



PRESS STATEMENT

SHIPOWNERS' P&I CLUB AND THE IOPC FUND EVALUATING PROPOSALS FOR SOLAR 1 SIPHONING OPERATIONS

The Deputy Director of the International Oil Pollution Compensation Fund, 1992 (1992 Fund) Joe Nichols said that the Shipowners' P&I Club and the 1992 Fund were evaluating costed proposals from several salvage contractors that have the capability of siphoning the remaining oil in the wreck of the *Solar 1*. The Shipowners' P&I Club (the third party insurers of the *Solar 1*) and the 1992 Fund (an intergovernmental organization based in London) provide compensation for oil pollution damage within the framework of two international Conventions to which the Republic of the Philippines is a party. The Conventions cover pollution damage resulting from spills of persistent oil from tankers.

The final decision as to whether the costs of siphoning the oil from the wreck are covered by the Conventions will be made by the Executive Committee of the 1992 Fund, which meets during the week of 23 October 2006. The 1992 Fund's Director, Mr Måns Jacobsson, will recommend to the Committee that the costs should be accepted in principle.

Meanwhile, the Shipowners' P&I Club is pressing ahead with the necessary preparatory works for a siphoning operation so as to minimize any delay pending a decision by the Fund's Executive Committee.

"The siphoning of oil from a tanker 630 metres underwater is a very complex operation and requires very detailed planning. With the vessel's proximity to sensitive environmental resources, we have to be very careful to ensure that any siphoning operations do not cause further damage," IOPC Deputy Director Joe Nichols said.

Nichols added that the planning stages included the selection of the right contractor, engineering studies, the preparation of the salvage vessel, the choice of the optimum time of year for the operation from the point of view of weather and sea conditions etc. He said that it was hoped that progress with these preparatory works will have been made by the time of the Fund's decision so that if the Committee endorses the proposal to siphon the oil there will be minimum delays.

In a presentation to the National Disaster Coordinating Council this month based on the report from the survey vessel *Shinsei Maru*, the 1992 Fund said that the *Solar 1* was deeply embedded in mud on the seabed and was therefore in a stable condition. There was therefore little likelihood of a major release of oil in the short term.

Representatives of the Shipowners' P&I Club and the 1992 Fund have also conducted oil pollution claims and compensation workshops in Guimaras. These workshops were aimed at facilitating the claims-handling process for the victims of the incident.

The international compensation regime is based on two Conventions, the 1992 Civil Liability Convention and the 1992 Fund Convention. The 1992 Civil Liability Convention provides the first tier of compensation, which is paid by the shipowner's insurer. The 1992 Fund Convention provides a second tier of compensation, which is financed by receivers of oil in States Parties to the Convention after sea transport. The Philippines became a member of the 1992 Fund in 1999. Petron has paid out about P120 million in contributions to the Fund since that time.

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