



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND 1971

EXECUTIVE COMMITTEE
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Agenda item 4

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INCIDENTS INVOLVING THE 1971 FUND

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Note by the Director

Summary:

Claims for clean-up costs incurred by two subsidiaries of Petroleos de Venezuela SA (PDVSA) have been settled. The Criminal Court of Cabimas has appointed a panel of experts to advise it on the technical merits of the claim by the Republic of Venezuela and has begun its hearing of the Gard Club's/1971 Fund's experts.

Action to be taken: Information to be noted.

1 Introduction

This document sets out the recent developments which have taken place with respect to the claims relating to clean-up operations by Lagoven and Maraven and the hearing of experts and witnesses during the Court proceedings in Cabimas.

2 Claims relating to clean-up operations by Lagoven and Maraven (PDVSA)

2.1 Clean-up operations

2.1.1 Clean-up operations commenced shortly after the spill took place and continued until 31 October 1997. Lagoven and Maraven presented several claims to the Claims Agency for a total of Bs 4 785 million (£5.5 million) plus US\$35 850 (£22 400), respectively, relating to the costs incurred for the clean-up operations (cf document 71FUND/EXC.61/9, paragraphs 2.2.1 and 2.2.2).

2.1.2 Several meetings were held in Venezuela in 1998 between the experts engaged by the Gard Club and the 1971 Fund, and representatives of PDVSA during which all but one of the issues were resolved. The outstanding issue related to the point in time at which the clean-up operations should have been terminated (cf document 71FUND/EXC.60/10, paragraph 2.4). At a meeting held on 14 April 1999 this issue was resolved, and the admissible total amount of both claims was agreed at Bs 3 462 million (£3.7 million) plus US\$35 850 (£22 400).

2.2 Disposal of oily sand

2.2.1 During the clean-up operations, which were carried out by Lagoven, an estimated 48 000 m³ of contaminated sand was collected. The oily sand has been provisionally stored immediately inland of the affected beach. PDVSA has considered various options for treating the oily sand. The main options were landfill, land farming, sand sieving and road paving.

2.2.2 In order to determine the best option for treating the oily sand, PDVSA appointed a team of experts which, together with three experts appointed by the 1971 Fund and the Gard Club, has reviewed all the options available. The team and the experts have agreed that the best option available is land farming in the dunes adjacent to the beach after admixture with organic material.

2.2.3 During the meeting held in mid April 1999 it was agreed that PDVSA would consult the Gard Club and the 1971 Fund before any decisions were taken on the land farming procedures to be followed, on the tendering procedure and on the offers presented by the potential contractors.

3 Court proceedings

Criminal Court of Cabimas

Panel of experts

3.1 On 5 April 1999, at the request of the 1971 Fund, the shipowner and the Gard Club, the Cabimas Court appointed a panel of experts to advise it on the technical merits of the claim by the Republic of Venezuela (cf document 71FUND/EXC.61/9, paragraph 3.2.8). The panel is composed of three experts, one proposed by the Republic of Venezuela, one by the shipowner, Gard Club and 1971 Fund and one selected by the Court.

3.2 The expert proposed by the shipowner, Gard Club and 1971 Fund has accepted his appointment. It is expected that the other experts will inform the Court of their decision in the near future. Once all the members have been appointed, the panel will meet to consider all the evidence available in the court proceedings and to prepare a report for the Court stating the panel's technical opinion on the claim.

Hearings of experts and witnesses

3.3 As mentioned in paragraph 3.2.9 of document 71FUND/EXC.61/9, the 1971 Fund, together with the master, the shipowner and the Gard Club, presented to the Court a report on the various items of claim by the Republic of Venezuela prepared by experts appointed by them during the period 12 - 23 April 1999. Three of the experts were heard in the Court. The Court also heard statements on questions of facts by witnesses named by the 1971 Fund, the shipowner and the Gard Club.

4 Action to be taken by the Executive Committee

The Executive Committee is invited to take note of the information contained in this document.
