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Government Sells Two Obsolete Vessels For More Than \$1 Million Each

Obsolete Ships Bring Best Prices in Disposal Program's History, Three Other Vessels Also Sold

The U.S. Department of Transportation's Maritime Administration announced today that it has sold two obsolete ships to American salvage companies for more than \$1 million each. The sale of these two vessels from the James River Reserve Fleet (JRRF) near Fort Eustis, Va., each exceed the agency's ship-disposal program's recent record-setting price fetched by the sale of the *Adonis*, which last March sold for \$1,151,727.

Agency contracting officials report that the *Kalamazoo* has been sold to Esco Marine, Inc., of Brownsville, Texas, for \$1,465,726; and the *Truckee* has been sold to Bay Bridge Enterprises, L.L.C., of Chesapeake, Va., for \$1,231,328.

Three other obsolete government-owned ships are also being sold for a combined price of nearly \$1.5 million. The *Nitro*, currently moored at the James River site, has been sold to Esco Marine of Brownsville, Texas, for \$446,726. The *Rigel*, also currently moored at the JRRF, has been sold to All-Star Metals, L.L.C., of Brownsville, Texas, for \$469,626; and the *Gulf Merchant*, currently moored at the Beaumont Reserve Fleet has been sold to Esco Marine, Inc., of for \$476,726.

These sales stand in contrast to most ship disposal contracts in recent years, which have involved the federal government paying to have its obsolete ships recycled. High worldwide prices for scrap steel have recently made such ships more valuable to recyclers, who sell the steel and other materials recovered from the ships. Since the beginning of fiscal year 2001, the Maritime Administration has awarded contracts to recycle 120 ships from all of its fleet sites; 26 of those contracts have been sales.

"This is outstanding news," said Maritime Administrator Sean T. Connaughton. "Transactions such as these benefit the taxpayers. Each time the federal government moves an obsolete ship out of storage, we make another important contribution toward maintaining local ecosystems. With the sale of these vessels, we now have fewer than 30 ships remaining to be disposed in the James River fleet, and fewer than 20 in our Beaumont fleet."

Two of the ships being sold are tankers: the *Truckee*, which was built in 1955 and the *Kalamazoo*, which was built in 1973. The *Rigel* and the *Gulf Merchant*, are breakbulk freighters and were built in 1955 and 1964 respectively. The *Nitro* is a former Navy ammunition ship built at Sparrows Point, Maryland, in 1957. When the *Kalamazoo*, *Rigel*, *Nitro* and *Truckee* depart the James River site for recycling, they will bring to 77 the number of vessels to leave since January of 2001.

The Maritime Administration stores ships at three National Defense Reserve Fleet sites: the James River Reserve Fleet, the Beaumont Reserve Fleet, and at the Suisun Bay Reserve Fleet in Benicia, Calif. When ships become obsolete, the Maritime Administration arranges for their disposition in an environmentally-sensitive manner.