

GMS

Gallagher Marine Systems

25 November 2013 Client Advisory – #20-13 2013 VGP & NTVRP Final Rule Update

Overview:

This Client Advisory provides additional information regarding the 2013 Vessel General Permit (VGP) and the NTVRP Final Rule Resubmission. This Client Advisory provides an update to Client Advisories 16-13, 17-13, and 18-13. If you need copies of these advisories, please contact us at info@chgms.com or visit our website: www.gallaghermarine.com

2013 Vessel General Permit (VGP)

Notice of Intent (NOI) for vessels that received coverage under the 2008 VGP

The current VGP will expire on 19 December 2013. All existing NOIs will expire at that time. In order for vessels that received coverage under the 2008 VGP to remain compliant to call U.S. waters, new NOIs must be filed no later than 12 December 2013, or at least 7 days before a vessel's next entry into U.S. waters.

The GMS Plans Department has begun filing NOIs on behalf of you, our Compliance Partners. Below is a description of the NOI filing process and information about what Owner/Operators should do at each step in the process.

- Data Collection and Submission to GMS: Owner/Operators that previously used GMS to file NOIs **should have already received** correspondence from the GMS Plans Department with instructions detailing how to provide us with the 2013 NOI data for your vessels. Your data collection should already be completed or well underway. To date, we have received correctly completed questionnaires from approximately 200 companies. Due to the large volume of forms being returned to us, **we ask that companies not submit forms on a per vessel basis**. GMS prefers to receive one complete set of forms for your entire fleet within a single submission.
 - GMS can guarantee that correctly completed NOI forms received by us before our close of business on 2 December 2013 will be filed with the EPA before the 12 December 2013 deadline (assuming that the Account Creation step described below is also promptly completed).
 - Correctly completed forms received by GMS after our close of business on 2 December 2013 will still be processed. GMS will work diligently to ensure those NOIs are filed as soon as possible. However, we may not be able to file these NOIs before the 12 December 2013 deadline.

NOTE: GMS will no longer send follow-up reminders to companies which have confirmed receipt of their 2013 NOI data collection forms. **This advisory serves as a final reminder to return completed NOI forms to us as soon as possible.**

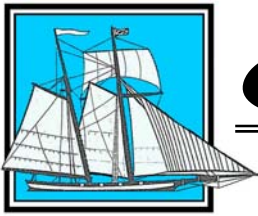
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- If you have not received instructions from us regarding how to submit the new 2013 NOI information for your vessels, and you previously used GMS to file your NOIs, please contact us as soon as possible.
- Account Creation: The EPA has created a new online system to accept the new 2013 NOIs. Each Owner/Operator will need to create a new account on the EPA website.
 - Existing EPA accounts cannot be used to file the required 2013 NOIs.
 - Once an Owner/Operator has returned correctly completed 2013 NOI forms to GMS for all vessels in their fleet, GMS will provide you with instructions detailing how to create the new account.
- NOI Certification: After an account has been successfully created, GMS will populate the account with the NOI data for each vessel. Once the NOIs for all vessels are ready to certify, GMS will send instructions to your Certifying Official detailing how to certify the NOIs.

Notice of Intent (NOI) for new vessels

As stated above, the 2008 VGP expires on 19 December 2013. NOIs filed under the 2008 VGP require 30 days to become effective.

- Due to the 2008 VGP expiration and the amount of time needed for a 2008 NOI to become effective, the EPA has stopped accepting 2008 NOIs for new vessels.

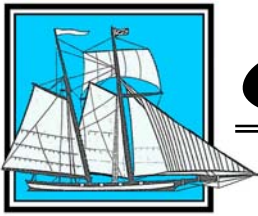
Considering the aforementioned, beginning on 19 November 2013, NOIs for new vessels need to be filed using the 2013 data form and the EPA's 2013 VGP online filing system.

- If you intend to add a new vessel to your fleet, please contact GMS for a blank 2013 VGP Questionnaire.

Compliance Manual

Due to the complexity of the 2013 VGP, it has taken an unusually long period of time to develop our 2013 VGP Compliance Manual. That said, the 2013 VGP Compliance Manual has been completed and is in final GMS QA. We anticipate being able to send out the new VGP Compliance Manual Core on 1 December. The new VGP Manual Core will be sent to all companies for which GMS actively maintains VGP Compliance Manuals.

If you do not currently use the GMS *VGP Compliance Manual* but would like to do so, please contact us.



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NTVRP Final Rule Resubmission:

The NTVRP Final Rule was published on 30 September 2013 and requires all existing NTVRP Planholders to take action in order for their nontank vessels to remain approved to operate in U.S. waters. If you currently have vessels in an approved NTVRP, **you need to take action now**, as your current NTVRP approvals will expire after 30 January 2014. Please consider GMS production time in meeting this deadline.

Salvage & Marine Firefighting (SMFF) Requirements- ACTION REQUIRED

Planholders that have vessels with an oil carrying capacity over 2500 bbls should note that their existing Salvage coverage is not sufficient to meet the requirements set forth in the Final Rule. Therefore, at this time, all NTVRP Planholders with vessels with an oil carrying capacity over 2500 bbls should have completed the following step:

1. Selection of an SMFF Provider

If you have not chosen an SMFF Provider yet, please do so immediately, and begin working on steps 2 and 3 below. All NTVRP Planholders with vessels having an oil carrying capacity over 2500 bbls should have completed or be in the process of completing the following steps:

2. Sign a Contract & Funding Agreement with chosen SMFF Provider
3. Deliver the required documents, including Pre-Fire Plan documents, to your chosen SMFF Provider. Your chosen SMFF Provider will require the following documents for each vessel that will be included in your NTVRP (all documents must be in English):
 - Electronic copy of color-coded Fire Control Plan (one per vessel or sister group)
 - Electronic copy of SOLAS Chapter II-2, Regulation 15, including:
 - Crew Training Manual
 - Fire Fighting Operational Manual

Once your SMFF provider has received the signed Contract & Funding Agreement, as well as all Pre-Fire Plan documents for all vessels in your fleet, your SMFF Provider will notify GMS that you have completed this step in the process. GMS does not require Owner/Operators to notify GMS of their SMFF Provider choice. Owner/Operators should not forward completed Contracts & Funding Agreements to GMS. Owner/Operators should not forward Pre-Fire Plan documents to GMS.

IMPORTANT

GMS can ensure compliance with the NTVRP Final Rule deadline of 30 January 2014 for those Planholders who complete SMFF Requirements (steps 1, 2, and 3 as outlined above) no later than 3 December 2013.

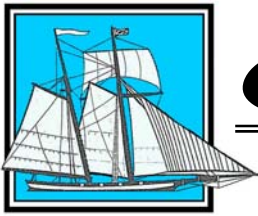
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OSRO, Dispersant, & Aerial Tracking Requirements- ACTION REQUIRED

Owner/Operators of nontank vessels carrying groups I through IV petroleum oil as fuel or cargo must ensure through contract or other approved means the resources necessary to a Maximum Most Probable Discharge (MMPD) and/or a Worst Case Discharge (WCD) from their vessels. Depending on the oil carrying capacity of their vessel, Owner/Operators must also ensure through contract or other approval means response resources capable of conducting dispersant operations and aerial oil spill tracking and observation.

Presently, most NTVRP Planholders enjoy OSRO coverage with both MSRC and NARCO at no charge. The basis for this coverage is the long-standing agreements that most P&I Clubs maintain with these OSROs to cover nontank vessels entered in each Club.

However, the nontank P&I Club agreements with the OSROs may be cancelled. Each P&I Club has been meeting to decide whether or not to continue their agreements with MSRC and NARCO. We have been told to expect more information from the P&I Clubs this week or next week.

Once we have more information from the P&I Clubs regarding their role in OSRO, Dispersant, & Aerial Tracking coverage, GMS will provide guidance regarding what action each Planholder needs to take. Please note that the OSRO issue may take several weeks to resolve. Therefore, you need to ensure that all other tasks (i.e. SMFF) are completed on schedule so that, when the OSRO issue is resolved, you can focus on it.

FINAL ACTIONS REQUIRED

Once GMS has confirmation from a Planholder's Providers that their SMFF, OSRO, Dispersant, & Aerial Tracking service contracts are properly in place, GMS will contact the Planholder (you) directly to advise that your NTVRP is ready for resubmission.

During this final stage of NTVRP Resubmission, GMS will provide a template NTVRP Certification Letter and a template SMFF Vetting Verification Letter for completion by the Planholder (you). Once you have returned those letters to GMS, we will be able to proceed with final submission of your NTVRP.

GMS NTVRP Template Approved by USCG

As mentioned in Client Advisory 18-13, GMS has created a new NTVRP template to reflect the differences between the previous NTVRP requirements and the Final Rule. We also streamlined content and improved usability. The new NTVRP Core includes sections pertaining to SMFF, OSRO, Dispersants, and Aerial Tracking requirements and an updated shoreside and shipboard training section. We are pleased to announce that the USCG has reviewed and pre-approved our new NTVRP template.

If you have any questions or concerns, please do not hesitate to contact us at info@chgms.com

END OF ADVISORY

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