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In This Issue

- President's Message - By Ken Wells
- TWIC Update: A Victory for OMSA Members
- Offshore Personnel Transfer Update
- USCG Opens REC West Virginia
- Medical Waiver Guidelines Published
- New Medical Review Staff
- Pay Coast Guard REC Users Fees Online
- Ballast Water, EPA Clean Water Update
- Customs, Proposed Passport Requirements
- Engine Exhaust, EPA Clean Air Act
- Methanol Cariage Update
- OMSA Comments on MARAD Launch BARGE Rules
- Upcomming OMSA Events
 - Houston Golf
 - Houston Membership Meeting
 - OMSA Legal Seminar
 - Christmas Dinner Dance

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Mark Your Calendars

OMSA Membership Meeting
South Shore Harbour Conference Center
League City, Texas
October 24th



President's Message:

By Ken Wells

We have some extremely good news to share with you this month. It concerns Congress's passage of the SAFE Ports Bill in the final hours before it went home for the election recess.

That bill contained a number of provisions that OMSA was actively involved in supporting. Specifically, the bill contained the following:

- ✓ Offshore Security Zone – The Coast Guard will have 180 days to finalize regulations requiring foreign vessels on the Outer Continental Shelf to file Notice of Arrival and other information. That short description doesn't do justice to the importance of this provision. OMSA members were the first to point out to Congress and the agencies that foreign vessels frequently go to work in America's offshore oil and gas sector without ever being required to report basic security information, like who is on board, who owns the vessel, what work they are performing or whether they comply with basic international security requirements. This information is required if those foreign vessels come into a U.S. port, but the same vessels could avoid reporting this information if they went straight to work offshore without calling on a port. With this law change, Congress helped close that potentially dangerous loophole.
- ✓ TWIC Cards – Congress directed the Department of Homeland Security to make substantial changes to the proposal for Transportation Worker Identification Credentials (TWIC). The most important change for OMSA members will allow newly hired crewmembers to undergo an "instant" security check and receive a temporary TWIC that allows them to get to work while a more thorough background check is performed. This is a substantial improvement and one that OMSA worked closely with members of Congress to accomplish. The bill also requires a pilot project to test TWIC fingerprint readers before they are required for vessels and facilities. It also allows the Coast Guard to not require certain vessels to have the cardreaders if they have less than a certain number of crewmembers. These are substantial changes that should make the controversial program workable for OMSA members.
- ✓ Arctic Drilling Provision – Shell Oil wants to drill for oil in the Beaufort and Chukchi Seas near the Arctic Circle. The problem is that there are no U.S. flag vessels available and the cost of building vessels is too high to justify construction until test wells are drilled. Congress struck a compromise that will allow Shell Oil to explore for oil using some foreign support vessels and then require them to build U.S. vessels if they find recoverable hydrocarbons and want to continue the project. OMSA was directly involved in negotiating with Shell and, in the end, being able to approach Congress with a joint proposal on behalf of U.S. vessel operators and Shell. It is an exciting project that could open up an entirely new area to Jones Act vessels.

A large part of the thanks for this should properly go to lawmakers from Louisiana and Mississippi. In the Senate, David Vitter and Trent Lott were actively involved in crafting the legislation that was inserted into the Port Bill. Senator Mary Landrieu was also very helpful. In



the House, the Louisiana delegation was very active in making sure these provisions were in the Bill. In particular, Congressman Charles Boustany helped as a member of the Transportation Subcommittee on the Coast Guard, Congressman Bobby Jindal was very effective on the Homeland Security Committee and Congressman Charles Melancon was a member of the Conference Committee that ultimately put the final bill together. Congressman Gene Taylor of Mississippi continues to be one of the most vocal supporters of Jones Act initiatives in the House.

At the start of the year, OMSA was warned that this would be a particularly difficult year to pass legislation in Congress. In the end, our industry was very fortunate and had the help of a lot of friends in both the House and Senate.

TWIC Update: A Victory for OMSA Members

As noted in the President's Report, Congress substantially changed the Transportation Worker Identification Credential (TWIC) requirements. Now the Coast Guard and Transportation Security Administration must incorporate those changes into a final rule. Congress has mandated that the final regulations be issued by January 1, 2007.

It is difficult to determine what the final rules will say in terms of how the TWIC cards will be issued and when they will be required. This much appears to be certain:

- For the time-being there will be no requirement for fingerprint readers at facilities or vessels. That will be addressed in some future rulemaking after testing and the opportunity for public comments.
- New workers will have the chance to undergo a quick background check when they apply for a TWIC and leave with a temporary TWIC card that allows them to work while a more thorough background check is done.
- Mariners will be allowed to apply for both the TWIC card and a Merchant Mariners Document (MMD) at the same time and have them processed simultaneously, reducing the potential delay in receiving the cards.
- The list of criminal offenses that could disqualify a worker is likely to be less restrictive than the original proposal. Crimes like treason, espionage and sedition will automatically disqualify an applicant for a TWIC, but the Coast Guard has more latitude to allow people with offenses that don't have a direct connection to terrorism to work if they are deemed to not be a threat in the workplace.

The maritime industry as a whole can take credit for making the program more flexible and reasonable. More than 700 comments were filed to the docket opposing the initial TWIC plan. Most of those comments came from the maritime industry and a substantial number came from OMSA members.

Now the industry can only wait to see what the final program looks like.



Offshore Personnel Transfer Update

An OMSA committee has been working diligently all year to address concerns over personnel transfer injuries. Now it is ready to share some of its efforts. The committee is finalizing draft recommended practices for safe personnel basket transfers. This report will be shared with the OMSA safety committee at its upcoming meeting in Houston. This is a first step towards raising the industry's and its customers' awareness of safety measures that can reduce these incidents.

The second step that the committee has taken is to ask for baseline accident statistics on these accidents and near misses. A survey form was sent to all vessel operators requesting that they collect data over a two-week period. Results of the surveys are being collected and the data will be analyzed and used to develop an estimate of annual basket transfers. Members who have not returned the survey are reminded to send it back to OMSA as soon as possible.

USCG Licensing Makes Move to West Virginia

The Coast Guard has opened its Regional Exam Center in Martinsburg, West Virginia. This is the first step in the complete reorganization of the mariner licensing and documentation system. The goal of the Coast Guard is to create a processing center that can take advantage of production line like efficiencies. The office is currently handling only those files submitted through the REC in New Orleans. The office began operations in mid September. OMSA will track their progress and let members know how things are shaping up.

On September 29, OMSA members Grady Cable of Otto Candies and Charlie Portier of Tidewater, as well as Vice President Ken Parris went to West Virginia to tour the new facility. According to Mr. Parris, the Coast Guard appears to be making all the right moves in setting up the facility in West Virginia. When it is fully staffed the office will have more evaluators in place than all the REC's together have now. When combined with production line type efficiencies and specialized teams that will process sections of the application, the system should be able to significantly reduce processing time. The group will give a full report at the upcoming OMSA meeting.

Medical Waiver Guidelines Published

This month the Coast Guard released its draft policy titled "Medical and Physical Evaluation Guidelines for Merchant Mariner Credentials" for public review and comment. This policy will replace the current policy NVIC 2-98 "Physical Evaluation Guidelines for Merchant Mariner's Documents and Licenses."



The medical review policy is in the form of a draft Navigation Vessel Inspection Circular (NVIC). The NVIC and comments on it can be retrieved from the DOT Docket Management website through the link below.

<http://dms.dot.gov/search/searchFormSimple.cfm> Enter docket number 25080.

Members are encouraged to review the draft NVIC and submit comments to the docket. Initial review of the NVIC indicates that its detailed instructions to medical providers may result in additional mariners requiring medical waivers. Reviewers should examine the proposed NVIC and consider any effect it may have on current or future mariners who may currently require a medical waiver and those not currently be required to request a medical waiver from the Coast Guard but might need to in the future due to this NVIC. Comments are due by November 25, 2006. If you have any questions contact Ken Parris of the OMSA staff at (504) 734-7622.

New Medical Review Staff

The Coast Guard has created a staff at the new REC to review mariner medical waiver requests. Previously medical waivers were reviewed by a single part-time doctor. The new staff will consist of one doctor, two physician's assistants, two medical paperwork experts and two clerical staff. Industry is looking forward to this increased staff which should significantly reduce the time required to review a medical waiver request. Unfortunately, on the other side of the coin is a new requirement that persons licensed as a vessel pilot must now submit an annual physical to this office for review. This increase in paperwork may eliminate some of the efficiencies created by the larger staff.

Pay Coast Guard REC Users Fees Online

One significant positive change in the mariner credentialing process is the ability to pay licensing user fees online at www.pay.gov. On the left side of the page is a link to search by agency. Click on that and go to U for U.S. Coast Guard. The Merchant Mariner User Fee payment page can be used to pay user fees online instead of sending a check or credit card slip to the Coast Guard.

Ballast Water, EPA Clean Water Act Update

A change in the way the EPA regulates ballast water could create problems for OMSA members and other vessel operators. Ballast water and other vessel discharges, such as wastewater discharges known as grey water, have been exempted from the Clean Water Act in the past, meaning that vessels were not required to receive permits from the EPA.



However, a Federal Court in California has ruled that the EPA does not have the authority to exempt vessel discharges and shall issue regulations controlling these releases under the

Clean Water Act. Potentially, this could mean that all vessels may be required to obtain permits or that the EPA may write a blanket permit, similar to the kind used by offshore oil and gas facilities. By the same token, it may also allow states to block vessel discharges in their waters or even open vessel operators to private lawsuits. Following this ruling California has passed legislation requiring the state lands commission to adopt ballast water control regulations by 2008 with the goal of zero discharge of pollutants by 2020. OMSA will monitor the issue closely and keep the membership informed.

Customs, Proposed Passport Requirements

The administration has been working on plans to require passports or other approved citizenship documentation and identification for U.S. citizens traveling between America and foreign locations in the western hemisphere. While this requirement is aimed at travelers to Mexico and Canada, there is a potential that the new rules might apply to vessel crews and oilfield workers traveling to some offshore facilities and vessels. If these offshore facilities are not attached to the seabed or engaged in exploration, development or production, it is possible that the passport requirement could apply. In other words, there was a strong chance that offshore vessel crew members would need passports just to go to some offshore facilities.

OMSA had written comments to stress that the requirements should not be applied to trips offshore that take place within the 200-mile Exclusive Economic Zone controlled by the U.S. It is difficult to say how the agency might have interpreted the rule offshore.

Fortunately, before recessing, Congress passed a provision that delays any passport requirement for Americans traveling in the western hemisphere by vessel until at least 2009.

The situation is much murkier however for offshore workers who travel by helicopter. As of now the requirement will go into effect for air travelers January 8, 2007. A final rule should be released by the end of the year explaining how the requirement will be interpreted.

Engine Exhaust Emissions, EPA Clean Air Act

The EPA is preparing regulations for the next round of exhaust emissions controls for vessels. In preparation the EPA has been holding a series of teleconferences with OMSA member vessel operators, designers and engine manufacturers to brief industry on their goals and to develop a better understanding of the offshore vessel industry.

As the air pollutants from land based sources is reduced through current regulatory approaches the relative contribution of pollution from marine based sources is expected to



increase. Because EPA is under a mandate to reduce air pollutants from marine sources they are holding a series of teleconferences with various segments of the marine industry to best

ascertain how to accomplish this goal. OMSA members are participating to ensure that any decisions EPA makes take into account the unique operating characteristics of the offshore industry.

Methanol Carriage Update

On January 1, 2007 the International Maritime Organization (IMO) is reclassifying methanol and a number of drilling fluids as a Noxious Liquid Substance (NLS) requiring carriage in protected locations (double-hull tanks).

Coast Guard staff has indicated to OMSA that since the changes to MARPOL Annex II apply to vessels in international trade it should not apply to vessels trading solely on domestic routes. As for vessels working from foreign locations the Coast Guard tells OMSA that they will leave compliance and enforcement issues to the port state. OMSA members are advised to make discrete inquiries to the appropriate port state officials in determining any possible enforcement actions.

OMSA Comments on MARAD Launch Barge Rules

In the August 15th Federal Register, MARAD re-opened the comment period until October 16th, saying it was acting at the request of one member of the public's comments that the period be re-opened to consider additional information. In addition to the Association's initial comments to the docket, OMSA submitted additional comments to the docket in support of U.S vessel operators. OMSA expects to sign on to more detailed comments that will be presented by a coalition of vessel operators and shipyards. To view all comments to the docket, go to [www.http://dms.dot.gov](http://dms.dot.gov), click on "simple search" and enter the docket number: 22050.



Upcoming Events:

OMSA Houston Golf Tournament - Monday, October 23, 2006

The fall golf tournament will be held at South Shore Harbour Country Club on Monday, October 23, 2006 at 4300 South Shore Boulevard, League City, Texas (Houston area)

<http://sshcc.com>. This is a new location for OMSA and the Association is excited about the course.

For registration information, contact OMSA at 504-734-7622.

OMSA Quarterly Meeting - Tuesday, October 24, 2006

Our fall meeting will be held at the South Shore Harbour Conference Center at 2500 South Shore Boulevard, League City, Texas (Houston area) www.sshr.com. This will be an informative and important meeting. One of the most asked questions concerning Gulf of Mexico activities has been "how long will it last?" Our guest speaker Jeff Tillery of Pickering Energy Partners should be able to provide some answers. We will also welcome the Commander of the Eighth Coast Guard District, Admiral Joel Whitehead to discuss changes within the Coast Guard. Finally the Human Resources Committee will hold an extended discussion on crewing problems and the role that OMSA may play in addressing that crisis.

For registration information contact OMSA at 504-734-7622.

OMSA Legal Seminar – November 16th

The OMSA legal forum has been given 5.75 CLE credits for Texas and Louisiana and a request for Louisiana insurance continuing education credits is pending. The legal forum is scheduled for Thursday, November 16 at the Courtyard Marriott New Orleans Convention Center.

Speakers will brief the industry on new developments on Jones Act and other injury claims, Master Service Agreements and pitfalls of defending a marine case. The forum will be an all day session, followed by a reception that night at Lucy's Retired Surfer Bar, a renowned New Orleans watering hole.

Contact a member of the OMSA staff for registration forms at (504) 734-7622 or email lillie@offshoremarine.org. The cost is \$150 per participant for the forum and reception. If you would like to invite guests to the reception they can be included for an additional \$75 per person. The Courtyard Marriott is holding a limited number of rooms for participants on the nights of November 15 and 16. To reserve a room, call the hotel at 504-598-9898 and ask for the OMSA rate. The cutoff date for rooms is October 27th. There are a number of other conventions in New Orleans at that time, so book early!

OMSA Christmas Dinner Dance - Friday, December 8, 2006

Mark your calendars. The annual Christmas dinner dance will return to the Hilton New Orleans Riverside. The Hilton is offering a special room rate of \$139 for participants. For reservations call (504) 584-3999.



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