

M/V ATHOS I “POINT OF REPAIR” CHALLENGES



Delaware River Oil Spill- 2004

The
O'Brien's
Group



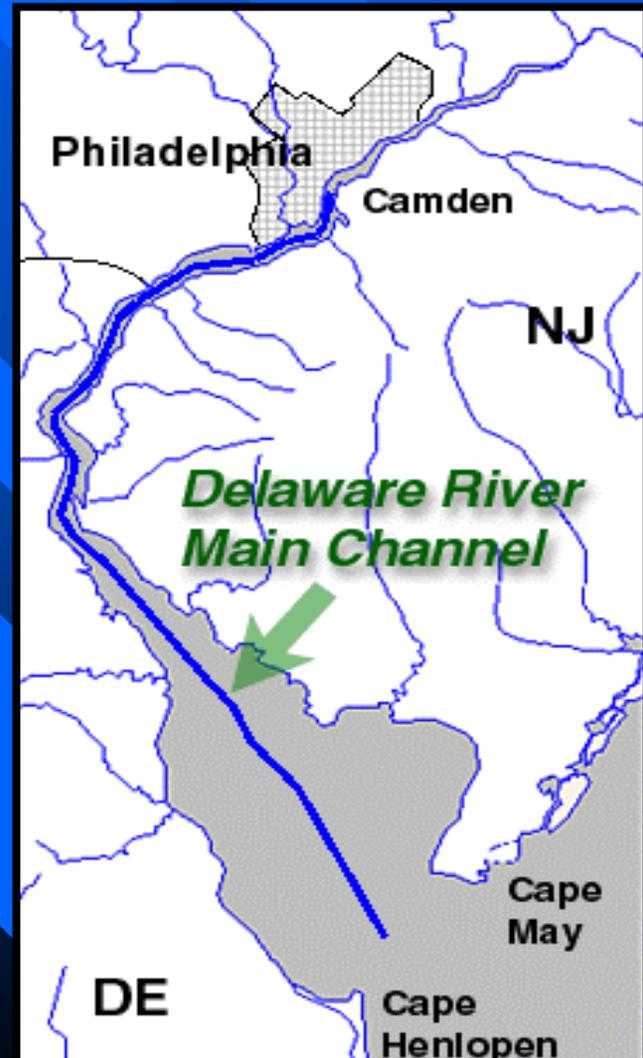
Area Information

COTP Philadelphia Statistics

- ◆ Approx 3,000 vessel arrivals/year
- ◆ 2nd largest petro-chemical port in the nation (largest for crude oil imports)
- ◆ Largest VLCC receiving port in nation
- ◆ 1 million barrels of crude oil imported daily
- ◆ Largest North American port for steel, paper, and meat imports
- ◆ Largest cocoa bean and fruit import port on east coast
- ◆ Port system generates \$19 billion in annual revenue

Home to:

- ◆ Five of the largest east coast refineries
- ◆ Six nuclear power plants
- ◆ Three states and two federal regions
- ◆ One of the 14 national strategic ports



T/V ATHOS I



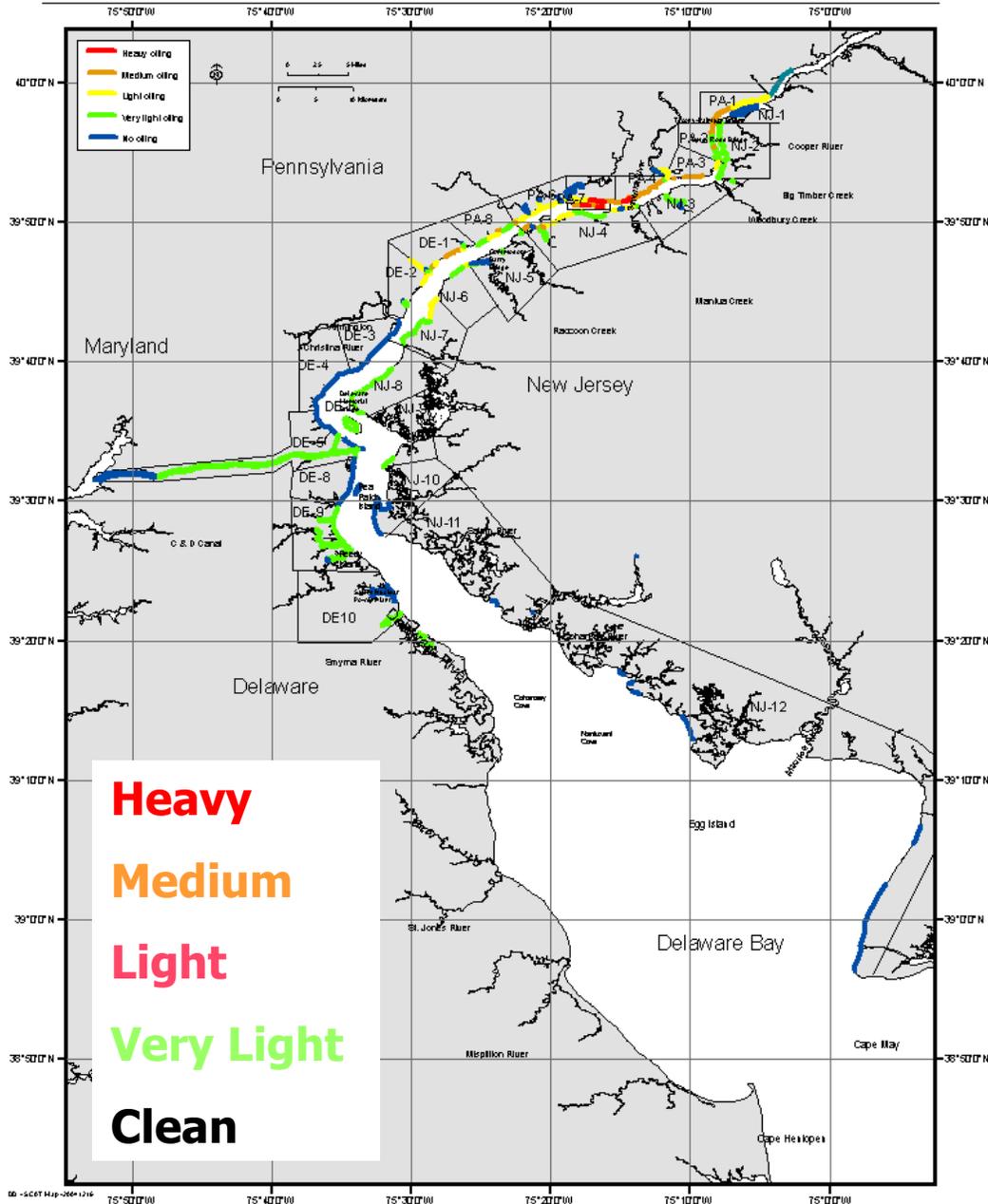
- 750 FT
- 10 MIL GALS O/B
- Stay or anchorage?

Investigation



Investigation





Tanker Diagram

- 🔥 2 Holes
- 🔥 #7 Center cargo tank (Hole: 60 cm x 40 cm)
- 🔥 #7 Ballast tank (Hole: 40 cm x 2 meters)

CARGO TANKS CAPACITY @ 98% FULL



Oil Properties



- Slightly buoyant
- Very viscous
- High pour point
- Very sticky
- High asphaltene content
- Weathers slowly
- Forms tar balls



Oil Impact



Oil Impact



11/29/2004

Oil Impact



Wildlife Impacts

- Area is major migratory bird stop

- Appx 450 birds recovered

- Appx 380 birds released

- Bald Eagles threatened

- Juvenile sturgeon at risk

- Other impacts



Oil Impacts



Shipping Impacts

- Waterway closed to all vessel traffic

- Refineries reduced operations & threatened closure

- Delaware Bay lightering operations

- Containerized cargo delays

- Refrigerated foodstuff delays



Then...

💧 **Submerged oil was first detected on Nov 27, 2004**

💧 **Salem Hope Creek nuclear power plant shuts down as precautionary measure on December 5, 2004**



T/V ATHOS I Unified Command



Unified Command Response Objectives



- ⚠️ **Safeguard of human health**
- ⚠️ Protect sensitive areas
- ⚠️ Recover spilled oil
- ⚠️ Recover/rehabilitate wildlife
- ⚠️ Mitigate impact to shipping and port facilities
- ⚠️ Lighter and salvage tanker
- ⚠️ Investigate cause of incident

Shipboard Oil Removal Operations

Over the top transfer from damaged tanks

Offload to CITGO facility

Patch and tank cleaning in Philadelphia and Mobile, AL



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First Priority: Correct List



Transfer Wet and Dry Oil

- **Environmental Risk?**
- **Safety Risk?**
- **Economic Risk?**



Cargo Off, Now What?



- **Environmental Risk?**
- **Safety Risk?**
- **Economic Risk?**

Vessel Status:

- 2 holes in hull, tanks 7C and ballast.
- Residual Oil clingage remaining in 7C.
- Estimated between 500 – 2,000 gals



- Environmental Risk?
- Safety Risk?
- Economic Risk?



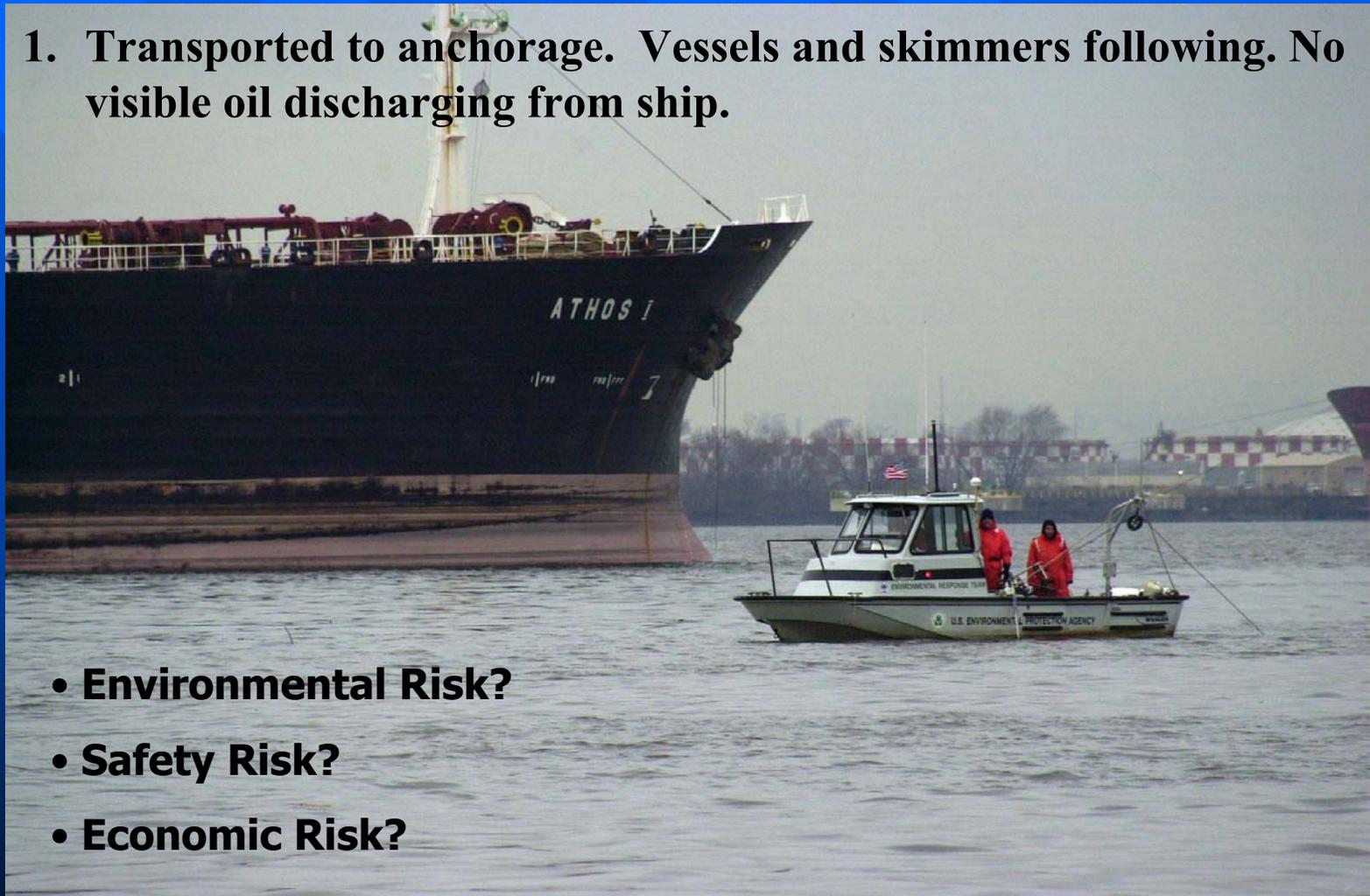
Goals:

1. **Conduct full metallurgical analysis of damage on vessel to support investigation:**
 - **Requires dry dock repair facility to accommodate vessel**
 - **No facility of this type available in the Delaware River**
 - **Vessel required to transport outside zone but within U.S. to retain casualty investigation jurisdiction (Mobile, AL).**
2. **Temporary box patch to preserve damage and contain residual oil.**
 - ❖ **Need to identify facility for installation of patch**



Vessel

1. Transported to anchorage. Vessels and skimmers following. No visible oil discharging from ship.



- Environmental Risk?
- Safety Risk?
- Economic Risk?

You are a Shipyard...



- 1. Run an extremely tight schedule.**
- 2. M/V ATHOS has caused you a loss of business (disruption, etc.).**
 - a. You already have lawyers working on your claim.**
- 3. You assume no potentially costly risks without assurances.**

From the Shipyards Perspective...



- **Environmental Risk?**
- **Safety Risk?**
- **Economic Risk? (Liability.....)**

From the Shipyards Perspective...



- You want assurances to cover risks and address liability
- Shipyards wanted “guarantees” from vessel owner.

Vessel Status:

- 2 holes in hull, tanks 7C and ballast.
- Residual Oil clingage remaining in 7C.
- Estimated between 500 – 2,000 gals
- At anchorage

- Environmental Risk?
- Safety Risk?
- Economic Risk?



Vessel in Anchorage 14 Days

- 2 holes in hull, tanks 7C and ballast.
- Residual Oil clingage remaining in 7C.
- Estimated between 500 – 2,000 gals
- At anchorage



- Vessel owner contends that shipyards and facilities are unwilling to accept the vessel due to liability issues.

UNIFIED COMMAND OPTIONS

1. Allow vessel to proceed with no patch, but with a skimming vessel following as a safeguard.
 - **Environmental, Safety, Economic Risks?**
2. Allow vessel to remain in place indefinitely until vessel owner and facilities come to an agreement.
 - **Environmental, Safety, Economic Risks?**
3. Attempt to use Coast Guard authorities to influence a shipyard and facility to accept the vessel.
 - **Environmental, Safety, Economic Risks?**
4. Attempt to influence shipyard and facilities through active negotiations.

USE OF USCGC AUTHORITIES

Options Explored:

- **Federally hire facility to assume costs and liabilities.**
- **Order a facility to accept the vessel and allow for repairs.**
- **Continue aggressive negotiations throughout the port.**



FEDERAL FINANCIAL ASSUMPTION OPTION

- **Authority is present, given the threat of the residual oil.**
- **Coast Guard begins negotiation with shipyard contractors and lawyers.**
- **The process becomes long and drawn out. The second option is reviewed in parallel.**
- **Aggressive negotiations continue.**



ORDERING THE FACILITY

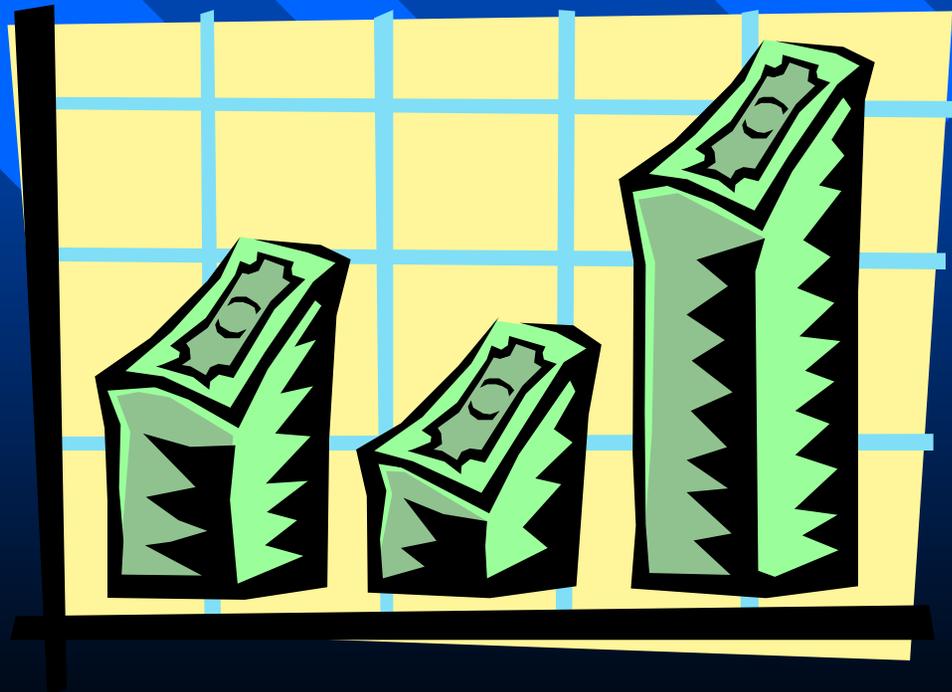
- **Instrument: Administrative Order**
- **Risks:**
 - **Federal On-Scene Coordinator assumes all liability**
 - **Federal On-Scene Coordinator subject to judicial scrutiny since facility is likely to challenge decision in court of law.**



THE TRUTH REVEALED....

During contract negotiations for the federal funding option:

- **Facility assertion of Vessel owner liability was reasonable.**
- **Surety costs required by the vessel owner was reasonable.**



AN ECONOMICS MATTER...

- **Federal On Scene Coordinator was not going to assert himself on behalf of the vessel owner when costs and liability issues were reasonable and the issue was merely the vessel owner's unwillingness to cooperate.**
- **New option:**
 - **apply pressure on the vessel owner**
 - **continue to campaign aggressively for a willing shipyard/facility**



A FACILITY STEPS FORWARD!

Grows
Terminal,
Philadelphia

But.....



THE TRANSIT.....

- USCG wanted guarantee of destination.

Order from USCG Commandant considered.

USCG settled for verbal affirmation from owner and class society.



Conclusion

- Liability is a powerful risk factor that cannot be ignored.
- Focus on cradle to grave management of the incident. It's not just about the oil! (News Flash: "New floating restaurant Athos opens in the Port.")
- Meet continually with your port partners to develop an approach/agreements on handling these issues (Like this conference).

