

MEMBER ALERT



Shipowners Claims Bureau, Inc., Manager
One Battery Park Plaza 31st Fl., New York, NY 10004 USA
Tel: +1 212 847 4500
Fax: +1 212 847 4599

www.american-club.com

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NOTICE REGARDING DALIAN OIL SPILL OF JULY 16, 2010

As Members may be aware from recent press reports, on July 16, 2010 there was a pipeline explosion at Dalian, China. The following is an update on the progress of clean-up operations and the current condition of the port of Dalian.

Clean-up Operations

According to a press conference held by the Dalian municipal government on July 26, the oil spill has been contained and the oil slick has – for the most part – been largely dispersed. Thankfully, the contamination has not spread to international waters, or to the Bohai Sea.

In achieving this, the authorities mobilized about 800 fishing boats, together with specialist clean-up vessels, using dispersants, absorbents and oil-eating bacteria to clean up the more than 180 square kilometer slick which had been caused by the leakage of some 1,500 metric tons of heavy crude oil from the damaged pipeline.

Officials have further advised that the focus of clean-up operations has shifted from the sea to the shore, and to contiguous berths, with the continuing deployment of maximum resources in this respect.

Terminal Operations

We understand that terminal operations returned to normal as of July 20. On July 25, the port of Dalian reopened two berths at its Xingang oil terminal. Each terminal is able to dock 150,000 dwt tankers and other vessels of up to 80,000 dwt.

Observations

Although the oil slicks at the anchorage and channels have been removed, we have been informed that the clean-up operation around the COSCO shipyard and Dalian Xingang terminal has not yet been completed. Oil slicks at berths have been cleaned, but a thin oil layer can still be observed. Consequently, any vessel staying longer than 10 hours will probably experience some oil staining of its hull.

We are told that, as a result, before allowing port clearance, the Chinese Maritime Safety Administration (CMA) will wish to inspect vessels to ascertain there are no oil stains on the hull.

Your Managers would like to thank Huatai Insurance Agency & Consultant Service Ltd. for their input to this Member Alert.