

U.S. Department of  
Homeland Security

**United States  
Coast Guard**



Director  
United States Coast Guard  
National Pollution Funds Center

NPFC CA MS 7100  
US COAST GUARD  
4200 Wilson Blvd. Suite 1000  
Arlington, VA 20598-7100  
Staff Symbol: (CA)  
Phone: 800-280-7118  
E-mail: [REDACTED]@uscg.mil  
Fax: 703-872-6113

5890  
11/20/2012

VIA EMAIL: [REDACTED]@kyl.com

IMC Shipping Co. Pte. Ltd., Ayu Navigation Sdn Bhd, and The Swedish Club  
c/o Keesal, Young & Logan  
ATTN: Doug Davis  
1029 West Third Avenue, Suite 650  
Anchorage, AK 99501-1954

Re: Claim Number J05003-0017

Dear Mr. Davis:

The National Pollution Funds Center (NPFC), in accordance with the Oil Pollution Act (OPA) (33 U.S.C. 2701 et seq.), has determined that \$9,565,222.57 is full compensation for the sixth removal cost claim identified as OPA claim number J05003-0017.

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.

Sincerely,



Lead Claims Manager  
United States Coast Guard

ENCL: Claim Summary / Determination Form  
Acceptance/Release Form

U.S. Department of  
Homeland Security

United States  
Coast Guard



Director  
United States Coast Guard  
National Pollution Funds Center

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Claim Number: J05003-0017	Claimant Name: IMC Shipping Co. Pte. Ltd., Ayu Navigation Sdn Bhd, and The Swedish Club ATTN: C/O Doug Davis Keesal, Young & Logan Suite 650 1029 West Third Avenue Anchorage, AK 99501-1954
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I, the undersigned, ACCEPT this settlement offer of \$9,565,222.57 as full and final compensation for the removal costs identified for services provided by Gallagher Marine Systems. With my signature, I also acknowledge that I accept as final agency action all costs identified in Claim Number J05003-0017 that were denied in this claim determination and for which I received no compensation.

This settlement represents full and final release and satisfaction of the amounts paid from the Oil Spill Liability Trust Fund under the Oil Pollution Act of 1990 for this claim. 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 amounts paid for which I have been compensated under this claim. 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 and associated with those amounts paid for which I am compensated for with this settlement offer. 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 amounts paid which is the subject of this claim against the Oil Spill Liability Trust Fund (Fund).

This settlement is not an admission of liability by any party.

With my signature, I acknowledge that I accept as final agency action all amounts paid for Claim Number J05003-0017 as described in the attached claim determination and amounts denied in this determination for which I received no compensation.

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 for any compensation received from any other source for those amounts paid for which the Fund has provided compensation, by 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

## CLAIM SUMMARY / DETERMINATION FORM

Claim Number : J05003-0017  
Claimant : IMC Shipping Co. Pte. Ltd., Ayu Navigation Sdn Bhd, and The Swedish Club  
Type of Claimant : Corporate (US)  
Type of Claim : Limit of Liability  
Claim Manager : Donna Hellberg  
Amount Requested : \$9,580,282.57

### I. INCIDENT

The M/V SELENDANG AYU (the vessel) was on a voyage from Seattle to China when, on the morning of December 6, 2004<sup>1</sup> while operating in adverse weather conditions, the crew shut down the main engine as a result of a casualty to the No. 3 cylinder. The vessel drifted toward Unalaska Island and eventually grounded on December 8 on a rocky shelf on the north shore of Unalaska Island, northeast of Spray Cape. The grounding ruptured the vessel's bottom tanks, releasing approximately 330,000 gallons<sup>2</sup> of bunkers into the waters off Unalaska Island.

### II. CLAIMANT AND CLAIM

The Claimants are the OPA responsible parties and their insurers. Ayu Navigation Sdn Bhd was the owner of the vessel and IMC Shipping Co. Pte. Ltd. was the operator of the vessel. Sveriges Angfartygs Assurans Forening (The Swedish Club), members of the International Group of Protection and Indemnity Clubs ("International Group"), and the International Group's re-insurers were their subrogated underwriters.

### III. PROCEDURAL BACKGROUND:

Pursuant to 33 U.S.C. § 2708(a)(2) Claimant presented a claim to the Oil Spill Liability Trust Fund (OSLTF or the Fund) seeking a limit on its liability for the incident. At the time of the incident the applicable limit per ton was \$600; the gross tonnage for the *Selendang* was 39,755 gross ton; therefore, its limit on liability, if granted, was \$23,853,000.00. The Claims Adjudication Division conducted an analysis of evidence and facts and determined that IMC Shipping Co. Pte. Ltd, et al demonstrated entitlement to its limit of liability on 27 January 2012.

### IV. REMOVAL COST CLAIM

Claimant asserts that it incurred approximately \$148,651,185.13 in removal costs and hired 153 vendors to conduct the removal actions. The removal actions at the site ended on or about 23 June 2006, per a Pollution Report (PolRep) #110 dated 27 June 2006 issued by the FOSC for this incident. As required by 33 CFR 136.203, the RP worked closely with the FOSC throughout the response; MSO Anchorage provided FOSC coordination.

Based on the magnitude of the costs associated with this response, the NPFC anticipated that adjudication of this claim will be lengthy. Claimant and the NPFC agreed to adjudicate the costs on a phased basis. The NPFC separated the claim into smaller claims, based on vendors. Each smaller claim bears a separate claim number and after adjudication the NPFC will offer an

<sup>1</sup> See, Claimant Submission, Attachment 24, Government's Videotape Deposition of Kailash B. Singh Vol. I, 00074.

<sup>2</sup> See, Claimant's submission letter, page 3, paragraph 3.

amount for that claim. Claimant may accept the offer or request reconsideration pursuant to the Claims Regulations at 33 CFR Part 136.

**V. SIXTH REMOVAL COSTS CLAIM DETERMINATION<sup>3</sup>**

The NPFC adjudicated this sixth claim (J05003-0017) in the amount of 9.5M. The RP, through its legal representative, provided 9 binders of invoices to document the \$9.5M in removal costs claimed in this sixth determination package for costs associated with the Spill Management Team (SMT), Gallagher Marine Systems (GMS). GMS served as the RP's Spill Management Team within the Unified Command. Gallagher managed, monitored and documented the financial aspect of the spill response. The NPFC claims manager reviewed each and every submitted invoice as well as every "daily" sheet submitted to substantiate the invoices. Additionally, the NPFC claims manager reviewed the payment record against the claimed costs for each invoice.

The review of the actual costs, invoices and dailies focused on (1) whether the actions were taken to prevent, minimize or 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.

Please see the table below for an itemization of the vendor invoices which make up this sixth payment claim determination. This determination is only deemed full and final for the identified vendor invoices listed below.

<u>Vendor</u>	<u>Invoice #</u>	<u>Amount Claimed</u>	<u>NPFC Approved</u>	<u>NPFC Denied</u>
Gallagher Marine Systems	20505	\$872,626.67	\$872,626.67	\$0
Gallagher Marine Systems	20575	\$1,043,973.02	\$1,043,973.02	\$0
Gallagher Marine Systems	20708	\$690,392.14	\$690,392.14	\$0
Gallagher Marine Systems	20762	\$323,702.99	\$323,702.99	\$0
Gallagher Marine Systems	20819	\$848,582.22	\$848,582.22	\$0
Gallagher Marine Systems	20863	\$942,616.28	\$942,616.28	\$0
Gallagher Marine Systems	20912	\$1,169,648.17	\$1,169,648.17	\$0
Gallagher Marine Systems	20943	\$1,069,414.72	\$1,069,414.72	\$0
Gallagher Marine Systems	21044	\$866,411.89	\$866,411.89	\$0
Gallagher Marine Systems	21096	\$644,105.13	\$644,105.13	\$0
Gallagher Marine Systems	21196	\$65,913.73	\$65,913.73	\$0
Gallagher Marine Systems	21260	\$61,265.53	\$61,265.53	\$0
Gallagher Marine Systems	21463	\$68,803.33	\$68,803.33	\$0
Gallagher Marine Systems	21919	\$19,943.67	\$19,943.67	\$0
Gallagher Marine Systems	22197	\$21,382.32	\$21,382.32	\$0
Gallagher Marine Systems	22430	\$43,916.86	\$43,916.86	\$0

<sup>3</sup> The NPFC adjudicated the first removal cost claim, Claim Number J05003-001, in the amount of \$24,500,453.89. The NPFC deducted the statutory limit on liability of \$23,853,000.00 and offered \$546,484.54 as full and final compensation on or about May 21, 2012. Claimants accepted the offer on June 7, 2012. The NPFC adjudicated the second removal claim, Claim Number J05003-003, and offered \$ 2,168,445.20 to the Claimants on June 26, 2012. Claimants accepted the offer on August 6, 2012. The NPFC adjudicated the third removal claim, Claim Number J05003-0004, and offered \$3,668,595.70 to the Claimants on July 3, 2012. Claimants accepted the offer on August 6, 2012. The NPFC adjudicated the fourth removal claim, Claim Number J05003-0015, and offered \$23,103,264.96 to the Claimants on August 20, 2012. Claimants accepted the offer on September 11, 2012. The NPFC adjudicated the fifth removal claim, Claim Number J05003-0016, and offered \$15,611,776.98 to the Claimants on October 17, 2012. To date, the Claimants have not yet accepted the fifth payment offer.

Gallagher Marine Systems	22801	\$-29.00	\$-29.00	\$0
Gallagher Marine Systems	22858	\$64,000.00	\$64,000.00	\$0
Gallagher Marine Systems	22883	\$242,855.41	\$242,855.41	\$0
Gallagher Marine Systems	23035	\$393,635.11	\$378,635.11	\$15,000.00
Gallagher Marine Systems	23372	\$-17,356.25	\$-17,356.25	\$0
Gallagher Marine Systems	23362	\$53,019.18	\$53,019.18	\$0
Gallagher Marine Systems	23572	\$17,442.94	\$17,442.94	\$0
Gallagher Marine Systems	40608	\$-58.33	\$-58.33	\$0
Gallagher Marine Systems	40670	\$5,533.75	\$5,533.75	\$0
Gallagher Marine Systems	40952	\$1,130.00	\$1,130.00	\$0
Gallagher Marine Systems	41219	\$11,799.99	\$11,739.99	\$60.00
Gallagher Marine Systems	41631	\$2,127.00	\$2,127.00	\$0
Gallagher Marine Systems	41905	\$568.75	\$568.75	\$0
Gallagher Marine Systems	42075	\$1,815.00	\$1,815.00	\$0
Gallagher Marine Systems	42110	\$-60.00	\$-60.00	\$0
Gallagher Marine Systems	42182	\$639.00	\$639.00	\$0
Gallagher Marine Systems	42337	\$3,557.50	\$3,557.50	\$0
Gallagher Marine Systems	42527	\$21,159.75	\$21,159.75	\$0
Gallagher Marine Systems	42587	\$4,725.00	\$4,725.00	\$0
Gallagher Marine Systems	43518	\$1,574.67	\$1,574.67	\$0
Gallagher Marine Systems	44228	\$19,504.43	\$19,504.43	\$0
<b>Total</b>		<b>\$9,580,282.57</b>	<b>\$9,565,222.57</b>	<b>\$15,060.00</b>

Claimant's sum certain for this claim is \$9,580,282.57.

The NPFC has determined that \$15,060.00 is not compensable from the OSLTF and will offer the Claimants \$9,565,222.57. As noted above, the NPFC deducted the RP's statutory limit on liability from the amount determined to be compensable under claim # J05003-001. Thus, \$9,565,222.57 is payable from the Oil Spill Liability Trust Fund.

## VI. APPLICABLE LAW:

Under OPA 90, at 33 USC § 2702(a), responsible parties are liable for removal costs and damages resulting from the discharge of oil into navigable waters and adjoining shorelines, as described in Section 2702(b) of OPA 90. A responsible party's liability will include "removal costs incurred by any person for acts taken by the person which are consistent with the National Contingency Plan". 33 USC § 2702(b)(1)(B).

"Oil" is defined in relevant part, at 33 USC § 2701(23), to mean "oil of any kind or in any form, including petroleum, fuel oil, sludge, oil refuse, and oil mixed with wastes other than dredged spoil".

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 U.S.C. § 2701(31).

The responsible party for a vessel or facility from which oil is discharged, or which poses a substantial threat of discharge of oil, may assert a claim for removal costs and damages under section 2713 only if the responsible party demonstrates that it is entitled to a defense to liability under section 2703 or to a limitation of liability under section 2704. 33 USC § 2708(a)(1) and (2).

33 U.S.C. §2713(d) provides that "If a claim is presented in accordance with this section, including a claim for interim, short-term damages representing less than the full amount of damages to which the claimant ultimately may be entitled, and full and adequate compensation is unavailable, a claim for the uncompensated damages and removal costs may be presented to the Fund."

Under 33 CFR 136.105(a) and 136.105(e)(6), the claimant bears the burden of providing to the NPFC, all evidence, information, and documentation deemed necessary by the Director, NPFC, to support the claim.

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].

## VII. DETERMINATION OF LOSS:

### A. *Findings of Fact:*

1. MSO Anchorage, as the FOSC for this incident, determined that the actions undertaken by the Claimant are deemed consistent with the NCP. 33 U.S.C. §§ 2702(b)(1)(B) and 2712(a)(4);
2. The incident involved the discharge of "oil" as defined in OPA 90, 33 U.S.C. § 2701(23), to navigable waters;
3. A Responsible Party was identified. 33 U.S.C. § 2701(32).
4. The claim was submitted within the six-year period of limitations for claims. 33 U.S.C. § 2712(h)(2);
5. The NPFC Claims Manager reviewed all documentation submitted with the claim and determined which removal costs were incurred for removal actions in accordance with the NCP and whether the costs for these actions were reasonable and allowable under OPA and 33 CFR § 136.205. The Claims Manager also identified denied costs and the grounds for denial.

**B. Analysis:**

NPFC CA reviewed the actual cost invoices and dailies to confirm that the Claimant had obtained all rights, claims and causes of actions for the costs claimed. The review focused on: (1) whether the actions taken were compensable "removal actions" under OPA and the claims regulations at 33 CFR 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 FOOSC, to be consistent with the NCP or directed by the FOOSC, and (4) whether the costs were adequately documented and reasonable.

The NPFC has determined that the majority of costs incurred by the Claimant in this sixth claim determination were reasonable and necessary to mitigate the effects of the incident. Upon review of the information provided by the Claimant, the NPFC has determined that the costs were billed in accordance with the rate schedules and/or contracts/charter agreements in place at the time the services were rendered, unless otherwise indicated below, and were determined to be consistent with the NCP.

**Itemizations of denied costs:**

- Inv # 23035 - NPFC denied \$15,000.00. This charge is for equipment rental. No supporting documentation was provided;
- Inv # 41219 - NPFC denied \$60.00 for which there is no documentation therefore the NPFC is unsure what this amount represents.

***OVERALL DENIED COSTS = \$15,060.00***

**VIII. SUMMARY**

All costs determined payable included in this determination have been reviewed and determined to be compensable as presented and in accordance with 33 USC §§ 2712(a)(4) and 2713 and the OSLTF claims adjudication regulations at 33 CFR Part 136.203 and 136.205. The costs determined to be payable are for uncompensated removal costs that are determined to be consistent with the National Contingency Plan.

The NPFC hereby determines that the NPFC offers, and the OSLTF is available to pay, **\$9,565,222.57** as full compensation for the reimbursable removal costs incurred by the Claimant and submitted to the NPFC under claim # J05003-0017.

**AMOUNT: \$9,565,222.57**

Claim Supervisor: 

Date of Supervisor's review: *11/20/12*

Supervisor Action: *Approved*