



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND 1971

EXECUTIVE COMMITTEE
61st session
Agenda item 3

71FUND/EXC.61/13
28 April 1999

Original: ENGLISH

INCIDENTS INVOLVING THE 1971 FUND

PONTOON 300

Note by the Director

Summary:

Claims for clean-up operations incurred by Lamnalco (a local contractor) were settled in June 1998 and paid at 75% of the agreed amount. Lamnalco has requested that the 1971 Fund pay the balance of 25% of its claim and has offered to provide security for repayment of this amount in the event that the total of admissible claims exceeds the Fund's limit.

Action to be taken: Decide on Lamnalco's request.

1 **The incident**

On 7 January 1998 intermediate fuel oil was spilled from the barge *Pontoon 300* (4 233 GRT), which was being towed by the tug *Falcon 1* off Hamriyah in Sharjah, United Arab Emirates. The barge had reportedly become swamped during high seas and strong north-westerly winds and had taken on water whilst losing oil. During the course of the night of 8 January, the barge sank and settled on the seabed at a depth of 21 metres, six nautical miles off Hamriyah.

2 **Clean-up operations**

2.1 The spilt oil spread over 40 kilometres of coastline, affecting four Emirates, namely Sharjah, Ajman, Umm Al Quwain and Ras Al Khaymah. The worst affected Emirate was Umm Al Quwain, where there is a beach hotel and a fishing harbour at Al Naqaa.

2.2 The Federal Environment Agency (FEA) co-ordinated the spill response, with support from the Frontier and Coast Guard Service (FCGS) and municipal authorities. Onshore clean-up operations were carried out by the Abu Dhabi National Oil Company (ADNOC), the Dubai Petroleum Company, Fairdeal, Lamnalco and other local contractors under the co-ordination of FEA. Collected oily waste was transported to an inland disposal site. All shoreline clean-up operations were suspended on 24 January when government funds allocated for the task had been exhausted.

2.3 After a standstill of seven weeks, beach cleaning was resumed on 12 March 1998 with a labour force of 100 men provided by Lamnalco. The work was completed in June 1998.

3 Level of 1971 Fund's payments

At its 57th session the Executive Committee decided that for the time being the 1971 Fund's payments should be limited to 50% of the loss or damage actually suffered by each claimant, as assessed by the Fund's experts at the time the payment was made (document 71FUND/EXC.57/15, paragraphs 3.11.8 and 3.11.9). At its 58th session the Executive Committee decided to increase the level to 75% (document 71FUND/EXC.58/15, paragraph 3.9.5). This decision was maintained by the Committee at its 59th session (document 71FUND/EXC.59/17, paragraph 3.12.2).

4 Claims for compensation by Lamnalco

Lamnalco (a local contractor) submitted three claims totalling Dhs 2 154 000 (£345 000) in respect of work carried out between 12 March and 10 June 1998. These claims were settled at Dhs 2 153 000 (£344 800), and the 1971 Fund paid 75% of the settlement amount (ie Dhs 1 615 000 (£258 600)). On 27 April 1999 the 1971 Fund received a letter from Lamnalco indicating that it was facing increasing pressure from a number of sub-contractors which it had engaged in the clean-up operation and which it had been unable to remunerate. Lamnalco has therefore asked the 1971 Fund for payment of the balance of 25% of the compensation due and has offered to provide security for repayment of this amount in the event that the total amount of established claims exceeds the maximum amount available under the 1971 Fund Convention.

5 Action to be taken by the Executive Committee

The Executive Committee is invited to consider the request by Lamnalco.
