



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUND 1992

EXECUTIVE COMMITTEE
8th session
Agenda item 4

92FUND/EXC.8/5
30 June 2000
Original: ENGLISH

ANY OTHER BUSINESS

SLOPS INCIDENT

Note by the Director

Summary:	The <i>Slops</i> suffered a fire and explosion whilst at anchor in the port of Piraeus (Greece). The <i>Slops</i> had some 5 000 m ³ of oily water waste on board, of which some 1 000 – 2 000 m ³ was believed to be oil. An unknown but substantial quantity of oil was spilled. Several years prior to the incident the <i>Slops</i> had its propeller removed and its engine deactivated and permanently sealed. It stayed permanently at anchor at the same location and had been used exclusively as a slops storage and processing unit.
Action to be taken:	Consider whether the <i>Slops</i> falls within the definition of 'ship' in the 1992 Civil Liability Convention and the 1992 Fund Convention.

1 The incident

- 1.1 On 15 June 2000 the Greek-registered waste oil reception facility *Slops* (10 815 GT) laden with some 5 000 m³ of oily water, of which 1 000 – 2 000 m³ was believed to be oil, suffered an explosion and caught fire at an anchorage in the port of Piraeus (Greece). One worker onboard died and two others were injured. Two vessels near the *Slops* caught fire from flying burning debris. An unknown but substantial quantity of oil was spilled from the *Slops*, some of which burned in the ensuing fire.
- 1.2 It appears that the *Slops* had no liability insurance in accordance with Article VII.1 of the 1992 Civil Liability Convention.
- 1.3 At the 1992 Fund's request two representatives of the International Tanker Owners Pollution Federation Ltd (ITOPF) went to Piraeus to follow the clean-up operations. The Fund also appointed a local surveyor to assist ITOPF and to monitor the response to the incident.

- 1.4 Port berths, dry docks and repair yards to the north of the anchorage were impacted before the oil moved southwards out of the port area and stranded on a number of islands, including the north coast of Egina island, some 11 nautical miles south of the port. A local contractor was engaged by the owner of the *Slops* to undertake clean-up operations at sea in conjunction with the Hellenic Coastguard. The same contractor undertook shoreline clean-up operations, focusing on sensitive tourist areas.

2 Applicability of the 1992 Civil Liability Convention and the 1992 Fund Convention

- 2.1 The *Slops*, which was registered with the Piraeus Ships Registry in 1994, was originally designed and constructed for the carriage of oil in bulk as cargo. In 1995 it underwent a major conversion in the course of which its propeller was removed and its engine was deactivated and officially sealed. It has been indicated that the purpose of the sealing of the engine and the removal of the propeller was to convert the status of the craft from a ship to a floating oily waste receiving and processing facility. Since the conversion the *Slops* appears to have remained permanently at anchor at its present location and has been used exclusively as a waste oil storage and processing unit. The Fund's Greek lawyer has applied to the local Port Authority for a certificate attesting that the *Slops* has always remained permanently at anchor. It is understood that the oil residues recovered from the processed slops are sold as low-grade fuel oil.
- 2.2 The question arises as to whether the craft falls within the definition of 'ship' under the 1992 Civil Liability Convention and the 1992 Fund Convention.
- 2.3 The 1992 Fund instructed a Greek lawyer to advise it on the status of the *Slops* under Greek law. He has expressed the view that as result of the conversion of the *Slops* it ceased to be a 'ship' under Greek law, which requires *inter alia* that in order to be considered a 'ship' the unit must have a propulsion capability.
- 2.4 The definition of 'ship' in Article I.1 of the 1992 Civil Liability Convention reads:

'Ship' means any sea-going vessel and seaborne craft of any type whatsoever constructed or adapted for the carriage of oil in bulk as cargo, provided that a ship capable of carrying oil and other cargoes shall be regarded as a ship only when it is actually carrying oil in bulk as cargo and during any voyage following such carriage unless it is proved that it has no residues of such carriage of oil in bulk aboard.

This definition is incorporated in the 1992 Fund Convention.

- 2.5 It would appear that since the *Slops* had its propeller removed and its engine decommissioned, it cannot be considered as sea-going. Furthermore, in view of the fact that the *Slops* has remained permanently at anchor and was not conveyed or towed in the usual course of its operation, it should be referred to as a floating storage unit.
- 2.6 The 1992 Fund Assembly decided at its 4th session that offshore craft, namely floating storage units (FSUs) and floating production, storage and offloading units (FPSOs), should be regarded as ships only when they carry oil as cargo on a voyage to or from a port or terminal outside the oil field in which they normally operate (document 92FUND/A.4/32, paragraph 24.3). This decision was taken on the basis of the conclusion of the Second Intersessional Working Group that had been set up by the Assembly to study this issue. Although the Working Group mainly considered the applicability of the 1992 Conventions in respect of craft in the offshore oil industry, there is in the Director's view no significant difference between the storage and processing of crude oil in the offshore industry and the storage and processing of waste oils derived from shipping. It should also be noted that the Working Group took the view that in order to be regarded as a ship under the 1992 Conventions, an offshore craft should *inter alia* have persistent oil on board as cargo or as bunkers (document 92FUND/A.4/21, paragraph 8.4.2). It appears that the *Slops* did not fulfil

this criterion. The Director therefore takes the view that the *Slops* should not be considered as a ship for the purpose of the 1992 Civil Liability Convention and 1992 Fund Convention and that these Conventions do not apply to this incident.

3 Action to be taken by the Executive Committee

The Executive Committee is invited:

- (a) to take note of the information contained in this document;
- (b) to consider whether the *Slops* falls within the definition of 'ship' laid down in the 1992 Conventions; and
- (d) to give the Director such instructions in respect of this incident as it may deem appropriate.
