

REGISTRATION OF FLOATING GAS PROCESSING FACILITIES

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International Registries, Inc.

in affiliation with the Marshall Islands Maritime & Corporate Administrators

The Marshall Islands Registry
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WHO WE ARE

- International Registries, Inc. and its affiliates (IRI) provide administrative and technical support to the Republic of the Marshall Islands (RMI) Maritime and Corporate Registries.
- IRI provides a broad spectrum of services for the shipping and financial services industries.
- The RMI is a member of the International Maritime Organization (IMO), with delegations attending Committee and Sub-Committee meetings.
- The RMI Registry is the second largest registry in the world in terms of deadweight tons, and surpassed 145 million gross tons (GT) and 4,080 vessels under the RMI flag at the end of March 2017, including 170 gas carriers, three (3) FSRUs, and 193 mobile offshore units (MOUs).



POLITICAL STABILITY



Population:

73,376

Total Area:

500,000 sq. miles comprising 1,152 islands and islets

Government Type:

Sovereign nation; blend of United Kingdom (UK) parliamentary and United States (US) style of government

Capital:

Majuro



DECENTRALIZATION



LOCAL CAPABILITIES



- IRI has a dedicated IT network allowing each regional office direct access to the RMI corporate and maritime database.
- All IRI regional offices can register a vessel, including those under construction, record a mortgage or financing charter, and incorporate a company, allowing owners to conduct closings during normal business hours.
- Offices can provide interpretations of IMO requirements.

HOW CAN REGISTRATION BE DONE?



- Must be held by an RMI business entity or qualified foreign maritime entity (FME)
- Vessels should be under 20 years of age
- Clear and simple procedure
- All applications / mortgages in English
- Competitive fees
- Professional and efficient service
- The Provisional Certificate of Registry is issued at the time of closing and valid for 12 months



TYPES OF FLOATING LNG FACILITIES

May include:

- Floating liquefaction units (with or without storage) (FLNGs)
- Floating storage and regasification units (FSRUs)
- Floating regasification units (FRUs)
- Floating storage units (FSUs)

Some such units are already surveyed and certificated in accordance with the International Convention for the Safety of Life at Sea (SOLAS):

- FSRUs suitable for international trading
- FLNG conversions from existing liquefied natural gas (LNG) carriers
- FSUs consisting of older LNG carriers no longer in active trade



CURRENT PRACTICE

- Some floating LNG facilities are flagged for the entirety of their service life while others are only flagged for the voyage from shipyard to operating location.
- Once on location, facilities fall under the jurisdiction of the coastal State in whose waters they are located, and they must meet all local requirements.
- Some large facilities owned by oil majors are balance sheet financed and self-insured by the owners.
- The first generation units tend to remain on station for extended periods.



REASONS TO REGISTER

- **Relocation and Reuse:** The service life of an LNG unit may exceed field or project life, necessitating relocation. Registration with internationally recognized certificates may facilitate coastal State acceptance.
- **Financing:** Registration allows recording of a First Preferred Ship Mortgage.
- **Insurance Coverage:** Registration provides access to a marine market with underwriters familiar with risk profiles. The Convention on Limitation of Liability for Maritime Claims applies.
- **Import Duties:** A foreign built floating LNG facility registered as a unit on time charter would typically be eligible for a duty waiver.



SOLAS AND IMO CODES

- Applicable to self-propelled vessels over 500 GT engaged in international trade.
- The Preamble to the International Code for the Construction and Equipment of Ships Carrying Liquefied Gases in Bulk (IGC Code), 2016 indicates that “*Floating production, storage and offloading (FPSO) facilities which are designed to handle liquefied gases in bulk, do not fall under the IGC Code.*”



SOLAS AND IMO CODES (continued)

HOWEVER;

- *“Designers of such units may consider using the IGC Code to the extent that the Code provides the most appropriate risk mitigation measure for the operations the unit is to perform.”*

AND,

- Section 1.1.10 of the IGC Code allows administrations to implement provisions of the IGC Code applicable to the proposed arrangements on ships *“...intended to operate for periods at a fixed location in a... liquefaction... mode...”*



SOLAS AND IMO CODES (continued)

Code for the Construction and Equipment of Mobile Offshore Drilling Units (MODU Code)

- A MODU or MOU is “a vessel capable of engaging in...exploitation of resources beneath the seabed such as... gaseous hydrocarbons...” (Section 1.3.40 MODU Code)
- A “surface unit is a unit with a ship- or barge-type displacement hull... intended for operation in the floating condition. (Section 1.3.54 MODU Code)
- The MODU Code allows the administration to establish equivalents provided it is at least as effective as the MODU Code (Section 1.5 MODU Code).



RMI APPROACH TO LNG UNIT REGISTRATION

- Cooperate with owners/operators, Classification Societies (Class), coastal administrations, and other stakeholders to ensure a common understanding of, and agreement upon, the defining characteristics of the project and develop an effective project-specific regulatory approach.
- Apply the most appropriate standards addressing the project specific risks, resulting in effective and efficient project execution, while ensuring protection of the unit, the environment in which it works, and the personnel serving on it.
- Work closely with its Recognized Organizations (ROs), leveraging their rules and standards to efficiently implement the agreed approach.



THE MODU CODE - MORE APPROPRIATE?

- Except for the detail of the industrial processing unit (e.g., gas versus liquid hydrocarbon), LNG processing units share many aspects of FPSOs or other MOUs.
- Some specific areas that are potentially better addressed under the MODU Code include:
 - Helideck location and design
 - Life-saving arrangements
 - Structural fire protection
 - Location of machinery
 - Design loads based upon local environmental conditions
 - Underwater Inspection in Lieu of Drydocking Survey (UWILD)



APPLICATION OF THE IGC CODE

- Certain aspects of LNG units (e.g., those specific to LNG operations) are not fully addressed by the application of the MODU Code and, as such, consideration would be given to the application of parts of the IGC Code.
- Through the consultation process with all stakeholders, the following areas of the IGC Code would typically be considered for application:
 - Materials of construction
 - Safety systems
 - Fire protection operational procedures
 - Other areas of the IGC Code, depending upon the unit design and intended operation, possibly:
 - Containment system design
 - Arrangements
 - Collision damage protection



RMI MOBILE OFFSHORE UNIT STANDARDS (MI-293)

- Explicitly adopts the MODU Code as the base standard for all MOUs registered under the RMI flag.
- Recognizes that the MODU Code may be properly applied to MOUs other than those involved in drilling activities. This has included units involved in production, accommodation, and construction activities.
- As part of the continual improvement and update of the MI-293, additional service areas have been added, including a section addressing the relevant areas to be considered when applying the standards to LNG processing units.



MODU CODE VS. IGC CODE

- **The MODU Code provides greater flexibility**
- Location of machinery (IGC Code Section 3.2.1)
- Design loads based upon local environmental conditions (MODU Code Section 2.3)
- UWILD (MODU Code Section 1.6.2.5)



SUMMARY

- The RMI has revised its national standards to implement relevant international regulations for floating gas processing units applying the MODU Code and the IGC Code.
- The RMI will issue MODU Code certificates to floating gas processing units based upon national regulations and Class Rules or Guidelines applicable to these vessels.



THANK YOU



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