

Wreck Removal

The Commercial Dimension



Presented by

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Associate Members' Day



The Commercial Dimension

- Historical Development
- Current Drivers
- Commercial Response
- Rising costs, Representation and Accountability. *Where's the Risk?*



Historical Development



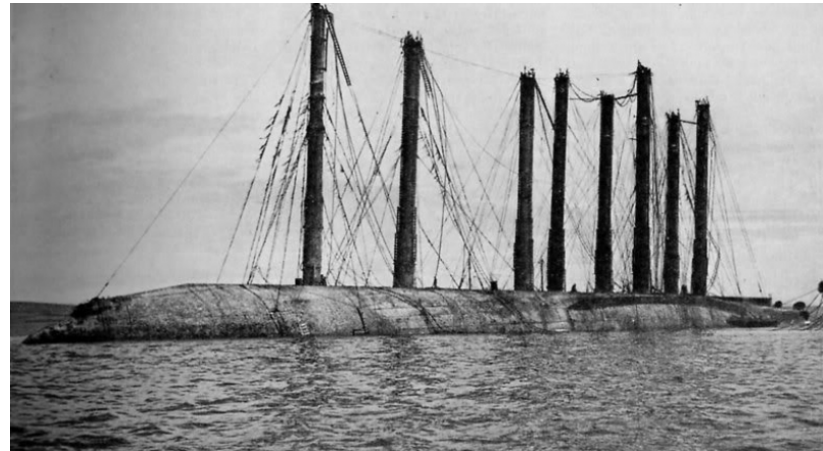
Historical Development

- A walk along the beach
- Cox & Danks
- Obstruction Removal



Historical Development *Cox & Danks*

- New methods
- 1924 -1939 (inc Metal Industries)
- *SMS Hindenberg*
 - 26,600 ton Displ.
 - 210m LOA
 - Targets lift
- *SMS Derfflinger*
 - 45m (1939)
- Bought from Admiralty
- Speculative for scrap
- Cox & Danks: Loss £300,000 (current)

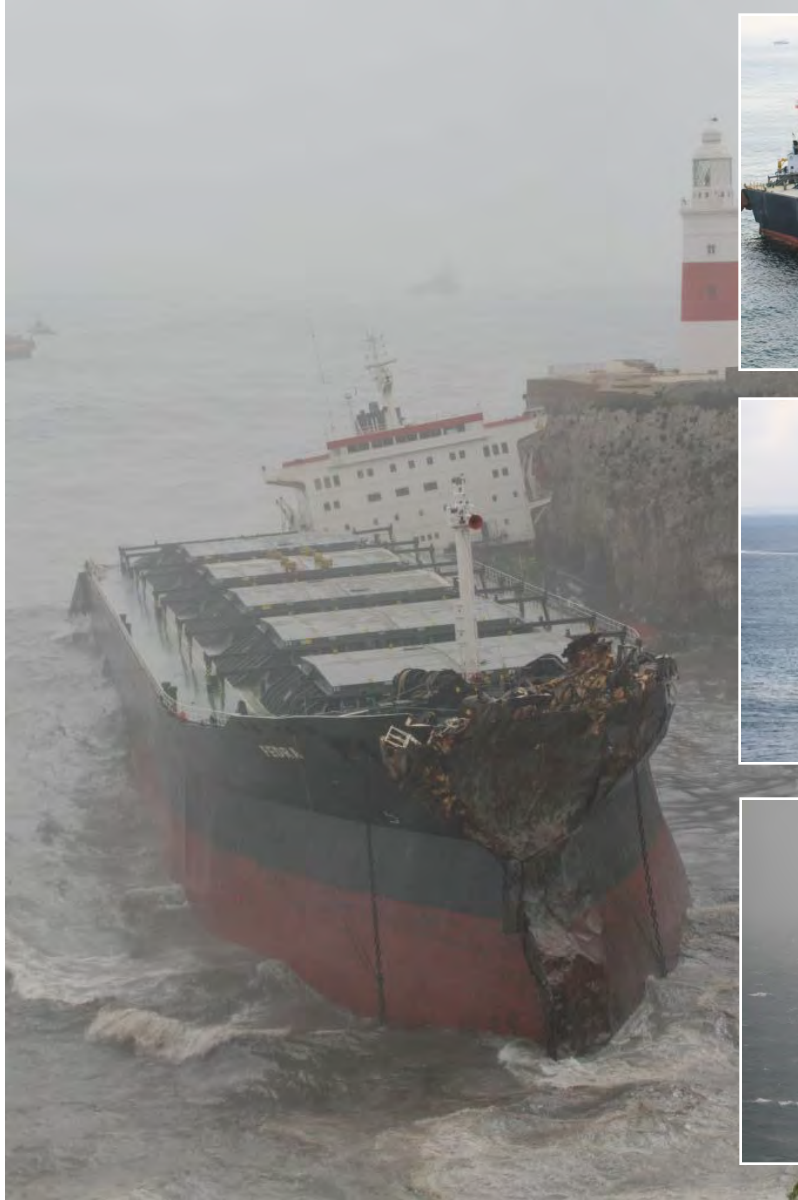


Historical Development *Obstruction Removal*

- Wreck Removal Order
- Liability Insurer
- Scrap income?



Fedra – 2008



Fedra

- As a result of a very severe storm the 64,000 DWT Bulk Carrier Fedra was driven ashore at Europa Point Gibraltar
- Within hours she broke at the number 6 cargo hold separating her bow from her stern.
- As Titan was in Gibraltar removing the wreckage of the New Flame, the team mobilized to the wreck site and took a leading role in saving the lives of the crew by lifting them from the wreck to the land utilizing a mobile crane specially mobilized for the task.
- Within a few days the team determined that the bow could possibly be refloated but the stern was destroyed.
- Titan was contracted to remove the fuel oil, refloat the bow and remove the accommodation from the stern before the winter storms destroyed them.
- Over the next few weeks the fuel was removed but efforts to remove the bow and accommodation were slowed by political problems concerning disposal of the bow and the accommodation.
- These problems were cleared just prior to the year's end. This led to the contract being successfully completed by mid January 2009.

Jane – 2008



Jane

- 4,643 gross ton General Cargo ship grounded in the surf zone outside Isohama port, Japan as a result of heavy weather. As a result of the grounding and subsequent damage, the vessel's cargo holds and machinery spaces flooded.
- Titan was hired by underwriters to remove cargo, potential pollutants, and the hull.
- Following mobilization of personnel and equipment from its Singapore station, Titan undertook surf zone diving operations with the support of a jack-up barge to tackle the removal of cargo, potential pollutants, and sand.
- Subsequently, Titan installed total of 12 hydraulic linear pullers on the beach and connected them to the vessel's hull to provide a total force of approximately 3,600 tons.
- The vessel was successfully pulled to the shoreline in two pieces where it was handed over to a local steel recycling company.

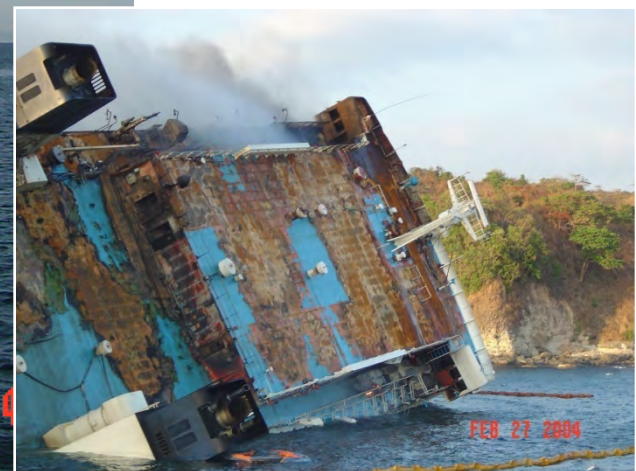
Princess of the Stars – 2008



Princess of the Stars

- A 23,824 ton ferry with capacity for 1,992 passengers capsized in heavy seas while carrying hazardous cargo, and over 700 passengers and crew.
- Titan was contracted to remove the hazardous material and the bunker fuel on board.
- Titan used an ROV to locate each container carrying the hazardous material and retrieved with divers wearing chemical protective suits.

Superferry 14 – 2004



Superferry 14

- Superferry 14, a 10,181 gross tonnage passenger ferry laden with 3,700 tons of cargo, was enroute to Bacolod City from Manila when it sustained a fire near Corregidor.
- The vessel sank and came to rest at the seaward limit of Sisiman Bayon, lying on its starboard side in 12 meters of water and at a 70 degree list .
- Titan was awarded the wreck removal contract and immediately sent over a salvage team and a comprehensive array of portable salvage equipment, including pumps, diving equipment, heavy rigging and Titan's linear chain pullers.
- With the pullers in place and rigging completed, the vessel was up-righted within 2 hours and lightering operations commenced. The vessel was successfully refloated without incident and returned safely to its owners safely.



Costa Concordia
2012
Italy

Current Drivers



Current Drivers

- Pollution & the Environment
 - Actual
 - Potential
- Early state intervention
 - pressure - timely action
 - continuity
- The BIG picture



Commercial Response

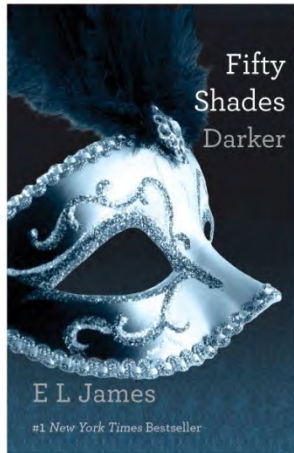
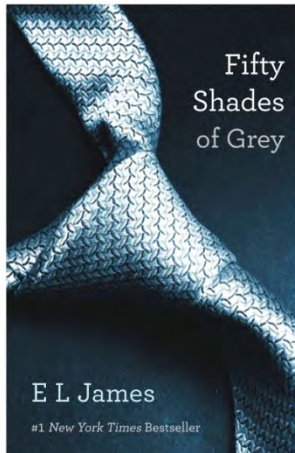
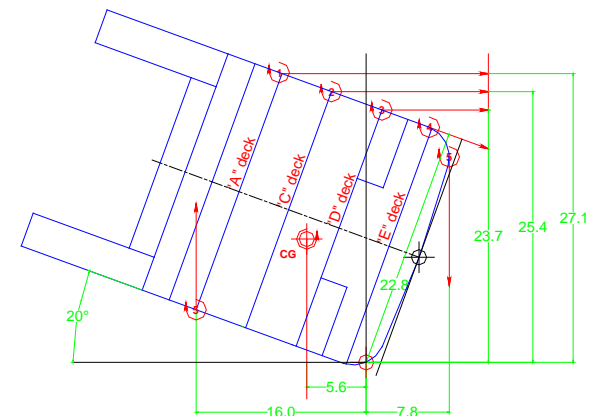
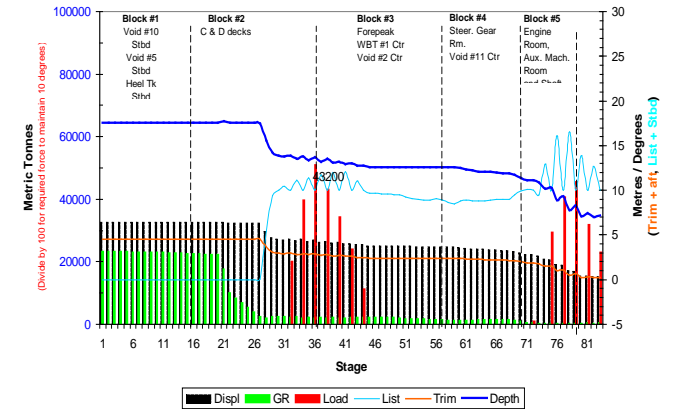


Commercial Response

- Extended “Emergency Response”
- The Grey period
 - Caretaker

Run 161
 Grounded to frame 192 (bulbous bow) - TCG 1.36
 Pumping sequence as attached.
 C & D decks combined and pumped together.
 Void #6 Port & Stbd combined with E Deck and pumped together.
 E.R., Aux Mach Room and Shaft Room combined and pumped together.

M/V SUPERFERRY 14
 REFLOATING SEQUENCE



Commercial Response

- Performance Driven
- Timely
- Cost plus
 - Contractual changes :
 - New Flame
 - BIMCO embodiment: BIMCO Wreck Series 2010



Commercial Response

- Further Evolution
 - Project Management
 - Construction – v – Wreck Removal
 - BIG
- Art & Science



Commercial Response

- LOF with SCOPIC: extended use;
- “Caretaker”
- BIMCO Wreckhire
- BIMCO Wreckfix
- BIMCO Wreckstage
- Non-Standard Form of Salvage Agreement
- Composite Agreements:
 - Day rate
 - Lump Sum Elements

Rising Costs



Rising Costs

- Bottom Line Cost to Insurers
- Cashflow Requirements
- Bidding
 - Process
 - Cost of bidding!

Rising Costs

Financial Stability

- Crowley privately owned with annual revenues in excess of \$1.8 billions
- In business over 120 years
- Titan undertook and completely financed the largest LOF salvage project in history, the APL PANAMA.
- MRA : partners have an annual turnover in excess of USD 5 Billion.
- MRA: other members' parent companies are publicly traded on the NYSE and have a market cap in excess of USD 25 Billion.



Investment Programs

- Leaders in their respective fields of operations and this has been achieved by having the best trained people operating the best equipment.
- Aggressive investment in their business lines with regular new building and equipment renewal plans.
- Titan's philosophy since the very beginning has been to own the best portable equipment and maintain it to the highest standards.



Questions