



INTERNATIONAL  
OIL POLLUTION  
COMPENSATION  
FUNDS 1971 AND  
1992

EXECUTIVE COMMITTEE  
9th session  
Agenda item 3

92FUND/EXC.9/9  
18 October 2000  
Original: ENGLISH

ASSEMBLY  
23rd session  
Agenda item 17

71/FUND/A.23/14/13

## INCIDENTS INVOLVING THE 1992 FUND

### NATUNA SEA

#### Note by the Director

<b>Summary:</b>	The grounding of the <i>Natuna Sea</i> in the Singapore Strait resulted in a spill of some 7 000 tonnes of crude oil. The oil has affected Singapore, Malaysia and Indonesia. It is not possible to predict the level of claims for compensation at this stage.
<b>Action to be taken:</b>	Decide whether to authorise the Director to settle claims for compensation arising out of this incident

### 1 The incident

- 1.1 On 3 October 2000 the Panamanian tanker *Natuna Sea* (51 095 GT) grounded in the Singapore Strait off Batu Behanti, Indonesia (see attached map). The vessel was carrying a cargo of 70 000 tonnes of Nile Blend crude oil at the time of the incident.
- 1.2 An estimated 7 000 tonnes of crude oil was spilled as a result of the grounding. The vessel was lightened of its remaining cargo and refloated without significant further spillage on 12 October 2000.
- 1.3 The *Natuna Sea* is entered with the London Steam-Ship Owners' Mutual Insurance Association Ltd (London Club).
- 1.4 The IOPC Funds have monitored the response to the spill through experts from the International Tanker Owners Pollution Federation Ltd (ITOPF), who arrived on site on 4 October 2000, and a network of local surveyors.

### 2 Extent of pollution

- 2.1 The oil oscillated with the tides, but with a slow overall movement to the east. On the Singapore side of the Strait a number of islands have been polluted, including the resort island of Sentosa,

the Saint Johns islands and Raffles Light. Shoreline oiling also occurred on the southeast coast of Singapore Island.

- 2.2 A number of Indonesian islands in the Singapore Strait were also affected by oil, the heaviest accumulations occurring on the north coast of Pulau Batam.
- 2.3 Oil has also impacted the southeast tip of the Johor Peninsula, in Malaysia.

### **3 Clean-up operations**

#### *Singapore*

- 3.1 The Maritime and Ports Authority of Singapore directed the response, which initially focused on dispersant spraying. The locally based manager of the *Natuna Sea* participated in clean-up operations by engaging a number of local contractors, including East Asia Response Ltd (EARL) and the Singapore Oil Spill Response Centre (SOSRC). Clean-up equipment of the Petroleum Association of Japan (PAJ) stockpile in Singapore was also deployed.
- 3.2 EARL began the aerial application of dispersants from a C-130 aircraft on the evening of the first day (3 October). Although initial reports indicated that the dispersants were effective, the Club/Fund experts from ITOPF drew attention to the oil's high pour point (the temperature below which the oil does not flow) compared with the ambient sea temperature and recommended a cautious approach to the large-scale use of chemicals until their efficacy could be evaluated through laboratory/field testing.
- 3.3 In order to facilitate a proper evaluation of the efficacy of the use of dispersants, the London Club and the IOPC Funds instructed two scientists from AEA NETCEN in the United Kingdom to travel to Singapore with specialised monitoring equipment for measuring concentrations of oil underneath slicks treated with dispersants. The scientists arrived in Singapore on 5 October and were able to conduct tests later the same day. Although there was minor dispersion of oil alongside the *Natuna Sea*, which was heavily dosed with chemicals, no dispersion of oil 500 metres from the vessel was observed. The AEA NETCEN scientists and the ITOPF experts concluded that for all practical purposes Nile Blend crude oil was no longer amenable to dispersants.
- 3.4 Several barges equipped with mechanical grabs or skimmers designed for viscous oil, and a large fleet of small vessels utilising scoops and nets, were deployed in the Singapore Strait to recover floating oil. It has been reported that because the spill originated in Indonesian waters, the authorities in Singapore will not allow any oil collected at sea to be taken to Singapore for disposal. As a consequence, the oil is being placed in bags pending a decision on where and how it is to be disposed.
- 3.5 By 12 October 2000 there was little oil remaining at sea and efforts were then focused on shoreline clean-up. Some 260 people were engaged in shoreline cleaning. Oily waste generated from these operations is being handled by contractors appointed by the Singapore Ministry of Environment and the manager of the *Natuna Sea*.

#### *Indonesia*

- 3.6 The manager of the *Natuna Sea* engaged a local contractor to organise shoreline clean-up using a local labour force of over 320 people to collect oil and oiled debris. The collected material is being bagged for onward transportation to a dump where it is being burnt.

*Malaysia*

- 3.7 The Malaysian Marine Department (MMD) is in charge of the operations at sea and has mobilised a small number of fishing vessels to collect oil using scoops and nets.
- 3.8 The Department of Environment has organised shoreline clean-up operations using a combination of mechanical and manual techniques. Some 400 people, many of them volunteers, are involved in these operations.

**4 Impact of the spill**

*Singapore*

- 4.1 The floating cages of a fish farm at St Johns Island have been heavily affected by oil, giving rise to concerns that the fish may be contaminated. The owner of the farm, together with a small workforce provided by the manager of the *Natuna Sea*, is undertaking clean-up of the cages and attempts are being made to minimise contamination of the fish by adding feed under the water.
- 4.2 There are reports of a decrease in the number of visitors to the Sentosa Island resort and claims for loss of income may be submitted. A lagoon on Sentosa Island which houses a dolphinarium has been lightly contaminated with oil sheens, and steps have been taken to limit further ingress of oil by extending the seawater intake to the dolphinarium further out to sea.
- 4.3 It has been reported that a number of vessels in the Singapore Strait have had their hulls oiled and claims for cleaning are possible.

*Indonesia*

- 4.4 The oil has affected both fishing and aquaculture sectors and substantial claims are likely, particularly in the latter sector. The fishing communities of some six towns/villages have been affected, and although fishing has continued every day since the spill occurred, there are reports of oiled gear and reduced catches. There are some 230 fish farms registered in the area, but it is not known how many of them have been affected. The main species cultivated is garupa, which are sold live on the Singapore market and command high prices.

*Malaysia*

- 4.5 The spill is reported to have had an impact on fishing activities, although some fishermen are understood to have mitigated their losses by fishing in alternative areas.

**5 Applicability of the Conventions**

- 5.1 The *Natuna Sea* was registered in Panama, which at the time of the incident was a Party to the 1992 Civil Liability Convention and the 1992 Fund Convention.
- 5.2 Singapore is Party to the 1992 Civil Liability Convention and to the 1992 Fund Convention. Indonesia is Party to the 1992 Civil Liability Convention, but not Party to the 1992 Fund Convention. Malaysia is Party to the 1969 Civil Liability Convention and the 1971 Fund Convention, but not the 1992 Conventions.
- 5.3 As a consequence of two different regimes being applicable to the incident, the shipowner may be required to establish two limitation funds, one in Malaysia and one in Singapore or Indonesia. The limitation amount applicable to the *Natuna Sea* under the 1992 Civil Liability Conventions is approximately 22.4 million SDR (£17 million) and under the 1969 Civil Liability Convention is approximately 6.1 million SDR (£5.4 million).

- 5.4 Claims for pollution damage in Indonesia under the 1992 Civil Liability Convention will compete with claims for pollution damage in Singapore under the same Convention and could ultimately have a bearing on whether or not the 1992 Fund will be required to pay compensation in Singapore. If the total amount of claims for pollution damage in Malaysia were to exceed the shipowner's liability under the 1969 Civil Liability Convention, the 1971 Fund may be required to pay compensation.

**6 Claims for compensation**

- 6.1 It is too early to predict the level of claims arising from this incident.
- 6.2 Under Internal Regulation 7.4, the Director may without the prior approval of the Assembly or the Executive Committee make final settlement of any claim for compensation, if he estimates that the total cost to the 1992 Fund and 1971 Fund of satisfying all claims arising out of the relevant incident is not likely to exceed 2.5 million SDR (£2.3 million) for each Fund.
- 6.3 The 1971 Fund Assembly and the 1992 Fund Executive Committee may wish to consider whether they are prepared to authorise the Director to make final settlements on behalf of the 1971 Fund and the 1992 Fund respectively of all claims arising out of the *Natuna Sea* incident to the extent that the claims do not give rise to any questions of principle which have not previously been decided by any of the governing bodies of the 1971 Fund or the 1992 Fund.

**7 Action to be taken by the governing bodies**

The Assembly/Executive Committee are invited:

- (a) to take note of the information contained in this document;
- (b) to consider whether to authorise the Director to make final settlements of claims arising from this incident; and
- (c) to give the Director such instructions in respect of this incident and of claims arising therefrom as it may deem appropriate.

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