

GRAIN LNG SHIP VETTING AND APPROVAL POLICY

(as defined in Annex M of the TERMINAL OPERATING PROCEDURES) (TOPS)

1.0 GENERAL

All LNG Tankers shall be subject to approval process by Grain LNG in accordance with the Terminal Operating Procedures (TOPS) Annex M.

- a) before the LNG tanker is first used at the terminal
- b) thereafter, if Approval of the LNG Tanker is withdrawn for any reason
- c) Notwithstanding that it may have approved an LNG Tanker, Grain LNG shall have the continuing right to carry out reviews of the vessel management procedures of the Tanker Operator and to inspect the LNG Tanker, on a reasonable periodic basis or where Grain LNG has reasonable grounds for carrying out such a review or inspection.

For the purposes of satisfying Grain LNG as to the competence of the Tanker Operator, Master, officers and crew, and the compliance of the LNG Tanker and the Tanker Operator with the requirements of the GTC's and with the standards required by Grain LNG for the safe, efficient and reliable operation of the Terminal and of LNG Tankers at the Terminal.

Shippers and LNG Tanker Operators shall ensure compliance with TOPS in all respects and as to the provision of information and access to the LNG Tanker, personnel and relevant safety management procedures on board the Tanker and/or at the Tanker Operator's offices as may be required.

Vetting shall be carried out in accordance with industry best practices as published by SIGTTO in "Ship Vetting and its Application to LNG" and inspections will be carried out in accordance with the OCIMF SIRE scheme requirements with particular emphasis on ship/shore interface by Grain LNG staff or appointed representatives using a proprietary appraisal format.

Any LNG ship nominated for approval to berth at Grain LNG Terminal is required to have a SIRE VIQ report dated within the 6 months prior to nomination available in the SIRE data base for Grain LNG download and use as an aid to preliminary assessment. All "first use" nominations must be made with sufficient notice to ensure that a full inspection can be carried out at least 30 days prior to the LNG Tanker's first arrival at Grain LNG Terminal.

Where the required VIQ is not available nomination is required with at least 60 days notice prior to intended first arrival of an LNG Tanker at Grain LNG in order to ensure that a full SIRE inspection can be carried out and any identified deficiencies corrected.

On subsequent arrivals, LNG tankers more than 15 years old are required to have a SIRE VIQ report dated within the previous 6 months available to Grain LNG for downloading. LNG Tankers less than 15 years old are required to have a SIRE VIQ report dated within the previous 12 months available to GLNG for downloading.

Where an updated VIQ is not available any Notice of Readiness to Discharge will not be accepted until a satisfactory VIQ report has been obtained or a full inspection and revalidation of Approval has been carried out.

2.0 HIGH RISK OBSERVATIONS

Grain LNG will assess as High Risk any comments or observations made in VIQ's or during inspection or observed in operations at Grain LNG Terminal to present a significant legislative, safety, security or pollution risk and including a significant contravention of Grain LNG's HSE expectations. Any of these observations by themselves, will normally make a vessel unacceptable for the Grain LNG Business and therefore result in withholding or withdrawal of Approval.

Listed below are those observations that would normally be assessed as high risk. Although the list is comprehensive, there may be other observations that are of sufficient gravity to be considered high risk, and similarly, an observation in the list might not necessarily warrant a high risk rating, although this would be exceptional. Deficiencies considered to be of a lower risk will be reported to the LNG Tanker Operator so that they may be addressed by the LNG Tanker Operator and granting of Approval may then be re-considered.

2.1) CERTIFICATION AND DOCUMENTATION

- An invalid or suspended International Ship Security Certificate
- Any trading certificate out of date, including periodical inspections not completed.
- CLC Certificate, if applicable, issued by a non-international P & I Club, or the Owner not as stated on the Certificate of Registry.
- A Safety Management Certificate not available, or the Safety Management Certificate or Document of Compliance not issued to the current managers.
- Out of Class, including Conditions of Class not having been completed on time, and Class periodical surveys not having been completed within the date range. This shall also include Conditions that have been deleted (Not completed) then re-issued as a new Condition of Class.
- Completely inadequate company operating instructions, regardless of ISM accreditation, and/or a lack of senior officer's adequate familiarity with them.
- Stability information either invalid or missing. Personnel unaware of, or unfamiliar with, operational restrictions on vessels with inherent stability problems, and/or a lack of adequate guidance available on board.

2.2) CREW MANAGEMENT

- Undermanned with respect to the Minimum Manning Certificate.
- Under qualified or inexperienced officers, or a dispensation issued for more than 6 months.
- Watchkeeping duties being carried out by an unqualified person.
- The Master having less than 2 years LNG/Refrigerated LPG experience, the Chief Officer or Chief Engineer less than 1 year.
- Clear evidence of incompetence amongst senior officers.
- Evidence of serious breach, repeated deficiencies or significant lack of understanding or implementation of the requirements of the International Ship and Port Security (ISPS) Code
- LNG Tankers not manned with at least 3 deck officers (including the Master).
- Significant English language communication difficulties with terminal personnel.

- Insufficient crew actually on board to handle cargo work, moorings, or emergencies.
- Any of the top 4 senior officers and or persons with direct responsibility for the cargo without the appropriate qualification, Dangerous Cargo Endorsement or experience.

2.3) NAVIGATION

- Significant concern over navigational procedures (i.e. very poor position fixing, a complete lack of attendance to navigational warnings, etc.).
- In-use voyage charts out of date and/or not fully corrected or a complete lack of a chart and publication management system.
- Complete absence of passage planning being carried out (pertinent passage planning information should be on the chart, as recommended in 'Bridge Team Management').
- Important navigational equipment inoperative (e.g. the only gyro, or all radars).

2.4) SAFETY MANAGEMENT

- TOPS requirements with respect to smoking restrictions not complied with.
- Significant non-compliance with Hot Work or Enclosed Space Entry permits and procedures.
- Use of non-intrinsically safe electrical equipment in gas hazardous areas (e.g. radios, torches, mobile telephones, pagers etc.).
- Flameproof electrical equipment in a poor or unsafe condition in gas hazardous areas.
- Lifeboat(s) or launching appliances inoperative.
- Maindeck, pumproom or engine room fixed fire-fighting systems inoperative.
- The vessel continuing to operate UMS with an inoperative engine room fire detection system.
- The emergency fire pump or emergency generator inoperative.
- Clear evidence that key personnel are unfamiliar with the operation of the fire fighting and/or main life-saving equipment on board.
- A significant number of ports and/or doors open during cargo operations.
- Cargo Tank entry without proper purging or approval from Terminal Representative.

2.5) POLLUTION PREVENTION

- Evidence (documented or otherwise) that the ship has contravened MARPOL with regard to the disposal of oily water mixtures (engine room operations).
- Contaminated segregated ballast tanks.
- An overboard discharge from the sludge pump, that does not go through the OWS.
- Scuppers inadequately plugged during bunkering operations.
- Clear infringements of MARPOL Annex V in the disposal of any garbage. (eg Burning of plastic in unsuitable incinerators, the mixing of plastic and food waste in overside dump cans).

2.6) STRUCTURAL CONDITION

- Any structural repair to tanks or to main weather decks carried out without the knowledge or approval of the Class Society.
- Any significant structural issues that warrant further investigation and which a Structures Superintendent would be better qualified to address.

2.7) CARGO AND BALLAST HANDLING

- Any Gas leaks readily apparent. (except in testing of manifold connections)
- Cargo lines in poor overall condition, including the existence of soft patches and cement boxes.
- No portable gas detection or oxygen analysing equipment on board, or all the equipment inoperative, or senior officers unfamiliar with the operation and maintenance of the gas testing equipment.
- Complete lack of cargo planning and/or procedures.
- On vessels that routinely have bunkers that contain H₂S and there is clear evidence that no instruction is given by the company with regard to H₂S precautions.
- The motor room (positive pressure) and/or compressor room (extraction) ventilation systems inoperative or incorrectly used.
- Poor maintenance of the seals between the Motor room and the Compressor room.
- Air Lock alarms inoperative.

2.8) MOORING

- An anchor missing.
- Moorings in overall poor condition.
- Splices in mooring wires and ropes in poor condition, or insufficient tucks.
- Ineffective management of moorings whilst alongside.

2.9). COMMUNICATIONS AND ELECTRONICS

- Unserviceable equipment rendering the vessel unable to communicate effectively.
- Emergency batteries unserviceable.

2.10) ENGINE ROOM AND STEERING GEAR

- Disabling the ship alongside without permission from the Port Authority.
- Defective steering gear.
- Insufficient officers familiar with emergency steering change-over procedures.
- A seriously defective main engine (limited power, etc.).
- One of two boilers not operational (excluding routine maintenance).
- Any critical safety device (e.g. steam turbine trips, crankcase oil-mist detector, boiler safety valves, fuel oil tank quick-closing valves), inoperative or disabled.
- Temporary repairs to engine room main sea water lines, or in a poor condition overall (i.e. significant hard rust apparent, particularly outboard of the ship's side valve).
- Significant engine room oil leaks which present a fire hazard.
- Significant bilge accumulations from leaking equipment.
- When vessel operating UMS, an oiler in the engine room alone at night.
- Deliberate acts to by-pass the Engine Room Oily Water Separator.

- Missing oil splash covers on Diesel Generators, unsheathed fuel lines and other equipment, which are required for safe UMS operations.
- Significant exhaust gas leaks into the Engine room.
- Significant or continued smoke emissions from the funnel. (Environment protection expectation)

2.11) GENERAL APPEARANCE AND CONDITION

- The overall appearance of the LNG Tanker or working spaces so poor that Grain LNG would not wish to be associated with it.