

# When there's nothing left to save

Simon Tatham looks into what happens in salvage cases involving a total loss.



► Simon Tatham.

**I write this as I return from 10 days in the tropics: a case of a sinking vessel in West Africa, ultimately lost with all but a small part of its containerised cargo. Not untypically, LOF, with SCOPIC immediately invoked, was agreed in the early hours of the incident. Salvors mobilise fast, but with the best will in the world, by the time assistance is on site at a remote location, it is often too late.**

In these cases, where hull and machinery underwriters are facing an inevitable total loss claim with little prospect of any value being recovered from the hull, and with ruined cargo likewise of no potential salvaged value, practical questions arise as to how best to handle the case.

SCOPIC is a very useful tool in this context, as it enables a salvage contractor to continue working at agreed rates while at least an assessment is made of the remaining options available to its owners and underwriters. P&I insurers then pick up the bill for that.

Having a competent and experienced international salvor on scene meanwhile serves a number of useful functions. Very often, the local authorities require steps to be seen to be taken and, depending on where you are in the world, with the crew now ashore with passports removed by immigration, owners need to be seen to be doing something, rather than nothing.

I recall a case more than 20 years ago where the Club involved engaged salvors

in an attempted refloating knowing full well it would be impossible, but needing to prove just that. It worked, and the ship was allowed to remain in situ and was eventually swallowed by the waters and deep silt of a majestic South American river estuary.

In other cases, however, the next stage is a wreck removal order, and the issue becomes how to manage the period of time between the end of a salvage contract and the commencement of the set piece removal operation, often many months later. For example, the authorities might require standby services, deployment of oil booms or prompt bunker removal, and time is also needed to take stock and prepare the bidding process for a removal contract.

Such interim work can, of course, be done under SCOPIC, as it is entirely flexible, but insurers are often reluctant to allow that because the salvor remains in control, dictating the pace, equipment and cost, which he passes on with a 25 per cent mark-up subject to the approval of the SCR (special casualty representative). However, the SCR is not bound to protect P&I interests above other parties interested in the ship and cargo. SCOPIC can be terminated at will by owners, provided the authorities permit it, and while that may not bring LOF itself to an end, usually in that event, salvors will call it a day and abandon the job. They are paid, meanwhile, for their demobilisation.

A favoured solution is to enter into a

caretaking contract with a contractor, which provides for a range of services to be done at the request of owners and their Club, shifting the control to them. Of course, if there is a salvage contractor on scene with suitable personnel craft and equipment, he is often the best placed to win the job, allowing for a cost-effective transition from one contract to the other, which is most likely to appease the local authorities (who may not take kindly to watching salvors abandon the site).

The ideal solution is to have an agreed expert take command, dictating the pace and nature of the work, reporting back to the owners but working hand-in-hand with the salvors to ensure that what must be done is done efficiently and economically. As to the remuneration regime, at least one option is to stick with SCOPIC rates. Assuming the contractor is looking at what might potentially be months of activity, and therefore a steady cashflow, he will usually be amenable to discounting the rates or to a reduced uplift.

There is no tailor-made industry standard contract for this, but with some adjustment, BIMCO's 2010 Wreckhire & Marine Services Agreement can be knocked into a new shape suitable for the operation. A relatively small job for the lawyers.

## Containership salvage operation completed in Greece

**On 8<sup>th</sup> March, Tsavliris oversaw a major salvage and clean-up operation following the grounding of the containership *Yusuf Cepnioglu* (5,000grt, 7,000dwt) off the coast of Mykonos, Greece.**

▼ *The grounded Yusuf Cepnioglu.*



The vessel, laden with about 200 containers in the holds and on deck, was abandoned by its crew, all of whom were landed safely ashore. Tsavliris dispatched salvage personnel to the casualty site as well as the 6,200bhp, 73-tonne bollard pull salvage tug *Megas Alexandros*, the 20-tonne bollard pull, 180grt tug *Hermes*, and the 1,400grt, 1,900dwt oil recovery and rescue vessel *Aegis I*.

Winds were very strong from a northerly direction, causing high seas and a heavy swell that washed the majority of the on-deck containers overboard. Access to the grounded vessel was not possible for several days due to the rough seas, and substantial quantities of debris began to wash up on neighbouring Korfos Bay, as well as other inlets and nearby islands.

Tsavliris Salvage and Environmental Protection Engineering SA (EPE) initiated a major clean-up effort involving the salvage crew and local volunteers, to collect and dispose of the refuse that was washing up along the shoreline; more than 500m<sup>3</sup> of debris was collected. Oil booms were positioned near the local power and desalination plants

to prevent intakes clogging up.

Following a weather break on 15<sup>th</sup> March, *Aegis I* positioned oil booms around *Yusuf Cepnioglu*, and work commenced on cleaning up inside the booms. A dive inspection followed, revealing that two cracks had developed in the vessel, the cargo holds and engine room were flooded, and the ship was wedged between two rocks. Riggers climbed the deck cargo and by the evening the first 40ft container was discharged and loaded on to one of the barges.

Loading of containers continued the following day, and work began on draining the oil from the tanks. From 17<sup>th</sup> March onwards, containers were loaded on to the barges (including debris from smashed containers), sea-fastened and shuttled from Mykonos to Lavrion, Athens, under tow. The operation to remove the oil continued concurrently.

On 18<sup>th</sup> April, following the completion of oil removal (lasting about six weeks) services were terminated and contractors demobilised. Contractors are currently involved in handling the containerised cargo and debris at Lavrion for delivery and disposal.