



JAD

Interoffice Communication

To R. Parker - Houston
From J. W. Ware - Lake Charles
Date August 29, 1980
Subject "Celsius" Lifting - August, 1980

This letter is per your request to provide documentation of my conversations with Captain Male of the "Celsius", on Tuesday, afternoon, August 26.

At approximately 3:30 PM on August 26, I proceeded to the CONOCO dock office to discuss our revised plan with dock personnel. The "Celsius" was initially to proceed to the Gulf to cool down it's cargo at approximately 2:00 PM Tuesday. The Captain estimated that he would return at noon on Thursday to take on the remainder of a planned lifting of 14,000 MT. The charter contract indicated that the ship could sail with a minimum of 13,300 MT of VCM. Shore gauges indicated that (as of 2:00 PM Tuesday) we had loaded 13,700 MT while the ship's gauges indicated 13,600 MT had been loaded (the difference, 100 MT or 0.7% of the lifting, being within the industry discrepancy standard of 1%). Contracted "lay time" indicated we could keep the ship another 24 hours without a significant risk of demurrage charges. Economics indicated we should use this 24 hours to load as close to 14,000 MT as possible and allow the ship to sail directly. Our goal was to have the ship sail by 12:00 Noon Wednesday. The Captain was informed by me of our revised plan and I presented him with your letter of amendment. The Captain was receptive to the new schedule but stated he had two problems:

- 1) The agent for the ship (TTT Stevedores of Beaumont) had arranged for bunker barges to meet the "Celsius" in the ship channel at approximately 2:00 PM, Tuesday, August 26. The Captain was confident that these barges were waiting, and would charge demurrage for any delay. Such charges then would have to be paid by CONOCO.
- 2) The ship was expecting a crew to arrive on an airplane flight at 10:00 PM in Lake Charles on Wednesday night. Arrangements would have to be made to get the crew on board.

Demurrage on the bunker barges was expected to be fairly reasonable (\$60-100/hr), leading to a maximum charge of \$2500. The Captain requested that he be allowed to cool down at the dock until 1:00 PM Wednesday, sail at 3:00 PM to take on bunker and sail to the Gulf after his crew arrived Wednesday night. Given (1) the minimal demurrage charges on the bunker barges, (2) our interest in shipping as much product as possible and (3) our goal of having the ship sail at 12:00 Noon Wednesday, I proposed that the ship be allowed to cool down until 9:00 AM Wednesday, load to it's maximum level and sail poste haste. The Captain agreed. Following my conversation with you at 5:00 PM Tuesday, I returned to the ship and informed the Captain that this schedule was confirmed and that CONOCO was prepared to incur the cost of reasonable bunker barge

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demurrage charges resulting from our "last minute" change in plans. The Captain submitted a letter of protest to this effect the next morning. Also, the next morning I obtained the following information from M. Hubner of TTT Stevedores:

- 1) One small gasoline/light distillate barge arrived at the bunker point at 8:00 AM on Tuesday, August 26. The demurrage charge on this barge was \$72.50 per hour..
- 2) A second, larger bunker barge was due in at the same time but encountered loading difficulties and would not arrive until 8:00 PM Wednesday, August 27.
- 3) Both barges were loaded by Texaco in Port Arthur, Texas.

If bunker barge demurrage charges are paid by CONOCO, they should relate only to the small barge for a maximum of 24 hours (or approximately \$1740.00).

The ship moved away from the CONOCO dock at 1:55 PM, Wednesday, August 27.

Our policy is to avoid storing vinyl chloride outside the plant. This policy is related to safety and the fact that vinyl chloride is classified as a hazardous chemical. Any problem which the ship encounters, over which we have no control, and which results in environmental problems or hazards to the public from vinyl chloride releases or fires, represents a significant liability for CONOCO. We increased our exposure to this liability on two occasions associated with the August, 1980, "Celsius" lifting:

- 1) We allowed the "Celsius" to cool down at the dock for 19 hours.
- 2) The ship "bunkered" in the channel for 15 hours after loading with 13,800 MT of vinyl chloride.

We made the decision to cool down the ship at the dock based on our interest in shipping the maximum amount of VCM above 13,300 MT within the contracted lay time. This represents a minimal increase in exposure. On future liftings we should require bunkering before loading to further reduce our exposure in this area.

JWW
J. W. Ware

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cc:
JAD-CWT-RRK
J. Chambers - Houston

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