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COMPENSATION  
FUND

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Agenda item 3

FUND/EXC.9/3  
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INFORMATION ON AND APPROVAL OF SETTLEMENT OF  
CLAIMS IN RESPECT OF THE TANIO INCIDENT

Note by the Director

1 The Executive Committee has decided to devote most of its time at the ninth session to the TANIO incident. For information on this incident, reference is made to the documents submitted to the Executive Committee's sixth session in May 1982 and to its seventh session in September 1982, ie document FUND/EXC.6/3 with Addenda 1 to 3, the report of the Enquiry Commission set up by the French Government, the report of the IOPC Fund's experts on the on-shore clean-up operations as well as document FUND/EXC.7/2 with Addendum 1.

2 This document contains information on developments regarding the TANIO incident since the Executive Committee's seventh and eighth sessions in September/October 1982. The information in the Annex is on:

- (a) investigations with regard to the cause of the incident;
- (b) taking of legal actions against the shipowner and third parties; and
- (c) assessment of claims.

3 The Executive Committee is invited to note the information contained in this document and to take the appropriate decisions.

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ANNEX1 Investigations with regard to the cause of the incident

1.1 Two official reports on the cause of the TANIO incident have been submitted, firstly the Report of the Technical Enquiry Commission (Rocquemont Report) and secondly the Report ordered by the Commercial Court of Le Havre (Bensussan Report). The Rocquemont Report was made available to the Executive Committee for its sixth session; copies of the Bensussan Report are available to delegates on request.

1.2 The conclusions of the two reports differ in various respects, but both indicate that the cargo distribution and the bad quality of the welding carried out by the Italian shipyard INMA may have been the causes for the break. In order to be able to assess the technical information available and to collect the technical data necessary for the presentation of claims against the owner and third parties, the IOPC Fund has sought the advice of technical experts with whose assistance the official reports and several technical papers, which were made available by the French Government, have been examined.

1.3 Research by the IOPC Fund's technical experts has resolved one question on which the two reports reached differing conclusions, namely whether the ship broke into three parts or two. All the evidence now available points towards the conclusion, reached by Bensussan, that the ship broke into three parts. This is significant as the nature of the fractures observed in the sunken forepart of the vessel clearly points to the primary failure having occurred in the bottom area at No. 6 tank, with the fractures on the stern section at Le Havre being of a secondary nature. INMA carried out substantial repair work in this area at La Spezia in 1979.

1.4 Both the Rocquemont and Bensussan Reports agree in the finding that the repair work carried out by INMA, the welding in particular, had numerous defects in its preparation and in the manner in which it was executed. Rocquemont reports that only a weak welding seam was made, while a corroded centre keelson was left unrepaired and some old plates on the bottom of the central No. 6 and No. 7 tanks

were not replaced. In a number of places the chamfers at the edges of the plates or bars were not properly cut, so that the welds could not penetrate through the steel. The welding of the bottom longitudinals and bottom plates were of poor quality and the welds ruptured at these weak points. It was concluded by both reports that the defects in the repair work carried out by INMA were among the causes of the casualty.

1.5 Another contributory cause of the casualty appears to have been the stress caused by the defective cargo distribution during the ship's last voyage and during previous voyages. This is something of which the owners and those responsible for the technical management of the vessel ought to have been aware. The IOPC Fund's technical experts have made a thorough study of the stress levels which ought to have existed in the ship if she had been sound, and this has enabled them to conclude that there must have been a weakness in the hull for the accident to have occurred.

1.6 Bad weather is excluded by the IOPC Fund's technical experts as a relevant contributing factor of the casualty.

## 2 Taking of legal actions against the owner and third parties

2.1 The action to break the shipowner's limitation and recourse actions against third parties, as specified below, are all based on the findings outlined in (1) above.

2.2 The ownership and the relationship between the different companies involved in the operations of the TANIO, during the period which is of interest for legal actions, are as follows:

The ship had flown the Malagasy flag since 1970. She had been owned by a Panamanian company, Cruz del Sol, before being sold to Locafrance International Leasing SA (LIL) by contract of 9 July 1979. Under a bare-boat charter agreement of 9 July 1979, LIL chartered the ship to Guardiola Shipping Company (GSC), a sister Panamanian company of Cruz del Sol. GSC sub-chartered the vessel by bare-boat charter to Petromad, a Malagasy company 51% owned by state interests. The latter sub-chartered the ship to Cruz del Sol, who in turn sub-chartered the

ship on a time charter basis to Elf. For her last voyage, Elf in turn sub-chartered her to the P & O Company on a voyage charter basis. Petromad had delegated the ship's technical management to Société Française de Transport Pétroliers (SFTP) (a company wholly owned by the French Worms Group) and the commercial management to Socatra (a French company set up by an individual shipping entrepreneur called Mr A Buzzoni). All the relevant agreements which are known to the IOPC Fund's lawyers so far are subject to French law, except the contract between Elf and P & O, which is governed by English law. The contractual relationship between the different parties is shown by the diagram in the Attachment.

2.3 The TANIO was repaired by INMA during the period from 19 July to 20 October 1979. The repair work was carried out under the following contractual arrangements:

- (a) Cruz del Sol, as the shipowner at that time, ordered the repair work as defined by SFTP to be done by INMA and signed a contract for the repairs dated 2 July 1979.
- (b) Under the sales contract of the TANIO dated 9 July 1979 LIL took over the repair contract with INMA signed by Cruz del Sol. GSC, in the capacity as agent of LIL, agreed with LIL to entrust SFTP with the supervision of the repair work and on 6 July 1979 signed a contract with SFTP to that effect.
- (c) Bureau Veritas were engaged to reclassify the ship following the repair work and to monitor the repair work for this purpose.

2.4 Following the findings with respect to the technical cause of the incident and the contractual relationships regarding the operation of the vessel including the repair work, the IOPC Fund has taken legal action in the Civil Court of Brest against the following persons:

- (a) LIL
- (b) INMA
- (c) SFTP
- (d) GSC
- (e) Bureau Veritas
- (f) Petromad
- (g) The UK P & I Club.

The French Government has taken legal action against the same persons.

2.5 The actions are based on the following grounds.

2.5.1 LIL

LIL as registered owner of the ship is, of course, strictly liable for all pollution damage under Article III.1 of the CLC. The only question is whether its liability may be unlimited under Article V.2. To put a ship in a seaworthy and navigable state is the shipowner's responsibility and in the circumstances which pertained deficiency in a vessel's seaworthiness resulting from bad welding is the personal fault of the owner. LIL had personal responsibility to ensure the seaworthiness of the TANIO when it opted to own the ship and then charter out by bare-boat charterparty. LIL could not escape the fundamental obligation with regard to the seaworthiness of the TANIO by delegating the task to third parties and any contractual exemption of responsibility cannot, as a matter of law, be invoked against third parties. LIL had to ensure, by a minimum control, that supervision was effected properly. By not carrying out the minimum control required, LIL committed an act of personal fault ("faute personnelle" as defined in French law) which deprives it of the privilege to limit its liability. It is noted that the concept of "faute personnelle" in French law is considerably wider than "actual fault or privity" in English law. French case law holds that the obligation to maintain a seaworthy ship is personal to the owner and that where there is fault in that regard it is a "faute personnelle" of the owner.

### 2.5.2 INMA

It is apparent from the experts' reports that the weldings executed by the repair yard were badly done and did not conform with the standard and good practice as exercised by careful shipyards. INMA did not observe their contractual obligation to carry out the work in a proper manner. Moreover, they failed to check the defects in their work which could have been recognised by a proper inspection at the yard. They are therefore liable in negligence. There is no principle of limitation of liability applicable to INMA, but its asset position is being investigated with a view to assessing its ability to satisfy any judgement which may be obtained against it.

### 2.5.3 SFTP

SFTP were under a contractual obligation to define the extent of the repair work, to supervise the proper execution of the work and to check the results. The bad welding should have been apparent to an engineer if he had carried out diligent supervision and inspection. Since such diligence was not exercised SFTP are liable in negligence, and the same negligence would deprive them of any right to limit liability which they may claim to enjoy under the 1957 Brussels Convention. SFTP were also responsible, under a contract signed with Petromad, for the technical management of the ship and in this capacity the same arguments regarding cargo distribution apply to them as to Petromad (see 2.5.6 below).

### 2.5.4 GSC

GSC undertook a contractual obligation to LIL to define the repair work to be done and check the execution of such work. It also had an obligation, as disponent owner, to put the ship into a seaworthy state apt for her intended service. Its failure to fulfil these fundamental obligations renders it liable in law to third parties and also deprives it of any right as disponent owner to limit liability under the 1957 Convention.

GSC is currently in liquidation in Panama but may be sued within three years of the date of liquidation (January 1982) by serving process on its directors. Guardiola's asset position is likely to be

negligible although it may have been insured for third party liabilities and this is being checked. See also 2.5.7 below.

#### 2.5.5 Bureau Veritas

The Rocquemont Report concludes that Bureau Veritas did not check the quality of the work locally but left the inspection to the shipyard. Bureau Veritas fell short of its obligation to check the accomplishment of the repair work before giving the TANIO her class. It is therefore liable in negligence. No principle of limitation of liability applies to Bureau Veritas which is believed to have now some third party liability insurance following a recent judgement against it for similar failings.

#### 2.5.6 Petromad

While the Master was undoubtedly liable for the unusual cargo distribution over a period of time, Petromad should have ensured that the Master was properly instructed concerning cargo distribution, and ordered to stop the use of methods which could have led to unacceptable stress levels in the hull. Either or both were clearly not done and so Petromad is liable in negligence, which also denies it the right to limit under the 1957 Convention.

#### 2.5.7 The UK Club

The Club have been sued as insurers of Petromad and Guardiola, on the basis of a direct right of action against an insurer where damage has been suffered in France, although it is not clear whether they insured the latter. It was felt desirable to sue the Club at this stage as a protective measure. It is hoped that discussion may lead to assurances being given by the Club which will make it possible to withdraw the action against them.

### 3 Assessment of claims

3.1 At the time of the drafting of this document the following claims have been made against the IOPC Fund:

	FF	£
(a) French Government	489 820 401.45	
(b) French local authorities		
(i) Côtes du Nord:		
Département	2 728 798.26	
Bréhat	159 068.10	
Lézardrieux	10 268.00	
Louannec	336 202.85	
Penvénan	1 067 737.59	
Perros-Guirec	3 054 394.98	
Plestin-les-Grèves	50 088.85	
Pleubian	168 895.00	
Pleumeur-Bodou	340 943.85	
Plougrescant	892 555.69	
Plouha	26 559.30	
Trébeurden	13 426.74	
Trégastel	693 921.69	
Trélevern	995 300.10	
Trévou-Tréguignec	490 982.00	
	<hr/>	
	11 029 143.00	
Ploubazlanec (submitted February 1983)	36 288.00	
	<hr/>	
	11 065 431.00	
(ii) Finistère:		
Cléder	330 524.23	
Ile de Batz	480 355.93	
Locquirec	195 650.00	
Morlaix	33 996.03	
Plouescat	38 985.73	
Plougasnou	813 487.00	
Sibiril	146 850.42	
Tréfléz	702 209.79	
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	2 742 059.13	
Sub-total (i) and (ii)	13 807 490.13	
(c) Channel Islands authorities		
(i) States of Guernsey		14 439.62
(ii) States of Jersey		8 093.63
		<hr/>
Sub-total (i) and (ii)		22 533.25



	FF	£
(d) UK P & I Club		
(i) British Oceanics Ltd		152 404.27
(ii) Underwater Security Consultants Ltd		6 266.51
(iii) Intersub		380 490.68
Sub-total (i), (ii) and (iii)		<u>539 161.46</u>
(e) Private claimants		
(i) Hotelier (Guernsey)		450.00
(ii) Comité des Assureurs Maritimes (12 boatowners)	47 000.00	
(iii) Three boatowners	18 848.33	
(iv) Butcher (Trégastel)	204 541.00	
(v) Association Inter- professionnelle des Victimes de la Marée Noire (47 claimants)	12 216 249.00	
Sub-total (i) to (v)	<u>12 486 638.33</u>	<u>450.00</u>
<u>Summary</u>		
(a) French Government	489 820 401.45	
(b) French local authorities	13 807 490.13	
(c) Channel Islands authorities		22 533.25
(d) UK P & I Club		539 161.46
(e) Private claimants	12 486 638.33	450.00
TOTAL	<u><u>516 114 529.91</u></u>	<u><u>562 144.71</u></u>

3.2 It is expected that all claims that will eventually be made against the IOPC Fund will be known by the time of the ninth session of the Executive Committee. A period of three years will have passed since the incident occurred so that by April 1983 claimants should have brought an action to avoid their claims being time-barred under Article 6.1 of the Fund Convention. All known claimants were also notified by the liquidator of the limitation fund set up at the Court of Brest that they had to register their claim with the liquidator by 27 February 1983 if they want to participate in the distribution of the CLC limitation fund. Claimants who knew of this duty to have their claim registered but who did not notify

the liquidator within this period will be excluded from the distribution of the limitation fund. Although the failure to register a claim with the liquidator may not have a direct bearing on the claim against the IOPC Fund, it is expected that all claimants will have had their claims registered.

3.3 Most of the claims submitted to the IOPC Fund by the end of February and properly supported by documents have been thoroughly examined. Some of them, ie the claims by the States of Guernsey (£14 439.62), the States of Jersey (£8 093.63), the Hotelier in Guernsey (£450) and the Comité des Assureurs Maritimes for private boatowners (FF 47 000) were accepted by the Executive Committee at its sixth and seventh sessions. These claims have, in the meantime, been paid in full by the United Kingdom P & I Club to avoid these claimants having to wait further for the settlement of their approved claims. The UK Club now claims against the IOPC Fund on the basis of subrogated rights. Since the UK Club's funds are held in US dollars, these claims are made in US dollars at:

	US \$
(a) States of Jersey	12 520.85
(b) States of Guernsey	22 338.09
(c) Hotelier (Guernsey)	696.15
(d) Comité des Assureurs Maritimes	6 678.70

3.4 With regard to the other claims, the state as to their examination is as follows.

3.5 French Government (FF 489 820 401.45)

This claim consists mainly of three sub-items, namely:

- (a) expenses for the pumping of the oil from the sunken fore-section;
- (b) expenses for clean-up operations; and
- (c) compensation paid by the French Government to persons having suffered loss as a result of the incident.

The documents submitted with respect to all these items have been examined by the IOPC Fund carefully and in great detail. More than 20 000 documents have been checked and analysed and discussions have been held with the French Government on the findings.

3.5.1 Pumping operations (FF 251 007 399.96)

London Offshore Consultants (LOC) have been employed to advise the IOPC Fund on the reasonability of the claim for the pumping operation. Their provisional conclusions were submitted to the Executive Committee in document FUND/EXC.7/2/Add.1.

These conclusions have been discussed with experts of the French Government and, as a result of these further discussions, a final report has been submitted by LOC to the IOPC Fund. This report maintains the essence of the criticism made in the preliminary report. With the proviso that the report does not take into account political, psychological or economic factors, it concludes:

- "(a) Having investigated all the technical information made available, this report concludes that the operation was hastily conceived with the result that many technical difficulties were not foreseen. The main technical problems arose from the failure to obtain environmental data, particularly current information, for the location.
- (b) The decision to extend the work through the winter, rather than demobilise and restart in spring 1981 must remain open to criticism. In addition, the delays to the operation should have been apparent by early September 1980 and some positive action should have been taken at that time.
- (c) The cost in the original contract of FF 47 015 890 escalated by a factor of six (6) by the time the operation was complete. It is concluded that such an escalation was unreasonable and the contract price should have been renegotiated when it became apparent that the initial proposal would not succeed."

A limited number of copies of the LOC report are available to delegates.

On the basis of their examinations, LOC have made an estimate of the costs of the pumping if different solutions as to the timing of the operations had been chosen. These alternatives are:

- (a) More time taken for the technical preparation of the operation and the pumping actually executed during the period September 1980 - April 1981.  
Total costs: FF 131 945 780.
- (b) No actual pumping during the bad weather period in autumn and winter with sufficient time for a careful preparation of the operation and actual pumping commencing in April 1981.  
Total costs: FF 100 926 300.
- (c) Operation as actually planned and executed but complete demobilisation during winter period October 1980 - April 1981.  
Total costs: FF 165 768 018.

The Director has expressed his opinion to the French Government that, in view of the short time available to decide on the technical aspects of the pumping operation and the considerable threat of further pollution damage to the coast having experienced the TANIO spill only two years after the AMOCO CADIZ catastrophe, it had to be considered reasonable to try to start the pumping operations in summer 1980 on the basis of the proposal made by the contractor, COMEX. However, the Director has also pointed out that, in view of the technical difficulties experienced from July to October, it would have been necessary to demobilise during the winter period 1980/81 and resume the operations in spring 1981. This would have meant a considerable saving. On the basis of LOC's alternative calculation (c) the Director has, therefore, suggested to the French Government that their claim for expenses for the pumping operation be assessed at FF 165 768 018.

### 3.5.2 Clean-up expenses

#### 3.5.2.1 Off-shore operations by Navy (FF 24 600 296)

The expenses claimed for the use of Navy vessels and aircraft include a substantial amount for ships standing by to support the COMEX pumping operation. Of this item the amount which was for stand-by during the winter months 1980/81, during which time the pumping should not have been continued, has been deducted. In addition, deductions have been suggested for surveillance by vessels and aircraft because the great extent of their mobilisation for a considerable length of time after the breaking of the TANIO appeared to be unnecessary and inappropriate. Furthermore, in certain cases, the use of unsuitable and over-expensive aircraft was criticised by the IOPC Fund. On the basis of these considerations, the total amount accepted by the Director as justified is FF 12 965 729. To accept the difference, further justification would have to be provided.

#### 3.5.2.2 On-shore clean-up operations (FF 194 151 221.02)

The examination of the expenses claimed for on-shore clean-up operations proved to be difficult because the claims with respect to the operations of different agencies (Army, Gendarmerie, Civil Security, Air Force, etc) were all presented separately, and no report was made available showing the areas of activity of the different agencies. In addition, expenses submitted by the Ministry of the Environment regarding clean-up work in the Departments of Finistère and Côtes-du-Nord caused difficulties because the claim was presented in the order of the date of payment of the invoice rather than according to the areas and periods of work. The IOPC Fund's surveyors decided to examine each invoice and sub-divide the amount claimed into the basic sum, VAT and interest charged; to each invoice or group of invoices one of 54 codes describing the nature of the expense was given. This information was processed on a computer and, together with the experts' detailed knowledge of the operations at the time, permitted an analysis to be made.

All items of this claim were examined in great detail and a discussion was held with representatives of the French Government on these findings. On the basis of additional information provided by the French Government a new assessment of the claims was made. As a result of this, an amount of FF 138 972 899.16 appears to be acceptable to the Director. With regard to the remaining items, the Director does not feel that he is in a position to accept them unless additional information and justification is provided by the French Government.

The claim for clean-up expenses consists mainly of costs for personnel and equipment. It includes the normal salaries plus overtime paid to Army, Air Force and Navy and rates for vehicle costs according to the French law. Additional expenses, such as travel costs, food and lodging are also included. Expenses have been questioned where the explanation was insufficient to prove that the expenses were incurred in direct connection with the TANIO incident. To some extent, the number of persons in respect of whom charges were made was not accounted for. In addition, a general reduction by 15% was made in respect of the use of Army personnel for the clean-up operations because of the surveyors' observation that too many people had occasionally been employed for the clean-up of the beaches. Corresponding deductions have been made with respect to expenses for food, accommodation etc. Repair costs for machines (eg hot water pumps) have not been accepted to the extent that the contracts for the purchase of these machines provided guarantees, including free maintenance and repair for the period in question.

Details of the claims and the comments made by the IOPC Fund are available to delegates on request.

### 3.5.3 Compensation paid by the French Government to persons having suffered loss as a result of the incident (FF 20 061 484.47)

According to French law, the central Government has to pay compensation to private victims of pollution incidents for economic loss resulting from the pollution. The French Government has paid an amount of about FF 4.8 million to private persons and businessmen who suffered such economic loss, mainly as a result of the reduction

in tourism. The method applied for the assessment of the damage took into consideration income in previous years and income of comparable areas during the summer of 1980, so that the damage assessment appeared reasonable and reliable. This claim was accepted except for a small amount of FF 235 209 in respect of which no relation was seen between this expense and the incident.

Compensation paid with respect to the repairs of roads amounts to about FF 14 million. Of this only FF 3.6 million was accepted because insufficient information was provided for payment of the difference. In addition, a certain deduction (25% of the amount accounted for) had to be made in view of the fact that some of the repair work seems to have included normal maintenance work.

#### 3.5.4 General comments

The total amount of claims accepted by the Director as justified is FF 326 921 936.70. Of the items which have not been accepted there are only a few which are considered to be clearly unjustified. Most of these items have been rejected because of lack of information.

It is intended to negotiate with the French Government a draft agreement laying down the figure accepted by the IOPC Fund as the French claim, for the purpose of distributing the amount available under the Fund Convention, and other particulars such as the date of payment of compensation, subrogation, final release and an undertaking by the French Government to indemnify the IOPC Fund in the case of claims being made after the payment of compensation. This draft agreement is expected to be ready by the time of the Executive Committee but it will not be signed by the Director before the Executive Committee has considered it in detail.

In this connection it should be mentioned that in January 1983 the Director received a letter from the French Ministry of Foreign Affairs expressing the French Government's concern with the procedure adopted by the IOPC Fund with regard to the French claims. It was stated that the Director may not be concentrating his efforts on the examination of the French claim, but rather giving priority to the taking of actions against the owner and third parties. The Minister

requested the Director to give a commitment on behalf of the IOPC Fund, if necessary after consultation with the appropriate bodies of the IOPC Fund, that payment of compensation to victims would be made promptly and not be delayed as a result of a possible action against the shipowner. The Director replied that he had done his utmost to examine the claims as quickly as possible, but that a certain amount of time was needed for the assessment of all the claims which had not been finally submitted until the summer of 1982 and that the manner of presentation of the claims had caused considerable problems for the assessment. He also stated, after consulting with the Chairmen of the Assembly and the Executive Committee, that it was not felt appropriate to convene a meeting of the Assembly or the Executive Committee before 7 March 1983. In view of the decisions taken by the Executive Committee at its eighth session, he intended to initiate legal action against the owner of the TANIO but this attempt to break the owner's right to limit his liability would, in his opinion, not constitute an obstacle to the IOPC Fund paying compensation to the claimants. The purpose of the Fund Convention was to provide payment of compensation as promptly as possible. The only prerequisite for payment of compensation by the IOPC Fund, in respect of justified and accepted claims, was the establishment of the limitation fund under Article V.3 of the CLC; this fund had been constituted in early 1980. He confirmed to the French Government that it had been the practice of the IOPC Fund in all previous cases to pay out compensation while the question of whether the owner's liability could be broken was still being investigated.

### 3.6 Département des Côtes-du-Nord and Communes

The Département des Côtes-du-Nord and 15 of its communes have made claims against the IOPC Fund with regard to expenses incurred for their clean-up operations, road repairs, beach restoration and loss of earnings at municipal camping sites. Overtime payments to employees, supplementary expenses for clean-up work, costs for main road repairs and some beach restoration work were covered by grants from the central Government. The sums subsidised to each commune or to the Département are deducted from their claims, thus avoiding duplication.



Clean-up expenses include salaries and social security payments to departmental and communal employees, as well as vehicle charges. Some of these expenses are being questioned because they are not considered to be sufficiently closely linked to the clean-up work.

The cost for road repairs and beach restoration represents the largest part of the claims. In the course of emergency clean-up work, many heavy vehicles were mobilised, causing damage to roads, beaches and banks. The claims are related to the repair of these damages; some of the work was carried out by the local authorities themselves, some was done under contract; some has already been completed, some is still outstanding. Some claims refer to emergency repairs, others to permanent work with a distinct quality improvement aspect. Taking all these factors into account, part of the claims is being questioned.

Loss of earnings at municipal camping sites was not covered by the central Government grant, which was applicable to private claimants only. Most claims are based on the assessment of expected earnings against the realised earnings. Generally speaking, the method of assessment appears to be reasonable and only a few points have been questioned with regard to this claim.

A first discussion has been held with representatives of the Département and the communes, but no agreement on the amounts has yet been reached. It is hoped that by the time of the Executive Committee meeting an agreement will be reached. A payment of about FF 500 000 has been made to the Département des Côtes-du-Nord. This payment is the basis for the IOPC Fund's legal actions as described in (2) of this document.

### 3.7 Département du Finistère

Claims have been made with respect to eight communes in Finistère, totalling FF 2 742 059.13. Most of these claims have only recently been submitted and there has been no possibility so far of assessing them in detail.

### 3.8 Claim by the UK P & I Club

As stated in document FUND/EXC.6/3/Add.1, Chapter C.IV of the Annex, the UK Club has a claim for expenses incurred in connection with the first survey of the wreck and the provisional sealing of the holes of the fore-section on the sea bed from which oil was permanently leaking. The sealing had the purpose of allowing more time for the pumping operations. No oil leaked during the pumping operations from the holes thus sealed. The claim, which has now been finally made by the UK Club, is as follows:

	US \$	£
(a) British Oceanics Ltd	326 769.53	
(b) Underwater Security Consultants Ltd	14 384.77	
(c) Intersub	537 454.37	139 628.21 (§ figure not yet known)
	<hr/> 878 608.67 plus	<hr/> 139 628.21

The claim is made in US dollars as the UK Club's funds are in dollars. Therefore, the expenses are in dollars even if contractors are paid in £ sterling. According to English law the Club is entitled to claim in US dollars.

This claim has been examined by London Offshore Consultants. According to the opinion given to the IOPC Fund, all items claimed appear to be justified and reasonable except for a bonus which may be payable by the UK Club to Intersub for the successful sealing of the wreck. The payment of this bonus is still under discussion between the Club and the bankers of Intersub which has, in the meantime, gone into liquidation. London Offshore Consultants recommend that the IOPC Fund should accept only 50% of this bonus payment as a justified claim. No agreement has yet been reached with the Club.

### 3.9 Private claimants

Very recently claims have been made by 51 private claimants, amounting to FF 12.4 million. There has been no possibility so far of examining these claims.

### 3.10 Settlement of claims

Although it will not be possible for the Executive Committee at its ninth session to take a decision on all claims or even to decide on the distribution of the amount available under the Fund Convention, it is nevertheless recommended that the Executive Committee takes a decision on the claims to the extent that they have been examined and considers the time of payment.

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ATTACHMENT

