

CLAIM SUMMARY / DETERMINATION FORM

Date	: 6/25/2009
Claim Number	: N08057-008
Claimant	: Oil Mop, LLC
Type of Claimant	: OSRO
Type of Claim	: Removal Costs
Claim Manager	: ██████████
Amount Requested	: \$394,548.93

I. Facts

On the morning of July 23, 2008, the tank barge DM 932 sank as a result of a collision and discharged oil into the Mississippi River, a navigable waterway of the United States.

II. Responsible Party

American Commercial Lines LLC (ACL) owned the barge at the time of the incident and is a responsible party under the Oil Pollution Act.

III. The Claimant and the Claim

As a result of the incident, Oil Mop, LLC (Oil Mop or OMI), provided response services under contract with ACL¹. On February 24, 2009, OMI submitted a removal cost claim to the National Pollution Funds Center (NPFC), for reimbursement of their response services in the original amount of \$1,155,924.52 for the time period of July 23, 2008 through August 3, 2008².

On April 29, 2009, Mr. Kyle Prest of OMI requested that the NPFC revise the sum certain for their claim to \$394,548.93 in order to reflect payments made by ACL based on ACL's summary sheet entitled "Status of OMI Invoice Payments and Disputed Amounts" dated February 10, 2009. (See Enclosure 1 – ACL Summary sheet for OMI payments).

The NPFC sent an RP notification letter dated March 3, 2009 to Mr. Douglas Ruschman, ACL – Vice President of Legal & Risk Management, Ms. Dawn Landry, ACL – General Counsel, and Mr. John A.V. Nicoletti of Nicoletti, Horning & Sweeney, ACL – External Counsel. The invoices which are the subject of this claim were presented to the responsible party for payment on or about July 31, 2008 and August 7, 2008.³ ACL has made payments to OMI in the amount of \$1,424,407.69 dated August 11, 2008; \$314,040.16 dated January 23, 2009; \$2,885,274.64 dated August 18, 2008; and \$447,335.41 dated January 23, 2009⁴. ACL has acknowledged receipt of the invoices that are subject of this claim by way of ACL's audit. (See Enclosure 2 – ACL audit). OMI has confirmed verbally to the NPFC that all subcontractors have been paid for the services provided which are inclusive in OMI's invoices # N0807-191 and N0808-002.

¹ See OMI Master Service Agreement dated July 23, 2002.

² See Optional OSLTF Claim Form, signed by Mr. Kyle Prest, Accounting Manager for OMI on 2/19/09.

³ See OMI invoices dated July 31, 2008 and August 7, 2008.

⁴ See Enclosure 1 - ACL Summary sheet for OMI payments.

IV. The Audits

During the incident, the claimant provided response resources and services under its contract with ACL. The services provided by the claimant were acknowledged by ACL designated Zone Managers, who acted as the Qualified Individual(s) (QI) representatives for ACL in various zones on given dates. Specifically, the claimant submitted daily sheets to the respective Zone Manager(s) which listed the labor and materials/equipment provided by the claimant for each day of the response in a specific zone location. The Zone Manager(s) approved the materials/equipment and labor identified on each daily by signing the document. Beneath each signature, the Zone Manager made the notation “subject to audit.”

During the response, a process was established for paying Oil Mop’s invoices. Initially, Oil Mop submitted its invoices to ACL and in accordance with the Master Service Agreement (MSA) that was in place between Oil Mop and ACL (See, Enclosure 3 – Master Service Agreement between Oil Mop and ACL dated 7/23/02), the MSA stated that all invoices are due fifteen (15) days from the date of the invoice, and in the event ACL disputes one or more items in an invoice, ACL shall, within ten (10) days of receipt of such invoice, notify Oil Mop *in writing* of the item or items under dispute and the reasons. The MSA stated that undisputed amounts will be paid within fifteen (15) days of ACL’s receipt. [Emphasis added].

Having reviewed the invoices, the NPFC determined that this process was not followed in accordance with the written agreement. We found that ACL and its auditors made initial payments on some invoices, denied amounts on some invoices, failed to provide in some instances, any detailed audit information to OMI for denied costs and also approved payment amounts on some invoices, which, to date, have still not been paid to Oil Mop by ACL as agreed to in the MSA. (See, Enclosure 1 - ACL Summary sheet for OMI payments). It is important to note that the NPFC received this summary sheet when the auditor for ACL responded to the NPFC’s RP notification letter(s) by way of submitting their audit results and accompanying documentation.

For the audit, the NPFC found that ACL auditors focused on whether the paperwork was complete as determined by their standards, whether the costs were properly supported in accordance with their standards, and whether the costs were operationally reasonable and necessary according to their standards. During the response, ACL held negotiation discussions with the response contractors including the Claimant OMI and requested special pricing reductions in exchange for a prompt payment. OMI initially verbally agreed to certain price reductions in exchange for prompt payment that ACL did not honor which resulted in the claimant presenting its claim to the NPFC. As a result of ACL not paying and/or resolving non-payment issues promptly, OMI revised its billing so that it was in accordance with the original MSA pricing schedule between OMI and ACL. All invoices reflecting the original pricing schedule were presented to ACL as required by regulation.

During the audit of OMI’s invoices, ACL denied OMI’s costs with little or no explanation, reason, or standard in support of the denied costs. The NPFC requested clarification of certain denial categories to understand the rationale used by ACL auditors but ACL did not respond.

V. Applicable Law

The Oil Spill Liability Trust Fund (OSLTF), which is administered by the NPFC, is available, pursuant to 33 USC §§ 2712(a)(4) and 2713 and the OSLTF claims adjudication regulations at 33 CFR Part 136, to pay claims for uncompensated removal costs that are determined to be

consistent with the National Contingency Plan and uncompensated damages. Removal costs are defined as “the costs of removal that are incurred after a discharge of oil has occurred or, in any case in which there is a substantial threat of a discharge of oil, the costs to prevent, minimize, or mitigate oil pollution from an incident”. 33 USC § 2701(31).

Under 33 CFR § 136.105(b) each claim must be in writing, for a sum certain for each category of uncompensated damages or removal costs resulting from an incident. In addition, under 33 CFR 136, the claimant bears the burden to prove the removal actions were reasonable in response to the scope of the oil spill incident, and the NPFC has the authority and responsibility to perform a reasonableness determination. Specifically, under 33 CFR § 136.203, “a claimant must establish -

- (a) That the actions taken were necessary to prevent, minimize, or mitigate the effects of the incident;
- (b) That the removal costs were incurred as a result of these actions;
- (c) That the actions taken were determined by the FOSC to be consistent with the National Contingency Plan or were directed by the FOSC.”

Under 33 CFR § 136.205 “the amount of compensation allowable is the total of uncompensated *reasonable* removal costs of actions taken that were determined by the FOSC to be consistent with the National Contingency Plan or were directed by the FOSC. Except in exceptional circumstances, removal *activities* for which costs are being claimed must have been coordinated with the FOSC.” [Emphasis added].

DETERMINATION OF LOSS:

A. Overview:

1. The FOSC coordination has been established under the Federal Project by way of Incident Action Plans and United States Coast Guard (USCG) Pollution Reports.
2. The incident involved the discharge and continuing substantial threat of discharge of “oil” as defined in OPA 90, 33 U.S.C. § 2701(23), to navigable waters.
3. In accordance with 33 CFR § 136.105(e)(12), the claimant has certified no suit has been filed in court for the claimed uncompensated removal costs.
4. The claim was submitted on time.
5. Presentment of costs to the RP was made by the Claimant OMI, prior to the submission of the claim. The NPFC also made presentment of costs to the RP and the RP has provided a complete copy of their Audit of the response costs presented.
6. The NPFC Claims Manager has thoroughly reviewed all documentation submitted with the claim and determined that the majority of all removal costs presented were for actions in accordance with the NCP and that the costs for these actions were indeed reasonable and allowable under OPA and 33 CFR § 136.205 with the exception of denied costs itemized in the attached Summary of Vendors spreadsheet: (See, Enclosure 2 – ACL audit which incorporates NPFC audit).

B. Analysis:

NPFC CA reviewed the actual cost invoices and dailies to confirm that the claimant had incurred all costs claimed. The review focused on: (1) whether the actions taken were compensable “removal actions” under OPA and the claims regulations at 33 CFR Part 136

(e.g., actions to prevent, minimize, mitigate the effects of the incident); (2) whether the costs were incurred as a result of these actions; (3) whether the actions taken were determined by the FOSC, to be consistent with the NCP or directed by the FOSC, and (4) whether the costs were adequately documented and reasonable.

The Claimant OMI stated that all costs claimed are for uncompensated removal costs incurred by the claimant for this incident for the time period of, July 23, 2008 through August 3, 2008. The claimant represents that all costs paid by the claimant are compensable removal costs, payable by the OSLTF as presented by the claimant.

The Claims Manager has confirmed that the response activities performed by the claimant were signed off by the designated Zone Managers in the dailies provided by OMI and by ACL with their audit. While the Incident Action Plans (IAPs) are helpful in corroborating actions that were taking place in the field at any given point in time and were utilized as part of the adjudication process, it is important to note that every action taken during response is not fully captured in IAPs or Pollution Reports. The Claims Manager also cross referenced claim submission information to the USCG's database of files that were associated with this oil spill incident and provided to the NPFC by USCG Sector New Orleans via tape.

The Incident Action Plans (IAPs) provided general information about the activities which were taking place in the field at any given point in time. But the Claims Manager supplemented the IAP activity information with records from the USCG's database of files that were associated with this oil spill incident and provided to the NPFC by USCG Sector New Orleans via tape.

As detailed in Enclosure (2), the NPFC reviewed the detailed comments in the Financial Audit performed by ACL's auditor. The NPFC denied those claimed costs of OMI for lack of documentation, and approved those costs which were adequately documented by the Claimant OMI despite that the same costs were denied by ACL in its Financial Audit. Such costs were approved over ACL's denial in the Financial Audit because these costs had been approved by designated Zone Manager(s) for ACL when these representative(s) signed the claimant's daily sheets. One of the main purposes of a Spill Management Team such as the appointed Zone Managers for ACL is to confirm that the goods and services billed on a given day at a given location for a given time period have actually been provided and accounted for. Moreover, because the services and materials/equipment listed on the daily sheets were provided pursuant to a contract with specified rates, NPFC further finds that OMI has satisfied its burden of showing that the amounts claimed were reasonable and necessary. As a result, NPFC finds and approves that these costs are eligible for payment under OPA.

Despite the numerous amounts denied by ACL's auditors for personnel who worked in excess of restricted hours, the NPFC has approved those costs from the daily sheets that were signed by the ACL designated Zone Manager(s). Moreover, the NPFC obtained a statement from the FOSC, CAPT Lincoln Stroh which clarified that the restricted hours were "suggested" for the purpose of heat stress and safety concerns, but the monitoring and determination of actual work hours resided with the Zone Manager(s) and their sign offs on the dailies.⁵

In its review in Enclosure (2), the NPFC tabulated and approved the costs claimed as uncompensated removal costs in Column 1 for each day beginning on July 23, 2008 through

⁵ See FOSC statement provided to the NPFC regarding restricted hours

August 3, 2008. In addition, Column 1 includes the amount approved by ACL but, to date, is unpaid and constitutes uncompensated removal costs for a total in Column 1 of \$390,316.29.

Column 2 lists the amounts which are adjudicated amounts as denied by the NPFC in the amount of \$4,232.64. Column 2 also includes unidentified costs \$1,260.42 and deductions from the offsets which were tabulated and totals \$(13,463.90) in Column 5 as the difference between Columns 3, the daily totals ACL denied from its audit summary sheet, and Column 4, the daily totals ACL denied from its daily sheets. Other offsets due to discrepancies in ACL's daily sheets amounted to \$(2,473.17), \$(12.31), \$2.02, and \$(330.00) due to miscellaneous errors. The itemized breakdown of denied costs is addressed in the attached ACL audit identified as Enclosure 2.

The NPFC incorporated columns within the ACL audit so that a line by line comparison and determination could be made and easily identified. The overall denial summary from Column 2 is as follows:

OMI Invoice # N0807-191 – 7/23/08 – denied amount of	\$660.00
OMI Invoice # N0807-191 – 7/24/08 – denied amount of	\$872.50
OMI Invoice # N0807-191 – 7/25/08 – denied amount of	\$1,354.00
OMI Invoice # N0807-191 – 7/25/08 – offset amount of	\$(12.31)
OMI Invoice # N0807-191 – 7/25/08 – offset amount of	\$(330.00)
OMI Invoice # N0807-191 – 7/26/08 – denied amount of	\$622.10
OMI Invoice # N0807-191 – 7/27/08 – denied amount of	\$1,109.63
OMI Invoice # N0807-191 - Totals ACL denied in its audit summary minus its totals denied in its daily sheets.	\$(9,472.31)
OMI Invoice # N0808-002 – 7/28/08 – denied amount of	\$1,100.00
OMI Invoice # N0808-002 – 7/29/08 – denied amount of	\$110.00
OMI Invoice # N0808-002 – 7/30/08 – denied amount of	\$1,212.00
OMI Invoice # N0808-002 – 7/31/08 – denied amount of	\$250.00
OMI Invoice # N0808-002 – 8/01/08 – denied amount of	\$603.14
OMI Invoice # N0808-002 – 8/02/08 – denied amount of	\$602.40
OMI Invoice # N0808-002 – 8/03/08 – denied amount of	\$1,282.62
OMI Invoice # N0808-002 – unidentified costs	\$1,260.42
OMI Invoice # N0808-002 – totals ACL denied in its audit summary minus its totals denied in its daily sheets.	\$(3,991.59)
OMI Invoice # N0808-002 – NPFC offset due to ACL errors	<u>\$(2,473.17)</u>
Total amount:	\$4,232.64

Accordingly, the Claimant OMI's sum certain of \$394,548.93 minus the total amount the NPFC denied (Column 2 - \$4,232,64) equals the uncompensated removal costs (Column 1 \$390,316.29) which is due to the Claimant OMI.

On this basis, the Claims Manager hereby determines that the claimant did in fact incur \$390,316.29 of uncompensated removal costs and that this amount is properly payable by the OSLTF as full compensation for the reimbursable removal costs incurred by the claimant and submitted to the NPFC under claim# N08057-008.

On this basis, the Claims Manager hereby determines that the claimant did in fact incur \$390,316.29 of uncompensated removal costs and that this amount is properly payable by the OSLTF as full compensation for the reimbursable removal costs incurred by the claimant and submitted to the NPFC under claim# N08057-008.

Lastly, it is important to note that \$59,506.87 of the approved costs by ACL as corroborated in the Audit Summary Sheet provided by the Claimant OMI to the NPFC remains unpaid at the time of this determination and therefore has been incorporated in the sums approved by the NPFC as OPA compensable removal costs.

C. *Determined Amount:*

The NPFC hereby determines that the OSLTF will pay **\$390,316.29** as full compensation for the reimbursable removal costs incurred by the Claimant and submitted to the NPFC under claim # N08057-008. All costs claimed are for charges paid for by the Claimant for removal actions as that term is defined in OPA and, are compensable removal costs, payable by the OSLTF as presented by the Claimant.

Claim Supervisor: [REDACTED]

Date of Supervisor's review:

Supervisor Action:

Supervisor's Comments:

U.S. Department of
Homeland Security

**United States
Coast Guard**



Director
United States Coast Guard
National Pollution Funds Center

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5890
7/27/2009

VIA EMAIL: [REDACTED]t@oilmop.com
[REDACTED]@oilmop.com

Oil Mop, LLC
ATTN: Mr. Shaw Thompson & Mr. Kyle Prest
131 Keating Drive
Belle Chasse, LA 70037

Re: Claim Number N08057-008

Dear Messrs. Thompson and Prest:

The National Pollution Funds Center (NPFC), in accordance with the Oil Pollution Act (OPA) (33 U.S.C. 2701 et seq.), has determined that \$390,316.29 is full compensation for OPA claim number N08057-008.

This determination is based on an analysis of the information submitted. Please see the attached determination for further details regarding the rationale for this decision.

All costs that are not determined as compensable are considered denied. You may make a written request for reconsideration of this claim. The reconsideration must be received by the NPFC within 60 days of the date of this letter and must include the factual or legal basis of the request for reconsideration, providing any additional support for the claims. Reconsideration will be based upon the information provided and a claim may be reconsidered only once. Disposition of the reconsideration will constitute final agency action. Failure of the NPFC to issue a written decision within 90 days after receipt of a timely request for reconsideration shall, at the option of the claimant, be deemed final agency action. All correspondence should include corresponding claim number.

Mail reconsideration request to:

Director (ca)
NPFC CA MS 7100
US COAST GUARD
4200 Wilson Blvd, Suite 1000
Arlington, VA 20598-7100

If you accept this determination, please sign the enclosed Acceptance/Release Form where indicated and return to the above address.

If we do not receive the signed original Acceptance/Release Form within 60 days of the date of this letter, the determination is void. If the determination is accepted, an original signature and a valid tax

identification number (EIN or SSN) are required for payment. If you are a Claimant that has submitted other claims to the National Pollution Funds Center, you are required to have a valid Central Contractor Registration (CCR) record prior to payment. If you do not, you may register free of charge at www.ccr.gov. Your payment will be mailed or electronically deposited in your account within 60 days of receipt of the Release Form.

If you have any questions or would like to discuss the matter, you may contact me at the above address or by phone at [REDACTED]

Sincerely,

[REDACTED]
Claims Manager

ENCL: Claim Summary / Determination Form
Acceptance/Release Form
(1) ACL Summary sheet for OMI payments
(2) ACL audit

U.S. Department of
Homeland Security

**United States
Coast Guard**



Director
United States Coast Guard
National Pollution Funds Center

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Staff Symbol: (CA)
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Fax: 202-493-6937

Claim Number: N08057-008	Claimant Name: Oil Mop, LLC Attn: Mr. Kyle Prest 131 Keating Drive Belle Chasse, LA 70037
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I, the undersigned, ACCEPT the determination of \$390,316.29 as full compensation for the removal costs and damages paid or incurred by Claimant for services provided by the claimant listed in the Spreadsheets of costs (attached hereto and incorporated by reference as if fully set forth herein), and claimed to the Oil Spill Liability Trust Fund (Fund) under Claim Number N08057-008. These costs resulted from the below-described incident.

Date: 23 July 2008
Location: Mississippi River
Subject: DM932 Oil Spill incident.

This determination represents full and final release and satisfaction of all removal costs and damages paid or incurred by Claimant for services provided by the clamant and listed in the Spreadsheets of costs (attached hereto and incorporated by reference as if fully set forth herein), and claimed to the Oil Spill Liability Trust Fund (Fund) under Claim Number N08057-008 under the Oil Pollution Act of 1990 (33 U.S.C. 2712(a)(4)). This determination is not an admission of liability by any party. I hereby assign, transfer, and subrogate to the United States all rights, claims, interest and rights of action, that I may have against any party, person, firm or corporation that may be liable for the loss. I authorize the United States to sue, compromise or settle in my name and the United States fully substituted for me and subrogated to all of my rights arising from the incident. I warrant that no legal action has been brought regarding this matter and no settlement has been or will be made by me or any person on my behalf with any other party for costs which are the subject of the claim against the Oil Spill Liability Trust Fund (Fund).

I, the undersigned, agree that, upon acceptance of any compensation from the Fund, I will cooperate fully with the United States in any claim and/or action by the United States against any person or party to recover the compensation. The cooperation shall include, but is not limited to, immediately reimbursing the Fund any compensation received from any other source for the same claim, providing any documentation, evidence, testimony, and other support, as may be necessary for the United States to recover from any other person or party.

I, the undersigned, certify that to the best of my knowledge and belief the information contained in this claim represents all material facts and is true. I understand that misrepresentation of facts is subject to prosecution under federal law (including, but not limited to 18 U.S.C. 287 and 1001).

_____	_____
Title of Person Signing	Date of Signature
_____	_____
Typed or Printed Name of Claimant or Name of Authorized Representative	Signature

_____	_____
Title of Witness	Date of Signature
_____	_____
Typed or Printed Name of Witness	Signature

_____	_____	_____
DUNS #	Bank Routing Number	Bank Account Number