



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND

EXECUTIVE COMMITTEE
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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 over 80 000 tonnes of Arabian crude oil grounded off Sorido island 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 and the vicinity of the islands of Oki.

1.3 The *Sea Prince* was entered with the United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Ltd ("UK Club").

2 Removal of vessel and remaining oil cargo

2.1 A Japanese salvage company was engaged by the shipowner to salvage the ship and the remaining cargo, and a salvage contract (Lloyds Open Form 95) was concluded on 28 July 1995 between that company and the shipowner.

2.2 The IOPC Fund engaged salvage experts to follow the development on its behalf.

2.3 It was understood that 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 Fund conveyed to the shipowner, the UK Club and the salvor the Fund's concerns in respect of the planned operations, in view of the risk of further pollution. The IOPC Fund indicated that it 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 ship. The salvor transhipped some 80 000 tonnes of oil via barges during the period 6 to 22 August 1995, leaving some 630 tonnes on board. The remaining oil in the cargo tanks 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 ship and tow it to a ship-breaker or repair yard. However, shortly after the completion of the transhipping operations, another typhoon passed close to the site of the grounding, and the salvor was forced to suspend all activities. Further investigation undertaken after the period of bad weather revealed 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 up during refloating.

2.5 In view of this 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 salvage the ship.

2.6 A contract was signed with Smit International for the removal of the ship. The contract stipulated that all oil should be removed from cargo and fuel tanks, machinery and pipelines etc. The *Sea Prince* was successfully refloated on 26 November 1995 and was towed out of Korean waters.

3 Clean-up operations and impact on aquaculture 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. Two Korean firms of surveyors (Korea Marine & Oil Pollution Surveyors Co Ltd (KOMOS) and Hyopsung Shipping Corporation) were also appointed to monitor these operations and to conduct investigations into the possible impact on fishery and aquaculture resources as well as on other resources.

3.2 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 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.

3.3 Clean-up operations were 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 April 1996.

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, intensive aquaculture 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 villagers.

3.6 Joint surveys to record the oil pollution of aquaculture facilities in the affected area were carried out with the involvement of various local fishing representatives, marine scientists working with ITOPF and

local surveyors. 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 Chemical analyses of marine products taken from polluted and non-polluted areas were undertaken in the United Kingdom. Most of the samples taken from the polluted areas showed low levels of petroleum hydrocarbons comparable to those found in 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.

3.8 Taste testings of samples were 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 and 46th sessions

4.1 At its 44th session, the Executive 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. The 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 been decided by the Committee. The Director was not authorised to make any payments (document FUND/EXC.44/17, paragraphs 3.8.2 and 3.8.3).

4.2 In the light of the information on the aggregate amount of the claims presented, the Executive Committee considered at its 46th session that the Director could be authorised to make partial payments of claims which had been settled. In view of the fact that the aggregate amount of the claims presented or indicated still greatly exceeded the maximum amount available under the Civil Liability Convention and the Fund Convention, however, the Committee decided that the IOPC Fund's payment should for the time being be limited to 25% of the established damage suffered by each claimant (document FUND/EXC.46/12, paragraph 4.3.3).

5 Claims for compensation

5.1 A number of claims relating to clean-up operations have been settled so far at Won 17 515 million (£14.5 million). The shipowner and the UK Club have made payments for these claims totalling Won 16 226 million (£13.4 million). A number of claims in this category, totalling Won 1 106 million (£0.9 million) are being examined. Further claims are expected and estimated at Won 1 644 million (£1.4 million).

5.2 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.

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

5.4 In February 1996, fishery experts engaged by the claimants indicated that they would revise the fishery related claims which would be reduced to a total amount in the region of Won 53 800 million (£44.5 million).

5.5 A claim has been submitted for Won 35 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 for the removal of the oil and vessel referred to above and related operations.

5.8 After consultation with the IOPC Fund's experts, the Director estimates that the total amount of the claims may reach the maximum amount of compensation available under the Civil Liability Convention and the Fund Convention. In view of the remaining uncertainty as regards the total amount of the claims, the Director considers that there should still be a limit on the IOPC Fund payments. He proposes, however, that this limit should be increased from 25% to 50% of the established claims, subject to confirmation of a significant reduction of the total amount of the fishery related claims.

6 Limitation proceedings

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

6.2 The shipowner commenced limitation proceedings in February 1996.

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) give the Director instructions concerning the payment of claims.
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