



Ottawa, 27 April 2020
SOPF File: 120-814-C1
CCG File: n/a

VIA MAIL AND EMAIL

Director, Operational Business
Canadian Coast Guard
200 Kent Street (6S049)
Ottawa, Ontario K1A 0E6

RE: ***Unknown name (Blue Trawler) – Campbell River, B.C.***
Incident date: 2017-11-25

SUMMARY AND OFFER

This letter responds to a submission from the Canadian Coast Guard (the “CCG”) with respect to a vessel with no known name. The vessel was involved in incident on or about 25 November, in or near Campbell River, British Columbia (the “Incident”).

On 30 September 2019, the office of the Administrator of the Ship-source Oil Pollution Fund received on the Administrator’s behalf a submission from the CCG. The submission advances claims totaling \$26,640.92 for costs and expenses arising from measures taken by the CCG in respect of the Incident.

The submission has been investigated and assessed as a submission to the Administrator under s. 103 of the *Marine Liability Act* (the “MLA”). Based on the investigation and assessment, the Administrator has made determinations, including on what compensation is available.

This letter advances an offer of compensation to the CCG pursuant to sections 105, 106 and 116 of the MLA. Also provided in this letter are a description of the CCG’s submission and an explanation of the determinations reached by the Administrator.

The claim is allowed, in part. The amount of **\$23,505.95** (the “Offer”), plus statutory interest to be calculated at the time of payment in accordance with s. 116 of the *MLA*, is offered with respect to this claim.

The reasons for the Offer are set out below.

THE SUBMISSION RECEIVED

The submission includes a narrative that describes certain events relating to the Incident.

The submission also includes a summary of the costs and expenses claimed, backup documents related to some of those claimed costs and expenses, and documentation from contractors for work performed.

Where those documents are relevant to the determinations made, they are reviewed below.

The narrative

On 25 November 2017 (a Saturday), the CCG was notified that a vessel had sunk overnight in the Campbell River estuary. The vessel was reported to be upwelling unknown quantities of oily pollution.

The Campbell River Lifeboat Station attended on the scene the same day. The Lifeboat Station crew moved the vessel, which was partially sunken, into a safer position. They also deployed a boom to contain the upwelling oil pollution.

CCG ER, located in Victoria, began its own response by making contact with the vessel's owner. The owner advised he lacked the financial resources to respond to the sinking.

CCG ER decided, based on information from the Campbell River Lifeboat Station, that the vessel should be removed from the water. CCG ER contracted with Rilaur Enterprise Limited for that purpose.

On 26 November 2017, CCG ER mobilized out of Victoria to attend at the scene and to oversee the mitigation and salvage operations. After arriving in Campbell River, they deployed additional pollution response equipment. However, after commencing their response, CCG ER was called away to deal with an incident involving the M/V JAKE SHEARER.

ON 27 November 2017, a contractor retained by the CCG, Rilaur Enterprises Ltd., successfully lifted the vessel to land.

On 21 December 2017, a marine survey was conducted of the vessel by a surveyor with Building Sea Marine. The CCG considers that the survey justifies the decision to deconstruct the vessel.

The costs and expenses summary

The submission provided by the CCG includes the following summary of expenses incurred:

POLLUTION INCIDENT

INCIDENT:	NO NAME - BLUE TRAWLER	PROJECT CODE:	NA
INCIDENT DATE:	Novemeber 25, 2017	DATE PREPARED:	18-Sep-19
DEPARTMENT:	CANADIAN COAST GUARD	PREPARED BY:	██████████

		<u>SCH</u>
MATERIALS AND SUPPLIES	-	1
CONTRACT SERVICES	22,404.90	2
TRAVEL	243.87	3
SALARIES - FULL TIME PERSONNEL	-	4
OVERTIME - FULL TIME PERSONNEL	2,566.43	5
OTHER ALLOWANCES	-	6
SALARIES - CASUAL PERSONNEL	-	7
SHIPS' COSTS (EXCL. FUEL & O/T)	-	8
SHIPS PROPULSION FUEL	-	9
AIRCRAFT	-	10
POLLUTION COUNTER-MEASURES EQUIPMENT (PCME)	1,236.23	11
VEHICLES	181.96	12
ADMINISTRATION	7.54	13
	<hr/>	
TOTAL CCG COST OF INCIDENT	<u>\$ 26,640.92</u>	

Figure 1 - Screen capture of CCG cost summary

FINDINGS OF THE FUND

The claim presented is potentially eligible under section 103 of the MLA

The Incident resulted in damage suffered within the territorial seas of Canada, as well as in costs and expenses to carry out measures to avoid or minimize further damage. As a result, claims arising from the Incident are potentially eligible for compensation.

The CCG is an eligible claimant for the purposes of section 103 of the MLA. The submission arrived prior to the limitation periods set out under subsection 103(2).

Some of the claimed costs and expenses arise from what appear to be reasonable measures taken to “prevent, repair, remedy or minimize” oil pollution damage from a ship, as contemplated under Part 6, Division 2 of the MLA, and are therefore eligible for compensation.

For the foregoing reasons, it is determined that the submission presents claims that are potentially eligible for compensation under s. 103 of the MLA.

Findings concerning the Incident

On the morning of 25 November 2017, the vessel was in distress. Positioned at a dock in the Campbell River estuary, it had substantially sunk and either released oil pollution or was at risk of doing so. At 11:10 that day, a crew from the Campbell River Lifeboat Station arrived at the scene. The crew repositioned the vessel closer to shore, with the objective of preventing the vessel from sinking entirely. The crew also deployed a 100’ containment boom as a precaution against the discharge of pollution.

The evidence is not clear on whether there had been a substantial release of oil from the vessel at this point. The narrative submitted by the CCG indicates that upon arrival of the crew from the Campbell River Lifeboat Station, “large pockets of recoverable oil pollution was observed throughout the area as well as free floating garbage and oily plastics”. The description found in the initial incident report, which is included in the CCG submission at tab 3c, does not match the narrative. As described in the initial report, no pollution was initially observed upon arrival at the scene:

The vessel has pushed towards the shoreline to keep it from sinking entirely. Campbell River Lifeboat St will be deploying 100 feet of containment boom around the vessel as a precaution to any discharge of pollutants. Duty Officer will be hearing back from the owner soon with his intentions. A decision on how best to proceed will be made based on the owners plans to mitigate the pollution threat. No pollution has been observed at this time. Stand by for updates.

TY

Figure 2 - Text excerpt from CCG initial report at tab 3c of the submission

It is concluded that substantial pollution was not visible when the crew from the Campbell River Lifeboat Station first arrived on the scene. Rather, while the crew was at the scene responding to the Incident, oil began to accumulate within the boom. This accumulation was observed later on in the response. The observation of oil bolsters the conclusion that it was reasonable for the crew from the Lifeboat Station to take measures, including observing the scene and deploying pollution countermeasures. The discrepancy between the contemporaneous evidence and the narrative casts doubt on the narrative’s reliability. For the purposes of this submission, this doubt causes limited difficulty as the submission does not include claims for any of the measures undertaken by the Campbell River Lifeboat Station.

The CCG Environmental Response (“ER”) team was not at the scene on 25 November 2017, but they were aware of the incident and made efforts to contact the vessel’s owner. By 12:01, CCG ER has contacted the vessel owner and had been informed that he lacked

the resources to mount a response himself. Based on the owner's inability to respond, CCG ER staff retained Rilaur Enterprises as a contractor to tow the vessel to Fresh Water Marina and remove it from the water.

On 26 November 2017, a CCG ER crew travelled from Victoria to the scene of the Incident. The purpose of this deployment was to have the crew manage the Incident scene on 26 November 2017 and to observe the removal of the vessel from the water by a contractor the following day. At the scene that day, the CCG ER personnel checked on the containment boom and changed out absorbent pads.

In the evening, after CCG ER crew returned to their hotel, they were reassigned to another incident. The CCG ER crew did not return to the scene of the Incident. A crew from the Campbell River Lifeboat Station was tasked with completing the response to the Incident.

On 27 November 2017, under the supervision of the Campbell River Lifeboat Station, Rilaur Enterprises moved the vessel to Fresh Water Marine, and then removed it from the water.

On 30 November 2017, CCG retained Building Sea Marine to carry out a survey on the vessel. Deconstruction apparently commenced on 6 December 2017.

On 28 December 2017, a surveyor with Building Sea Marine presented a signed report based on his survey. This was the conclusion of the CCG response to the Incident.

The submission does not claim for any of the measures taken by the Campbell River Lifeboat Station, on 25 November 2017, 27 November 2017 or any other date. The measures taken by the Campbell River Lifeboat Station appear to be reasonable and were taken to address a discharge of oil into the natural environment. Absent a claim, however, those measures cannot be adjudicated. Therefore, these measures form no part of the determinations made in this letter.

Parts of the CCG response to the Incident were inefficient to the point they are not reasonable

Two parts of the submission require detailed reasons to explain that determination reached. Those two issues are the decision to deconstruct the vessel and the decision to deploy personnel from Victoria to Campbell River.

With respect to deconstruction, the submission suggests that the marine survey carried out on 1 December 2017 was focused on oil pollution and led to the decision to deconstruct the vessel.

The evidence submitted by the CCG shows that the process of breaking up the vessel began on 6 December 2017. The survey report was not completed until 28 December 2017. No evidence has been submitted that the results of the survey were somehow communicated to the CCG at an earlier time.

Further, the survey report itself does not strongly support the decision to deconstruct the vessel, nor does it appear to be focused on oil pollution. The survey report includes a single

line noting that the interior of the vessel had been soaked in diesel, and a brief comment on the presence of hydraulic oils and tanks filled with diesel/water mix. The stated purpose of the survey report, according to its first page, was to determine the current condition of the vessel, if it could be efficiently repaired and returned to the water, if the vessel was a reasonable candidate for reconstruction and what residual value was present. The evidence submitted does not allow for the survey report's own stated purpose to be rejected in favour of the purpose suggested by the CCG in its narrative.

As well, while a finding that the interior of the vessel had been soaked in diesel would be relevant to the decision to deconstruct the vessel, and it is further agreed that the survey report includes that finding, that does not mean that the marine survey report was necessary. This observation could easily have been made by any of the CCG teams (or the contactor) who attended on the vessel after it was removed from the water.

Both the submission that the report was focused on oil pollution and the suggestion that it was relied upon in making a decision to deconstruct the vessel are rejected.

Nevertheless, it is accepted that the vessel was at least somewhat contaminated by hydrocarbons. It is further accepted that in this case, the cost to fully cleaning the vessel before returning it to the marine environment likely exceeds what was spent to deconstruct it. Coupled with the owner's lack of resources, storage at the CCG's expense may also have been more expensive than deconstruction. That, coupled with the modest deconstruction cost, leads to the conclusion that deconstruction as a measure was reasonable, as was the associated cost and expense. This decision is reached notwithstanding that the CCG's rationale for deconstruction is rejected.

The second issue relates to the appropriateness of travel costs and expenses claimed. On the facts, the CCG ER team travelled from Victoria to Campbell River on 26 November 2017. After attending at the scene to observe and to change out sorbent materials, the CCG ER crew was deployed to a different incident response. This followed the Campbell River Lifeboat Station mounting the initial response on 25 November 2017 – and was followed by the Campbell River Lifeboat Station continuing the response on 27 November 2017.

The Campbell River Lifeboat Station was proximate to the location of the incident. The crews stationed there possess the training and equipment necessary to carry out the type of oil pollution incident which arose here, as evidenced by the fact the Lifeboat Station actually carried out the primary response.

CLAIM AND OFFER DETAILS

The CCG submission breaks the claims down into several categories. This section of the offer letter reviews each category in detail and provides reasons as to why certain portions of the claim have been allowed or disallowed.

Schedule Two – Contract Services

Claim:\$22,404.90

The CCG claims for contract services provided by five contractors:

- Heatherington Industries, who disposed of oily waste (\$173.25)
- Rilaur Enterprises, who raised, moved and pumped water from the vessel (\$5,071.50)
- Innovative Pressure Systems, who lifted the vessel twice, once from the water and once from blocks onto a trailer (\$1,055.25)
- Building Sea Marine, who carried out a survey on the vessel (\$1,404.90); and
- J.W. Timber Co. Ltd., who broke up and disposed of the vessel (\$14,700).

Hetherington Industries

This contractor disposed of solid absorbent material which was deployed, then retrieved, by the CCG. This cost and expense is reasonable and necessarily arises from reasonable measures taken by the CCG with respect to oil pollution.

This portion of the claim is allowed, in its entirety.

Rilaur Enterprises Ltd.

Rilaur Enterprises mobilized the salvage vessel NIGHT DRIFTER and subcontracted a diving outfit to raise the vessel and move it for removal from the water. These measures were reasonable taken with respect to oil pollution, and the cost and expense arising from them were also reasonable.

This portion of the claim is allowed, in its entirety.

Innovative Pressure Systems

This contractor carried out two lifts of the vessel.

First, it lifted the vessel from the water onto blocks at Freshwater Marina. This measure was reasonably taken with respect to oil pollution, and the cost and expense associated with the measure is reasonable.

Second, this contractor lifted the vessel from blocks onto a trailer for transport to a disposal site. This measure is not inherently reasonable, in that when the vessel was on blocks on dry land it did not clearly pose an oil pollution threat to the marine environment. However, on the facts determined in this case, it is accepted that the cost to remove the oil pollution from this vessel, so that it could be returned to the marine environment, likely exceeded the cost of disposing of the vessel. In the result, this measure is considered reasonably taken, and the cost and expense associated with it is also reasonable.

This portion of the claim is allowed, in its entirety.

Building Sea Marine

A surveyor with of Building Sea Marine carried out a survey of the vessel on 1 December 2017 at Freshwater Marina (not on 31 November 2017 as indicated in the CCG narrative).

The report itself was dated 28 December 2017. Notably, deconstruction of the vessel commenced on 6 December 2017.

The survey report included photographs that were difficult to meaningfully review for the purposes of reaching determinations because of the low quality photocopy provided in the submission. To the extent the photographs could be reviewed, they suggest light fouling of the vessel.

The body of the report does not describe the extent of the pollution threat posed by the vessel itself. The survey report does not attempt to determine the amount of oil remaining aboard the vessel, save for noting the presence of two fuel tanks and a fully assembled “main engine, marine gear and hydraulic system”, which presumably contained a quantity of oil.

Based on the contents of the report, it is determined that this report was procured for purposes other than dealing with the oil pollution aspects of the Incident. Bolstering this conclusion, the CCG knew prior to obtaining this report that the vessel had pollution aboard, was in a state of disrepair, and had been exposed to oil during the sinking. The survey report did not add any knowledge oil to the response.

This portion of the claim is disallowed.

J.W. Timber Co. Ltd.

As noted previously, the disposal of the vessel was not inherently reasonable in that after the vessel was removed from the water, it did not pose an immediate threat of oil pollution. However, based on the facts submitted and the determinations reached, it is accepted that the cost of removing all oil from the vessel so that it could be safely returned to the marine environment would have exceeded the costs of disposing of the vessel. In the result, the measure of disposing of the vessel is accepted, and the cost and expense arising therefrom is also considered reasonable.

This portion of the claim is allowed, in its entirety.

Summary

The following table summarizes the determinations made with respect to contractor expenses:

Invoices and Details		
No Date	Hetherington Industries disposed of 1 drum of waste absorbent material [from booms]	\$173.25
27 Nov 2017	Rilaur Enterprises mobilized salvage vessel <i>Night Drifter</i> and dragged casualty up the beach, partially raised stern with subcontracted Coastal Seatrucking's " <i>Raider Crane Lift</i> " [sic] and pumped out boat. J.R.L. Diving also	\$5,071.50

Invoices and Details		
	subcontracted. Casualty towed to Freshwater Marina	
27 Nov - 5 Dec 2017	Innovative Pressure Systems lifted casualty from water and placed on blocks at Freshwater Marina (27 Nov)	\$1,055.25
	Innovative Pressure Systems also lifted boat from blocks to a trailer on 5 December. Total of 9 days @ \$45 for storage 17 Nov - 5 Dec	
1 Dec 2017	Building Sea Marine carried out Condition and Salvage Value Survey	-
28 Dec 2017	Survey Report Submitted to CCG ER	\$0.00
6 December 2017	J.W. Timber Co. Ltd broke up and disposed of casualty. Subcontracted A. Wood bulldozing to dispose of materials	\$14,700.00
	Total	\$22,404.90

Figure 3 - Contractor summary

Schedule 3 – Travel

Claim: \$243.87

The CCG deployed an ER crew of three to attend at the scene of the Incident on 26 and 27 November 2017. However, the crew was redeployed to another incident after attending the scene on 26 November 2017. Thereafter, a crew from the Campbell River Lifeboat Station was deployed to carry out remaining measures.

The Campbell River Lifeboat Station was proximate to the scene of the Incident. Its crews carried out the primary response, and supervised the ultimate removal of the vessel from the water after the ER crew was deployed to a separate incident. It is concluded that the Campbell River Lifeboat Station was, in fact, able to respond to this Incident.

While the measures taken by the CCG ER crew while they were at the scene (removing and replacing sorbent materials, making observations) were reasonable, it has been determined that the cost and expense associated with taking those measures was not reasonable in light of the availability and proximity of the Campbell River Lifeboat Station. While the Campbell River Lifeboat Station can and should prioritize lifesaving operations, there is no documented or apparent urgency in taking those measures at a particular time on 26 November 2017 that would have precluded the Campbell River Lifeboat Station from taking that effort.

In the result, while it was reasonable for a crew to attend, change absorbent materials and make observations on 26 November 2017, many of the costs and expenses claimed as arising from taking those measures are not reasonable. The expense of a travel stipend for a crew to travel from Victoria to Campbell River is not reasonable.

This portion of the claim is disallowed.

The CCG submission includes a claim for 33 hours of overtime for the CCG ER crew to attend at the scene of the Incident on 26 November 2017, as well as 3.5 hours of overtime for 25 November 2017.

The documentation provided in the submission does not identify precisely what was done by the one crew member on 25 November 2017. It is known that efforts were made to contact the owner of the vessel. The hours listed (15:00 to 18:30) seem to have taken place after the primary response was carried out by the Campbell River Lifeboat Station. Given that the relevant crew member worked a very full day on 25 November 2017 (his time sheet shows he worked from 06:30 to 15:00 on another incident), it is presumed that the hours listed do not match to the hours worked. Rather, the time spent on this Incident were presumably interspersed with other work throughout the day. As the Incident occurred on a Saturday, overtime is reasonable, and the cost and expense associated with this offer effort is also considered reasonable.

As noted above, while the measures taken by the CCG ER crew on 26 November 2017 the claim for the CCG ER crew to attend are considered reasonable, the cost and expense associated with sending a team from Victoria to Campbell River to carry out this work is not. Those claims are disallowed. However, it is considered that the time and cost of having a crew at the scene for the CCG ER would be comparable for what the cost would have been for Campbell River Lifeboat Station to attend and do the work. Therefore, the cost associated with the CCG ER crew's attendance at the scene of the Incident is used as a measure for what the cost would have been for the Campbell River Lifeboat Station to have a crew attend to do that work.

The CCG ER timesheets submitted show that on 26 November 2017, overtime is claimed three ER crew members. Each crew members claims for 11 hours, however, the times claimed for are not fully aligned. The records for two crew members show they commenced work at 06:00 and worked through to 17:00. The third crew member's timesheet shows him starting work at 07:00 and working through until 19:00 (which would be 12 hours). It is presumed that two crewmembers were making preparations for the trip before the third crewmember arrived, and then the entire crew departed for Victoria.

As noted above, the costs and expense associated with travel from Victoria to Campbell River is, in the circumstances, not reasonable. On that basis, three hours is removed from each crew member's time sheet, as well as one hour each for the two crewmembers who were apparently doing preparatory work from 06:00 to 07:00 on 26 November 2017.

A second issue arises with respect to the number of hours billed. The CCG ER crew members billed until 17:00 or 19:00 hours on 26 November 2017. There is no documentation as to what the crew could have done on scene for seven hours. Other records included in the submission show that crew had returned the vehicle they were using to Victoria by 15:00 (the Daily Trip Report) on 26 November 2017. It is not possible to resolve this conflict in the evidence based on the documents and information presently available.

It is considered that the most reasonable approach is to remove the travel time (six hours total, three hours each way) from the overtime claim submitted by the CCG. This allows for five hours for work at the site, mobilization and demobilization. This is also applied to address the discrepancy between start and finish times as between the different time sheets submitted. The overtime multiplier of 2x the base rate is accepted for work on a Sunday. The five hours for each employee on 26 November 2017 is added to the three and a half hours allowed for 25 November 2017 (to which the overtime multiplier of 1.5 is accepted) to give a total of 18.5 hours of overtime.

The calculation of this expense is as follows:

Level	Hours	Rate (per hour)	Total Cost
GT 5	3.5	\$36.02 x 1.5 = \$54.03	\$189.10
GT 5	5	\$36.02 x 2 = \$72.04	\$360.20
GT4	10	\$36.02 x 2 = \$72.04	\$720.40
	18.5		\$1,269.70

Figure 4 - Overtime allowed

This portion of the claim is allowed, in part, in the amount of \$1,269.70.

Schedule 11 – PCM Equipment

Claim: \$1,236.23

This portion of the claim includes the cost and expense of deploying sorbent materials as well as the use of a PRV II craft. The use of sorbent pads was a reasonable response to the oil pollution incident, and that portion of the claim is accepted. It is noted that in carrying out its response to the Incident, the CCG apparently used more sorbent materials and equipment (including a boom) than was claimed for. A determination cannot be made with respect to the equipment for which no claim was submitted, and so the total payment for sorbent materials is limited to the \$42.00 claimed.

The claim for the use of the PRV II requires more detailed analysis. As it was not reasonable to deploy a CCG ER team from Victoria to Campbell River for a one day response, the deployment of the PRV II response craft with that crew must also be considered. Ultimately, it is accepted that if the Campbell River Lifeboat Station had been deployed on 26 November 2017, they would have deployed a roughly similar craft. The use of a craft is considered reasonable, and the cost and expense of a PRV II is considered reasonable as well, and therefore this portion of the claim is allowed.

This portion of the claim is allowed, in its entirety.

Schedule 12 – Vehicles

Claim: \$181.96

This portion of the claim comprises mileage for a road vehicle used to transport the CCG ER crew from Victoria to Campbell River. Based on the determinations previously reached, this expense is not reasonable. As well, given that a claim for the use of a watercraft has been allowed under Schedule 11, there would seem to have been no need for the use of a road vehicle at all had the Campbell River Lifeboat Station been deployed on 26 November 2017.

This portion of the claim is disallowed.

Schedule 13 – Administration

Claim: \$7.54

The submission included a claim for administrative expenses using a rate of 3.09%. The rate currently agreed to as between the Fund and the CCG is 2.53%, and that figure will be used until a final decision has been made on a rate change.

The submission seeks to apply the administrative rate only with respect to the claimed travel expenses. As those expenses are disallowed, the result of the admin rate calculation is zero.

This portion of the claim is disallowed.

OFFER SUMMARY AND CLOSING

The following table is provided to summarize the claimed and allowed expenses with respect to the CCG claim for the response to the Incident.

Schedule		Claim	Offer
Contract Services	Hetherington Industries	\$173.25	\$173.25
	Rilaur Enterprises	\$5,071.50	\$5,071.50
	Innovative Pressure Systems	\$1,055.25	\$1,055.25
	Building Sea Marine	\$1,404.90	\$0.00
	J.W. Timber Co. Ltd.	\$14,700.00	\$14,700.00
Travel		\$243.87	\$0.00
Overtime Full Time Employees		\$2,566.43	\$1,269.70
Pollution Control Measures and Equipment		\$1,236.23	\$1,236.23
Vehicles		\$181.96	\$0.00
Administration		\$7.54	\$0.00
Total		\$26,640.93	\$23,505.95

Figure 5 - Summary of claims made and allowed

The Offer is \$23,505.95 plus statutory interest to be calculated at the time of payment in accordance with s. 116 of the *MLA*.

In considering this Offer, please observe the following options and time limits that arise from section 106 of the *MLA*.

You have 60 days upon receipt of this Offer to notify the undersigned whether you accept it. You may tender your acceptance by any means of communication by 16:30 Eastern Time on the final day allowed. If you accept this Offer, payment will be directed to you without delay.

Alternatively, you have 60 days upon receipt of this Offer to appeal its adequacy to the Federal Court. If you wish to appeal the adequacy of the Offer, pursuant to Rules 335(c), 337, and 338 of the *Federal Courts Rules*, SOR/98-106 you may do so by filing a Notice of Appeal in Form 337. You must serve it upon the Administrator, who shall be the named Respondent. Pursuant to Rules 317 and 350 of the *Federal Courts Rules*, you may request a copy of the Certified Tribunal Record.

The *MLA* provides that if no notification is received by the end of the 60-day period, you will be deemed to have refused the Offer. No further offer will issue.

Finally, where a claimant accepts an offer of compensation from the Fund, the Fund becomes subrogated to the claimant's rights with respect to the subject matter of the claim. The claimant must thereafter cease any effort to recover for its claim, and further it must cooperate with the Fund in its subrogation efforts.

Yours sincerely,

Mark A.M. Gauthier, B.A., LL.B
Deputy Administrator, Ship-source Oil Pollution Fund