



Office of the Administrator of the Ship-source
Oil Pollution Fund

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pollution par les hydrocarbures causée par les
navires

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OFFER LETTER

Ottawa, 10 May 2021
SOPF File: 120-833-C1
CCG File: n/a

BY EMAIL

Manager, Response Services and Planning
Canadian Coast Guard
200 Kent Street (Stn 5N167)
Ottawa, Ontario K1A 0E6

RE: Darrell Bay Incident– Squamish, British Columbia
Incident date: 2018-12-20

SUMMARY AND OFFER

This letter responds to a claim submitted by the Canadian Coast Guard (the “CCG”) with respect to an incident involving a group of six vessels in Darrell Bay, near Squamish, BC (the “Incident”). The vessels were the subject of CCG response operations beginning on 20 December 2018.

On 17 December 2020, the Office of the Administrator of the Ship-source Oil Pollution Fund (the “Fund”) received the CCG’s claim for costs and expenses related to the Incident. The submission advanced claims under sections 101 and 103 of the *Marine Liability Act* (the “MLA”) totaling \$202,213.22 for costs and expenses arising from measures taken by the CCG to respond to the Incident.

The submission has been reviewed and determinations with respect to its claims have been made. This letter advances an offer of compensation to the CCG pursuant to sections 105 and 106 of the MLA.

The amount of the offer is \$43,721.14, plus statutory interest accrued in accordance with s. 116 of the MLA to the time payment is made (the “Offer”).

The reasons which explain the Offer are set forth below.

THE CLAIM SUBMISSION

The CCG claim submission includes a narrative which describes relevant events relating to the Incident. It also includes a summary of the costs and expenses claimed, backup documents related to some of those claimed costs and expenses, and invoices from contractors. To the extent that those documents are relevant to the Fund's determination, their contents are described below.

Narrative

On 20 December 2018, after a significant storm, the CCG received word of a fleet of up to six vessels that were adrift or sinking near Darrell Bay. The CCG unsuccessfully attempted to contact the purported owner of the fleet. The CCG was unable to immediately respond at the scene due to severe winds throughout the BC lower mainland and southern Vancouver Island at the time.

On 21 December 2018, the CCG deployed four personnel to conduct a pollution assessment at the scene. They travelled in a PRV III vessel and brought equipment including 500 feet of boom. Once on scene, the personnel confirmed the purported owner of the fleet, as well as the names of the vessels:

- The ex-fishing vessel *Zena*,
- The motor vessel *Sea Angel II*,
- The ex-fishing vessel *La Rata Bastarda*,
- An unnamed sailing Vessel (identified in some documents as the *Tantis*),
- An unnamed 18-foot pleasure craft, and
- The ex-tug *J.S. Polhemus*.

The vessels were in different circumstances. *La Rata Bastarda* was inadequately moored to questionable pilings; the unnamed sailing vessel, although secured to a dock, had sunk; the pleasure craft was partially sunken and pinned under a ferry ramp; and the *J.S. Polhemus* had sunk and was discharging pollutants.

The CCG requested a National Aerial Surveillance Program ("NASP") overflight. The NASP overflight was conducted, with the results estimating that the *J.S. Polhemus* had released approximately 434 liters of pollutants. The CCG began to deploy boom around that Vessel. The CCG had difficulty locating ground to hold anchors due to the geography of the ocean floor. While the crew successfully placed boom around the Vessel, they felt that it would fail if the anchors did not hold. They determined that the pollutants were dispersing and unrecoverable.

On 22 December 2018, CCG personnel returned to maintain the boom. They observed that the boom was not effectively containing the pollutants due to the slope of the shoreline and seafloor. The *J.S. Polhemus* continued to release pollutants, which were spreading and leaving a large sheen in the water. Despite efforts to reconfigure the boom, the pollutants remained uncontained.

On 23 December 2018, CCG personnel were unable to return to the site due to a backlog of incidents caused by the ongoing winds. The CCG arranged for an Environmental Response Officer from the British Columbia Ministry of Environment and Climate Change (the “BCMOE”) to visit the site and report any new information.

On 24 December 2018, a second overflight confirmed that the *J.S. Polhemus* was still releasing pollutants and that the boom had drifted away from the Vessel. The CCG deployed personnel to recover the boom and determine further actions. Once on scene, the CCG observed that the *Zena*, which was grounded, was also releasing an oily sheen. The crew placed boom around that Vessel, but were unable to contain the *J.S. Polhemus* due to poor visibility.

The CCG, Squamish First Nation, and BCMOE decided that an immediate response could be delayed due to the holidays. A BCMOE Environmental Response Officer and a representative of the Squamish First Nation agreed to monitor the Incident in the meantime.

On 27 December 2018, a third overflight reported an additional five liters of upwelling pollutants and observed that the boom around the *Zena* appeared effective. The CCG planned to hire divers and salvagers to mitigate pollution from the *Zena* and *J.S. Polhemus* and conduct pollution assessments on the remaining vessels.

Because the purported owner of the vessels was known to the CCG as a repeated polluter, conference calls were held with various authorities, including the Department of Fisheries and Oceans, Transport Canada, BCMOE, and Squamish First Nation regarding his accountability and the prevention of future incidents from his vessels. These calls took place from 27 December 2018 to 1 January 2019. During this period, the CCG sourced divers, salvagers, and marine surveyors, and the BCMOE and Squamish First Nation continued to monitor the site of the Incident.

On 2 January 2019, it was determined that each respective authority would send a representative to inspect the four remaining vessels, with a view to properly establishing jurisdiction. The parties were seeking the appropriate legal basis to take action against the purported owner, although attempts to confirm ownership of the vessels proved difficult.

After consultation with various authorities, the CCG decided to divide the response to the Incident into three phases, with the first beginning on 8 January 2019:

- **Dive operations** to address the pollution from the *J.S. Polhemus* and determine whether that Vessel could be salvaged,
- **Salvage operations** to assess the grounded vessels and determine salvage and deconstruction options, and
- **Prevention operations** to assess the risk of pollution from the remaining vessels in collaboration with government authorities and contractors and determine whether any charges could be laid against the purported owner.

By 4 January 2019, all government authorities and contractors had completed their preliminary work and were mobilizing equipment to conduct the response.

On 6 January 2019, the CCG notified the purported owner that response operations would soon begin. The purported owner denied ownership of the *Zena* and *J.S. Polhemus*, stating that he was temporarily tending to them for a friend. However, he claimed ownership of the *La Rata Bastarda* and stated that his daughter owned the *Sea Angel II*.

The purported owner further claimed that he had had both the *Zena* and *J.S. Polhemus* surveyed and that both vessels met Transport Canada requirements. However, Transport Canada had never registered either of the vessels or issued any certificate in respect thereof. He also provided false information regarding the condition of the vessels and the amount of hydrocarbons that they contained. While he accepted that the CCG planned to conduct assessments of the vessels, he threatened legal action if the CCG attempted to remove them from the water.

On 8 January 2019, CCG personnel, contractors, and representatives of the government authorities were mobilized for response operations. Divers unsuccessfully attempted to locate the sunken *J.S. Polhemus* but found marks on the ocean floor indicating that the Vessel had slipped off of the continental shelf.

The RCMP observed the purported owner in the vicinity and advised him that he would be arrested if he interfered. He again threatened legal action. At a certain point during the final assessment of the *Sea Angel II*, the RCMP temporarily departed the scene, after which the purported owner attempted to board the Vessel. He ignored the CCG's order to stop, which delayed the assessment of the Vessel.

The CCG arranged for a contractor, Mercury Transport, to remove the *Zena*, the unnamed pleasure craft, and the unnamed sailing vessel, as well as tow the *Sea Angel II* and *La Rata Bastarda* to an Arrow Marine Services shipyard for removal.

Operations continued on 9 January and the early morning of 10 January 2019, with Mercury Transport removing the *Sea Angel II* and *La Rata Bastarda* to a barge to prepare for towing and divers locating the *J.S. Polhemus*. It was suspected that the release of pollutants in the latter was coming from a fuel vent, but the amount of pollutants onboard remained unknown. The two unnamed vessels were salvaged, the *Zena* was deconstructed, and the *Sea Angel II* and *La Rata Bastarda* were towed to the Arrow Marine Services shipyard in Vancouver.

On 11 January 2019, the respective government agencies decided that any further pollution mitigation or salvage operations on the *J.S. Polhemus* would neither be cost efficient nor significantly impact the marine environment. They requested weekly NASP overflights of Darrell Bay to monitor further pollution from the sunken Vessel.

On 15 January 2019, the purported owner again threatened legal action against the CCG regarding the removal of the *Sea Angel II*. The purported owner continued to make periodic threats of legal action against the CCG.

On 17 January 2019, a marine surveyor conducted a survey of the *La Rata Bastarda*, with the results suggesting that it had no remaining value and represented a threat to the marine environment. The *Sea Angel II* was surveyed the following day with similar results.

In early March 2019, the CCG placed a notice in a Squamish newspaper advising that the *La Rata Bastarda* and *Sea Angel II* would soon be sold or disposed of unless the owner(s) proved ownership. Shortly thereafter, the purported owner again contacted the CCG and unsuccessfully demanded that the vessels be returned to him. He again asserted that his daughter owned the *Sea Angel II* and provided the CCG with a receipt, presumably for the purchase of the Vessel, bearing his daughter's name. The CCG issued both the purported owner and his daughter orders to reclaim the vessels and settle all amounts owed to the Crown in respect thereof. There was no further contact with the purported owner regarding this Incident.

In April 2019, the CCG arranged for Arrow Marine Services to deconstruct the two remaining vessels. On 21 May 2019, Arrow Marine Services informed the CCG that deconstruction was complete.

The costs and expenses summary

The claim submission included the following summary of the costs and expenses claimed by the CCG:

COST SUMMARY			
POLLUTION INCIDENT			
INCIDENT:	DARRELL BAY INCIDENT	PROJECT CODE:	FHVL5
INCIDENT DATE:	Dec 20/18	DATE PREPARED:	Dec 9/20
DEPARTMENT:	CANADIAN COAST GUARD	PREPARED BY:	██████████
			<u>SCH</u>
MATERIALS AND SUPPLIES	-		1
CONTRACT SERVICES	139,583.85		2
TRAVEL	3,932.88		3
SALARIES - FULL TIME PERSONNEL	10,543.35		4
OVERTIME - FULL TIME PERSONNEL	4,486.19		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)	43,099.46		11
VEHICLES	174.48		12
ADMINISTRATION	393.02		13
TOTAL CCG COST OF INCIDENT	<u>\$ 202,213.22</u>		

Figure 1 - Screen capture of CCG cost summary

Contractor documentation

Most of the claimed costs arise from contractor services performed by Mercury Transport, Arrow Marine Services, Fraser Burrard Diving, and Active Marine Services (Schedule 2). The CCG submission includes the following summary of contractor and subcontractor invoices:

CONTRACT SERVICES	AMOUNT	GST	TOTAL	REFERENCE
			-	
MERCURY TRANSPORT INC	57,095.58	2,854.79	59,950.37	INV 20190052
<i>*Containment and recovery of La Rata Bastarda, Sea Angel II, Tantis and Zena</i>			-	Paid Feb 2019
MERCURY TRANSPORT INC	9,302.58	465.13	9,767.71	INV 20190343
<i>*Sea Angel II & La Rata Bastarda - Storage Feb 1-29/19</i>			-	Paid Mar 2019
MERCURY TRANSPORT INC	4,278.00	213.00	4,491.00	INV 20190638
<i>*Sea Angel II - Storage Mar 1-31/19</i>			-	Paid Apr 2019
MERCURY TRANSPORT INC	5,347.50	267.38	5,614.88	INV 20190638.2
<i>*La Rata Bastarda - storage Mar 1-31/19</i>				Paid Apr 2019
ARROW MARINE SERVICES	3,600.00	180.00	3,780.00	INV 901395
<i>*Sea Angel II - Storage April 1-30/19</i>			-	Paid Aug 2019
ARROW MARINE SERVICES	4,500.00	225.00	4,725.00	INV 901396
<i>*La Rata Bastarda - storage Apr 1-30/19</i>				Paid Aug 2019
ARROW MARINE SERVICES	12,500.00	625.00	13,125.00	INV 901463
<i>*Sea Angel II - Demolition and Disposal</i>			-	Paid Sep 2019
ARROW MARINE SERVICES	1,320.00	66.00	1,386.00	INV 901449
<i>*Sea Angel II - storage May 10-20/19</i>			-	Paid Aug 2019
ARROW MARINE SERVICES	18,000.00	900.00	18,900.00	INV 901558
<i>*La Rata Bastarda - Demolition and disposal</i>			-	Paid Sep 2019
ARROW MARINE SERVICES	3,300.00	165.00	3,465.00	INV 901451
<i>*La Rata Bastarda - storage of May 11-20/19</i>			-	Paid Aug 2019
FRASER BURRARD DIVING	10,621.80	531.09	11,152.89	INV 7341
<i>*diving services to assess Polhemus</i>			-	Paid Jan 2019
ACTIVE MARINE SERVICES	3,226.00	0.00	3,226.00	NA
<i>*survey of La Rata Bastarda & Sea Angel II</i>			-	Paid Mar 2019
TOTAL CONTRACT SERVICES			139,583.85	

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Figure 2 - Screen capture of CCG contractor cost summary

FINDINGS OF THE ADMINISTRATOR

Eligibility of the claimant

The Administrator has determined that the CCG is an eligible claimant and that the Incident occurred within the territorial sea or inland waters of Canada for the purposes of s. 103 of the MLA. As some of the vessels in question discharged oil into the marine environment such that it was reasonable to respond to the Incident as a threat to public safety, it is further determined that some of the claims submitted by the CCG are eligible for compensation from the Fund.

The pollution threat posed

There was a substantial release of pollutants from the *J.S. Polhemus*. While the CCG incurred costs to locate and inspect the Vessel underwater, it eventually decided not to salvage it or take further pollution mitigation measures. This decision is understandable, given that the CCG had previously removed about 400 liters of oil from the Vessel prior to the Incident and the amount of unrecoverable pollution that the Vessel discharged during the response to the Incident.

However, the Administrator has not determined that the response operations in respect of the other vessels constituted measures taken to minimize or prevent ship-source oil pollution. Several of the vessels were derelict and not releasing pollutants at the time of the Incident. Nor can they be considered a risk of future oil pollution in a manner which is compensable under the MLA. While the CCG's actions with respect to the vessels is understandable given the owner's regrettable history with polluting vessels, the evidence does not show that the risk posed by these vessels was beyond the baseline level of risk present for older, oil powered vessels, of which there are thousands along Canada's coasts. The substantial costs associated with removing and disposing of those vessels are not compensable under Part 7 of the MLA.

CLAIM AND OFFER DETAILS

The CCG submission broke its claim down into several categories. This section of the Offer Letter reviews each of those categories of claim in detail, and provides reasons as to why certain portions of the claim have been disallowed.

Schedule Two – Contract Services

\$139,583.85

The CCG submission does not include contract documentation or statements of work for the costs arising from contract services, nor does the narrative provide details of the arrangements between the CCG and Mercury Transport and subcontractors. The claim

package provides no substantial evidence upon which the reasonableness of the contracts can be evaluated.

The evidence that is provided includes four invoices from Mercury Transport, six invoices from Arrow Marine Services, one invoice from Fraser Burrard Diving, and one invoice from Active Marine Services.

It appears that Mercury Transport was the primary contractor and subcontracted part of its work to Arrow Marine Services; however, some Arrow Marine invoices were submitted directly to the CCG. The exact relationships between these companies and the CCG could not be determined on the evidence.

The following table summarizes the claimed costs for contract services.

Table 1 - Contractor and subcontractor breakdown (Schedule 2)

Contractor	Work Description	Cost
Mercury Transport	Removal of the <i>Zena</i> , pleasure craft, <i>La Rata Bastarda</i> , and <i>Sea Angel II</i> . Storage of latter two.	\$79,823.96
Arrow Marine Services	Storage and deconstruction of the <i>La Rata Bastarda</i> and <i>Sea Angel II</i> .	\$45,381.00
Fraser Burrard Diving	Diving services to assess the <i>J.S. Polhemus</i>	\$11,152.89
Active Marine Services	Survey of the <i>La Rata Bastarda</i> and <i>Sea Angel II</i> , and two tow surveys.	\$3,226.00
Total		\$139,583.85

A substantial portion of the claimed contract services costs arises from Mercury Transport invoice #20190052, which covers the towing and storage of the *La Rata Bastarda* and *Sea Angel II*. While these vessels were associated with other vessels involved in the response, the evidence does not establish that they posed a danger of discharging oil into the aquatic environment. The measures taken with respect to these vessels are not accepted as admissible and the associated costs and expenses are rejected.

The same invoice also deals with the sunken sailboat *Tantis* and the *Zena*. Both the *Tantis* and the *Zena* had previously sunk and released a sheen. Measures taken with respect to those vessels might be accepted as measures taken to address oil pollution. The difficulty here is that the *Zena* had been landed before Mercury Transport arrived at the scene. The *Zena* had been refloated, and in any event was a sail vessel and presumably did not contain substantial quantities of oil. While claims for dealing with those vessels up to that point would be compensable, it appears that the invoices are for their deconstruction. The evidence does not establish that the vessels themselves posed an oil pollution hazard necessitating deconstruction. Deconstruction has not been established as a measure reasonably taken with respect to oil pollution, for these vessels, on the evidence available.

The other Mercury Transport invoices, covering storage costs for the *Sea Angel II* and *La Rata Bastarda* pending a final determination by the CCG as to the ownership and deconstruction of these vessels, also relate primarily to wreck removal operations. While it is accepted that these vessels were in poor condition and constituted degradation of the local environment, the evidence does not establish that the claimed costs and expenses were measures taken with respect to oil pollution or the threat thereof. **The entirety of the claim relating to the Mercury Transport invoices is disallowed.**

The Arrow Marine invoices, all of which cover storage and deconstruction costs for the *Sea Angel II* and *La Rata Bastarda*, also are not shown to be measures taken with respect to oil pollution on the evidence. The CCG submission does not establish that the *Sea Angel II* and *La Rata Bastarda* constituted an imminent or ongoing oil pollution threat. The evidence shows that these vessels constituted pollution of the local environment, but not a specific threat of oil pollution. **The costs of the Arrow Marine invoices are accordingly disallowed.**

The Fraser Burrard Diving invoice covers the costs of a dive assessment of the *J.S. Polhemus*, which included a five-person crew and equipment. Three dives were conducted on 8 January 2019, but the wrecked Vessel was not found. There is conflicting evidence regarding the use of a Remotely Operated Underwater Vehicle to locate the Vessel the following day. The CCG narrative states that Fraser Burrard Diving used such a vehicle, but the company report indicates that a drop camera was used instead. Nonetheless, **these costs are accepted as reasonable**, considering that the amount of pollutants that the *J.S. Polhemus* contained was unknown and the Vessel had slipped off of the continental shelf.

Finally, the Active Marine Services invoice covers marine surveys of the *La Rata Bastarda*, *Sea Angel II*, and their towing vessels. The survey report for the *La Rata Bastarda* indicates that the fuel tanks were open, empty, and unserviceable. Although it mentions the presence of pollutants in the bilge of the Vessel, it does not establish that the Vessel was an oily waste and does not focus on the pollution threat that the Vessel posed. Rather, it seems that the Vessel was moved to the Arrow Marine shipyard as a wreck removal operation. Similarly, no documentation or evidence were provided to support the claimed costs for the three other surveys. The evidence does not establish that these reports were commissioned as a measure taken with respect to oil pollution. **These costs are therefore disallowed.**

The following table summarizes the claimed and allowed contract services costs.

Table 2 – Claimed and allowed contractor expenses (Schedule 2)

Contractor	Claimed	Allowed
Mercury Transport	\$79,823.96	\$0
Arrow Marine Services	\$45,381.00	\$0
Fraser Burrard Diving	\$11,152.89	\$11,152.89
Active Marine Services	\$3,226.00	\$0
Total	\$139,583.85	\$11,152.89

This portion of the claim is allowed in part in the amount of \$11,152.89.

Schedule Three – Travel \$3,932.88

These costs arise from travel expenses incurred by seven CCG personnel who responded at the site of the Incident in Darrell Bay from 8-10 January 2019. The claim documentation notes that they were responding to the *J.S. Polhemus*, and each employee submitted an authorized expense report and other receipts, such as hotel invoices, where applicable. These costs are considered reasonable in the circumstances.

This portion of the claim is allowed in full.

Schedule Four – Salaries for Full Time Personnel \$10,543.35

The salary costs are attributed to 11 CCG personnel for 21-22 and 24 December 2018, as well as 8-10 January 2019. Personnel and Equipment Daily Log Sheets listing individual work hours are included in the CCG claim.

This incident response certainly included measures taken with respect to oil pollution. However, dealing with the vessels *Sea Angel II* and *La Rata Bastarda* appears to have occupied moderate CCG resources, and it has not been established that those vessels posed a threat of oil pollution or that any of the costs and expenses taken with respect to them are admissible. As well, the evidence does not establish that the other vessels continued to pose an oil pollution risk as the response continued. It is concluded that at least part of the response was aimed at removing vessels which were polluting the local environment, but not necessary because they were oil pollution threats. Reflecting the dual purpose of the response, the salary costs for four of the 11 personnel (GN, JB, BW and RG, totaling \$2,908.21), attributable to the non-oil response, are disallowed. The remaining salary costs are accepted as reasonable.

This portion of the claim is allowed in part in the amount of \$7,635.14.

Schedule Five – Overtime for Full Time Personnel \$4,486.19

The CCG claimed overtime costs for five personnel on 21 December 2018, as well as 4 and 7-10 January 2019. Extra duty forms and authorizations were submitted for each of these personnel and are accepted as reasonable in the circumstances.

This portion of the claim is allowed in full.

Schedule 11 - Pollution Counter-Measures Equipment \$43,099.46

These costs arise from the varying use of three response boats (CGE 665 PRV III, CGE 701 PRV III, and CGE 709 PRV II) on 21-22 and 24 December 2018, as well as 4 and 7-10 January 2019. The CGE 665 was used for five days, the CGE 701 was used for three days, and the CGE 709 was used for two days. The operation included resources focused

on dealing with the fleet of vessels as derelict or abandoned vessels, rather than in response to a threat of ship-source oil pollution.

It is determined that the use of the CGE 665 on 21 December 2018 was reasonable, considering that the CCG was not yet aware of the full scope of the Incident at that time. However, a PRV II boat could have been used for the response to the *J.S. Polhemus* on 22 and 24 December 2018 and 8-9 January 2019. The use of the other vessels in relation to the non-oil response measures is not admissible.

Accordingly, costs for the one-day use of a PRV III boat (\$4,209.50) and four-day use of a PRV II boat (\$1,194.23 x 4) are accepted as reasonable. The full cost of the containment boom is also accepted as reasonable, given the established pollution threat from the *J.S. Polhemus*.

This portion of the claim is allowed in part in the amount of \$16,021.42.

Table 3 - Utilization of CCG craft during response phase

Boat	Dec 21 Friday	Dec 22	Dec 24	Jan 4 Friday	Jan 7 Monday	Jan 8	Jan9	Jan 10
<u>CGE 665 PRV III</u>	X Kits to Darrell Bay	X Kits to Darrell Bay	X Kits to Darrell Bay,			X Kits to Darrell Bay, due weather aborted	X Kits to Darrell Bay	X Darrell Bay to Kits
<u>CGE 701 PRV III</u>						X Sea Island to Darrell Bay	X Darrell Bay	X Darrell Bay to Richmond Base
<u>CGE 709 PRV II</u>						X By road from Sea Island to Squamish	X By road from Squamish to Richmond	
	Boomed <i>Polhemus</i>	Tend Boom,	Fouled stbd Propeller boom adrift and tangled			665- weather cancelled trip. 701 -safety vessel	701 – assist ROV op, safety v/l, 709- transport personnel on site	665- recovered boom

Schedule 12 – Vehicles

\$174.48

These costs arise from the use of one vehicle on 8-9 January 2019 at a rate of \$65.57 per day and \$.22 per kilometer. The use of this vehicle and the resulting costs for the purpose of transporting personnel to the site of the Incident are accepted as reasonable.

This portion of the claim is allowed in full.

Scheduled 13 – Administration

\$393.02

The claimed administration fees were charged at a rate of 3.09%. The allowed administration costs comprise 3.09% of the total allowed travel (Schedule 3) and salary (Schedule 4) costs, for a total of \$318.14.

This portion of the claim is allowed in part in the amount of \$318.14.

OFFER SUMMARY AND CLOSING

The following table is provided to summarize the claimed and allowed expenses with respect to the CCG claim for the Darrell Bay incident.

SCHEDULE	CLAIM	OFFER
2: Contract Services	\$139,583.85	\$11,152.89
3: Travel	\$3,932.88	\$3,932.88
4: Salaries	\$10,543.35	\$7,635.14
5: Overtime	\$4,486.19	\$4,486.19
11: Pollution Countermeasures Equipment	\$43,099.46	\$16,021.42
12: Vehicles	\$174.48	\$174.48
13: Administration	\$393.02	\$318.14
Total	\$202,213.22	\$43,721.14

Table 4 – Claimed and allowed expenses (all schedules)

The amount of the Offer is \$43,721.14, plus statutory interest accrued to the time payment is made.

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 on 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 efforts to pursue subrogation.

Yours sincerely,

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