, which was accepted in full, was paid by the Standard Club.

5.7 It is expected that further fishery related claims will be submitted by members of another four local fisheries cooperatives on Koje island and by fishermen in the Pusan area.

5.8 After consultation with the IOPC Fund's experts, the Director takes the view that the claims in respect of which agreements have been reached represent at least 50% of the total damage suffered by fishery interests and some 80% of the estimated total cost of clean-up operations. Some uncertainty remains as to whether a further spill of oil may occur either from the wreck or during wreck removal operations. The Director believes, nevertheless, that the IOPC Fund should be able to make provisional payments of 60% of the agreed amounts and to reimburse the Standard Club 60% of the amounts paid by it.

5.9 The shipowner and the Standard Club have indicated that they intend to claim compensation for the costs of any measures to remove the wreck, since in their view such operations should be considered as preventive measures.

6 Limitation proceedings

6.1 The shipowner has recently started limitation proceedings.

6.2 The limitation amount applicable to the *Yuil N°1* is estimated at Won 244 million (£207 080).

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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