



DEPARTMENT OF THE NAVY  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20350-1000

SECNAVINST 4740.1A  
SEA 00C  
30 January 1987

SECNAV INSTRUCTION 4740.1A

From: Secretary of the Navy

Subj: LEASING OF NAVY SALVAGE AND OIL POLLUTION ABATEMENT  
EQUIPMENT

Ref: (a) 10 U.S.C. 7362  
(b) 10 U.S.C. 2667  
(c) 40 U.S.C. 472  
(d) DODINST 7230.7 of 29 Jan 85 (NOTAL)  
(e) 32 CFR 754.2

1. Purpose. To delegate the authority for the lease of Navy salvage equipment and oil pollution abatement equipment under control of the Department of the Navy either directly or indirectly through another government agency to private salvage and pollution abatement companies and/or cooperatives and to establish policy governing such leases.

2. Cancellation. SECNAVINST 4740.1 of 15 August 1975.

3. Background

a. Reference (a) authorizes the Secretary of the Navy to charter, lease, or otherwise transfer to private salvage companies salvage equipment to be used to support organized offshore salvage facilities for periods of time that the Secretary considers appropriate. The phrase "offshore salvage" concerns situations involving refloating stranded or sunken ships in exposed locations along the coasts, or on reefs or islands whether in salt or fresh water. Leases under the authority of reference (a) may involve salvage equipment only.

b. Reference (b) authorizes the Secretary of a military department, whenever he considers it advantageous to the United States, to lease personal property upon such terms as he considers will promote the national defense or be in the public interest. For the purposes of this instruction, leases under the authority of reference (b) may involve both Navy salvage equipment and oil pollution abatement equipment.

4. Policies

a. Prior to negotiation of a lease pursuant to the authority of reference (a) or (b), it must be determined that:

30 January 1987

(1) The equipment is not needed for public use during the period of the lease;

(2) The proposed lease should not render the property unsuitable for future military use;

(3) The equipment is not "excess property" as defined by reference (c);

(4) The equipment or comparable equipment is not otherwise reasonably available from commercial sources.

R) b. The term of any lease into which the government enters pursuant to this instruction shall not exceed two years.

R) c. Leases executed under the authority of reference (b) require a determination that the lease will be advantageous to the United States and will promote the national defense or be in the public interest. The Secretary has determined that such a finding has been made if one or more of the following situations is found to exist:

(1) The presence of a petroleum product or other hazardous substance in the United States waters caused by any means which present an imminent danger to human life or property, public health, or the natural environment;

(2) The grounding, stranding, or sinking of any vessel in United States navigable waters or contiguous zones thereof which presents a danger to others, inhibits commerce, or poses an inconvenience to other vessels proceeding in the area;

R) (3) The grounding, stranding, or sinking of any vessel which may present the danger of an oil spill or release of a hazardous substance of the character addressed in paragraph 4c(1) above;

(4) In other than United States waters, a situation involving the grounding, stranding, or sinking of any vessel, or the spillage of a petroleum product or other hazardous substance presenting an imminent danger to life, property or the natural environment where:

(a) A United States flag ship or other commercial vessel owned or operated by public or private United States interests is involved;

(b) United States treaty obligations require or permit such aid;

(c) The lease of Navy equipment would result in substantial good will being generated towards the United States;

30 January 1987

(d) The situation has the potential to result in an international incident involving possible adverse consequences to the United States.

d. Leases executed under this instruction shall contain comprehensive indemnification and hold harmless provisions whereby users of Navy salvage equipment or oil pollution abatement equipment shall assume liability, including liability for loss of or damage to the equipment, and for third-party bodily injury and property damage.

e. The proposed lessee must stipulate in writing that comparable equipment is not reasonably available from commercial sources.

#### 5. Lease

a. Leases executed under the authority of reference (a) or (b) shall contain the following provisions: (R)

(1) A description of the specific commercial salvage operation or pollution incident in which the equipment may be used.

(2) A stipulation that the equipment may be utilized only for its designed operational purpose.

(3) A provision requiring the lessee to maintain, protect, and preserve the equipment using best commercial practices.

(4) A provision permitting the Government to revoke the lease at any time, unless the Secretary shall have determined that the omission of such a provision will promote the national defense or be in the public interest.

(5) A right of the government to revoke the lease during a national emergency declared by the President. (R)

(6) A provision prohibiting the lessee from entering into a sublease without the prior written approval of the Supervisor of Salvage, Naval Sea Systems Command.

b. In addition to the foregoing terms and conditions:

(1) A lease covering the use of salvage equipment under the authority of reference (a) shall provide that the equipment will be used to support offshore salvage facilities for the term of the lease or for such lesser period as the Supervisor of Salvage, Naval Sea Systems Command, considers appropriate.

30 January 1987

(2) A lease of salvage equipment or oil pollution abatement equipment under the authority of reference (b) shall provide that, if and to the extent that the leased property is later made taxable by state or local governments under an act of Congress, the lease shall be renegotiated.

## 6. Rates

a. Fair market value of the equipment to be leased shall be charged in accordance with reference (d).

b. With respect to salvage equipment leased pursuant to reference (a):

(1) Rental rates set out in reference (e) shall be used where applicable.

R) (2) Rental money received shall be credited to appropriations for maintaining salvage facilities by the Department of the Navy. However, if the amount received in any year exceeds the cost incurred by the Navy during that year in providing and maintaining salvage services, the excess shall be consigned to the Treasury.

c. With respect to salvage equipment or oil abatement equipment leased pursuant to reference (b):

(1) The lease may provide for the maintenance, protection, repair, or restoration by the lessee of the equipment leased as part of or all of the consideration for the lease.

R) (2) Rental money received from the lease directly or  
R) indirectly through another government agency, either with or without a negotiated Interagency Agreement, shall be consigned to the Treasury.

(3) Payment for utilities or services furnished to the lessee under the lease by the Government shall be consigned to the Treasury to the credit of the appropriation from which the cost of furnishing them was paid.

## 7. Delegation

R) a. The Supervisor of Salvage, Naval Sea Systems Command, is  
D) authorized to take all necessary action to grant, execute, amend, administer, and terminate leases of Navy salvage equipment and oil pollution abatement equipment directly to salvage and oil pollution abatement companies and other government agencies. The authority delegated here will be exercised in coordination with the Chief of Naval Operations.

30 January 1987

b. Proposed leases of salvage equipment or oil pollution abatement equipment under subparagraphs 4c(4)(c) and (d) or in situations that are obviously sensitive or that may be of Secretarial interest should be reported to the Assistant Secretary of the Navy (Shipbuilding and Logistics). (R)

8. Maintenance of Records. The Supervisor of Salvage, Naval Sea Systems Command, will maintain a record system from which management information regarding leases executed under this instruction may be compiled and furnished when required.



Everett Pyatt  
Assistant Secretary of the Navy  
(Shipbuilding & Logistics)

## Distribution:

(R)

SNDL	A	(Navy Department)
	B	Special Agencies of the Department of Defense)
	B5	U. S. Coast Guard)
	C3	Naval Personnel at DoD or other Government Agencies)
	C4	Naval Branch)
	C5	(Military Assistance Advisory Groups)
	C6	(Security Assistance Augmentation Element and Military Groups)
	C7	(U. S. Defense Attache Offices); (Shore Activities under the Command or Supervision of the Department of the Navy Staff Offices)
	FA6	(NAS)
	FA7	(NAVSTA)
	FA10	(SUBASE)
	FA18	(NAVPHIBASE)
	FA22	(COMOCEANSYSLANT)
	FB7	(NAS)
	FB10	(NAVSTA)
	FB13	(SUBASE)
	FB21	(NAVPHIBASE)
	FB28	(COMNAVBASE)
	FB29	(NSD)
	FB30	(NAVSHIPREPFAC)
	FB34	(COMFLEACT)
	FB38	(COMOCEANSYSPAC)
	FC3	(COMNAVACT)
	FC4	(NAF)
	FC7	(NAVSTA)
	FC14	(NAS)

(Distribution: Continued next page)

SECNAVINST 4740.1A

30 January 1987

Distribution:

SNDL FD1 (COMNAVOCEANCOM)  
FF1 (COMNAVDIST WASHINGTON DC)  
FF8 (Inspection and Survey Board)  
FJ (Shore Activities under the Command of CHNAVPERS  
as delegated by the CNO)  
FKA (Shore Activities under the Command of CNO and not  
otherwise assigned)  
FKM (Shore Activities under the Command of  
COMNAVSUPSYSCOM, as delegated by the CNO)  
FKN (Shore Activities under the Command of  
COMNAVFACENCOM, as delegated by the CNO)  
FKP (Shore Activities under the Command of  
COMNAVSEASYSYSCOM, as delegated by the CNO)  
FKQ (Shore Activities under the Command of  
COMSPAWARSYSCOM, as delegated by the CNO)  
FKR (Shore Activities under the Command of  
COMNAVAIRSYSCOM, as delegated by the CNO)  
FKR3 (RDT&E Activities)  
FR10 (Reserve Center)  
FT10 (NAVAVSCOLSCOM)  
FT24 (FLETRACEN)  
FT37 (NAVSCOLCECOFF)  
FT43 (SWOSCOLCOM)  
FT44 (NAVDIVESALTRACEN)  
FT45 (NAVSCOLEOD)  
FT55 (NAVSCSCOL)  
FT88 (EDOSCOL)

Copy to:

Chief of Staff, USA

Chief of Staff, USAF

COMDT COGARD

Maritime Administrator, Maritime Administration, Department of  
Transportation

Director, Charting and Geodetic Services, Department of Commerce

Administrator, National Oceanic and Atmospheric Administration,

Department of Commerce

State Department

Stocked:

CO, NAVPUBFORMCEN

5801 Tabor Avenue

Philadelphia, PA 19120-5099 (100 copies)