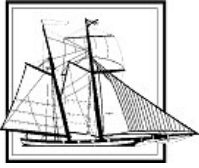
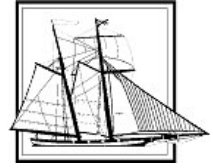


GALLAGHER MARINE SYSTEMS, LLC



THE CLIPPER



2008, 4TH QUARTER

MESSAGE FROM THE PRESIDENT

I am pleased to present this latest edition of our newsletter, The Clipper, which includes introductions to several members of our expanding staff, details of our upcoming move to new and larger offices, and discussions of two regulatory issues of current importance.

The regulatory update provides advice on the National Pollution Discharge Elimination System (NPDES) and Vessel General Permit, a new requirement which takes effect on 19 December 2008. In addition, we discuss a change in USCG regulatory enforcement affecting VRP and NTVRP approvals for vessels calling or transiting remote areas with limited or no availability of OSRO coverage. Many clients have been impacted by the change in USCG enforcement, having received re-issued VRP/NTVRP Approval/Interim Authorization letters that no longer include approval for Alaska, Guam, American Samoa and other remote areas.

In this Clipper we profile four newer members of our skilled and committed team: Plans Coordinators Ms. Erin Tomaino and Ms. Elaine Chiu; our Technical Services Director Mr. Jeff Phelps, and our Response Manager, Mr. Jason Maddox.

In Memoriam: we remember and honor the lives of Mr. Neo Takeda, my good friend and colleague, who passed away in August and Mr. David R. Stith, a well-known salvor and long-time friend, who passed away in July.

As a reminder, our annual London Symposium will be held on 8 December at the RAF Club. We have a strong group of presenters who, I am confident, will provide you with information that is both substantive and timely. We look forward to seeing you there.

Sincerely,
David C. Barry

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IN MEMORIAM

This newsletter is dedicated to the memory of Mr. Naoki Takeda and Mr. David Stith. Both gentlemen passed away this summer. Mr. Takeda and Mr. Stith will be truly missed by the Gallagher Marine Systems family.

Mr. Takeda was an integral member of GMS Japan, LLC and helped provide regulatory support to Far East clients making port calls to the United States. He had a career as an Executive in the Chemical Products Industry and provided a unique perspective on the shipping industry. Mr. Takeda was a member of Japan's 1964 Olympic Field Hockey Team. In his free time, he enjoyed the sport of golf as well as preparing gourmet and Japanese dishes. His service and leadership in the industry will continue to benefit all of us in the years to come. He is survived by his wife, Norika, one son, two daughters, and three grandchildren.

Mr. David Stith was a long time friend of Gallagher Marine Systems. He was a "renowned underwater dive expert, space program consultant and founding member of the Underwater Society of America." Mr. Stith saw combat in World War II and was a Navy hardhat diver. A longtime friend of Jacques Cousteau, David contributed extensively to the growth and development of the commercial diving and salvage industry. He is survived by his wife, Beatrice, one son, three daughters, 17 grandchildren, and 6 great-grandchildren.



PLANS DEPARTMENT

Nontank VRP Requirements NOW Enforced by USCG

On 22 August 2008, the USCG began enforcing the NTVRP regulations. Vessels calling U.S. ports MUST have a NTVRP on file with Coast Guard headquarters and onboard the ship. The vessel must also have an Interim Operating Authorization (IOA) letter listing the Captain Of The Port (COTP) zone or zones that the vessel will be calling. (Please see GMS Client Advisories 2-08 and 5-08 on this subject.)

Local Coast Guard officials will impose operational restrictions on any vessel calling a port without a submitted plan. Coast Guard officials may impose operational restrictions on vessels that have a plan and IOA letter, but are calling a port that isn't listed as approved on their IOA letter.

If a plan has been submitted for a vessel and a Submission Receipt has been issued by Coast Guard headquarters, but the IOA letter has not yet been issued, local Coast Guard officials in select ports have imposed less severe operational restrictions. To date this has been limited to a requirement to provide evidence to USCG Sector that: OSRO and Salvage resources are available through contract, drills (QI and emergency procedures) have been conducted, and QI contact details have been communicated to the COTP zone.

Coast Guard headquarters requires 30 days to review a vessel addition and issue an IOA letter. In addition to the 30 days that the Coast Guard needs, our office needs a few days to process the vessel addition and send it to them. Given these new developments, please be sure to send vessel additions to GMS more than 30 days before the vessel's first call to the U.S.

Tank and Nontank Vessels Calling Alaska and Guam

Operators are already aware that the US Coast Guard (USCG) requires response resources to be in place by contract or other approved means when a vessel calls the US. Examples of these resources are QI, SMT, OSRO, and Salvage companies. For most of the COTP zones in the US, the USCG accepts the plan certification statement provided by the planholder as proof that the required resources are in place. However, the USCG now requires planholders to submit proof that a contract is in place with the necessary OSRO resources in the Alaska and Guam COTP zones. The USCG will not approve any vessel (tank or Nontank) to call Alaska or Guam unless proof of coverage by an approved OSRO has been submitted to them. The USCG is also issuing new Interim Operating Authorization (IOA) letters with Alaska and Guam removed as approved zones upon expiration of an IOA letter or upon a vessel addition or substantial change to an existing plan. The USCG is in the process of removing Alaska and Guam as approved zones from all tanker VRP approval letters on the same basis.

If you have a tank or Nontank vessel calling Alaska or Guam, you will need to obtain a contract with the specific OSRO that is approved for the region. Also, there are additional requirements that must be met for tank vessels calling areas in Alaska other than Cook Inlet (see Alternate Compliance article below). The cost of obtaining OSRO coverage for these areas is expensive and perhaps prohibitive, and the capability/resources made available through contract is limited. As a result, many companies have been obtaining the OSRO coverage (and thus the COTP zone approval) only when their vessels are scheduled to call these areas. Additionally, the USCG is also requiring vessels transiting US waters of these remote areas to obtain OSRO coverage if in transit to/from a US port. To date there has been no enforcement of this requirement, but we understand that this may change in the near future starting with vessels using the Great Circle route transiting Unimak Pass in the Aleutians.

It is important to note that it can take some time to obtain the proper OSRO coverage, submit the proof of coverage to the USCG, and obtain the new COTP zone approval. As such, it is important that action is taken as soon as you learn that your vessel will be calling Alaska, Guam, or other remote US territories. GMS can assist with obtaining the necessary OSRO coverage and sending in the proof of OSRO coverage to the USCG.

Tanker Alternative Compliance in Alaska

There are unique challenges to oil spill preparedness in Alaska. Related to the information above, the requirements for proof of OSRO coverage in Alaska is more extensive for tank vessels. In addition to a contract with specific OSROs, the planholder must also provide a detailed list of additional response measures to mitigate the absence or limitations on resources available to meet USCG OSRO Planning Standards. Because of these requirements, the USCG is evaluating each Tanker port call in Alaska on a case-by-case basis. For vessels without an Alaska approval, the USCG has imposed the same requirements and if approved, will issue the vessel a one time waiver for that Captain of the Port Zone in Alaska. The USCG will only issue a one-time waiver for an individual Captain of the Port Zone once. As a result, the vessel will be prevented from calling that same Captain of the Port Zone again without a Plan approval for the COTP zone.

The USCG is advising planholders to apply for an Alternative Compliance approval to avoid these kind of situations. However, the response measures to obtain approval for Alternative Compliance (AC) in Alaska (Continued on page 3)



Tanker Alternative Compliance in Alaska *(continued from page 2)*

has not been agreed upon internally by the USCG and therefore approval of an AC submittal is not automatic. The USCG published timeframe provides 90 days to review AC requests. To date, we do not know of any Alternative Compliance approvals that have been issued. We are working closely with USCG to resolve this matter.

Please contact Kate Gribbin with any Plans related questions. kgribbin@chgms.com

****Please notify us IMMEDIATELY if a charter agreement is accepted for a tank vessel going to Alaska.****

CHANGES TO THE CLEAN WATER ACT

National Pollution Discharge Elimination System (NPDES) and the Vessel General Permit (VGP)

The US Clean Water Act of 1973 says in part, "...discharge of a pollutant is generally prohibited without a permit..." However, in one section of the implementing regulations (40 CFR 122.3), the US Environmental Protection Agency (EPA) excluded "discharges incidental to the normal operation of a vessel" while operating as a means of transportation. The EPA has been ordered by a U.S. federal court case to place those operational discharge requirements into the regulations.

To meet these new requirements, the EPA released a proposed Vessel General Permit (VGP). The final version of the VGP is scheduled for release by 19 December 2008, which is also the permit's effective date.

The VGP sets 5 effluent limit requirements applicable to all commercial vessels (other than fishing vessels) greater than 79 feet in length, 300 gross tons or greater, or capable of discharging 8 or more cubic meters of ballast water with:

Material Storage	Toxic and Hazardous Materials	Fuel Spills and Overflow
Discharges of Oily and Oily Mixtures	Compliance with other Regulations and Statutes.	

The VGP identifies and regulates 28 specific discharge types that are "incidental to the operation of a vessel". Many of these effluents, such as oil, bilge water and ballast water discharges, are already regulated and current management practices will likely need little change to be compliant.

GMS is offering a "turn-key" compliance system that, if followed, will help vessels comply with the proposed VGP. This system will contain an overview of the permit requirements, instructions on managing the program, forms for conducting and recording the required inspections and training, corrective actions, and reports. Once the final VGP is released, GMS will, as needed, update the compliance system. Additionally, GMS will file the appropriate Notice of Intent (NOI) or Notice of Termination (NOT), which are required for all vessels 300 gross tons or greater, or capable of discharging 8 or more cubic meters of ballast water, on your behalf. **Please address any questions to Mr. Jeff Phelps at: jphelps@chgms.com**

DRILLS & TRAINING DEPARTMENT

The Drills and Training Department has completed another successful series of Table Top Exercises (TTX) and four Training Seminars throughout Europe and in Singapore; all of which assisted operators in achieving OPA '90 compliance in the United States. On July 24, 2008 GMS conducted a Training Seminar and our First Annual Golf Outing in Atlantic City, New Jersey. Considering Gallagher Marine Systems' close proximity to Atlantic City, many GMS employees were able to attend and meet with planholders. During the Training Seminar, GMS had several guest speakers from various organizations such as USCG Headquarters, Dewey & LeBoeuf, LLP, MTI Media Consultants, National Oceanographic & Atmospheric Administration (NOAA), New Jersey Department of Environmental Protection, and Delaware Bay & River Cooperative (DBRC).

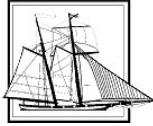
The State of California now requires GMS to send a written request for a TTX with a planholder 30 days in advance of the drill date. Therefore, all clients holding a CA Plan must book drills 30 days in advance. If you are a NTVRP and/or California NT Plan Holder you may comply by either conducting a Table Top Exercise or by attending one our Focus Training Seminars. Please consider scheduling a Table Top Exercise or attending a Seminar as per the following schedule:

Mid-November: Table Top Exercises in Denmark

December 8/9: London Symposium and Focus Training Seminar

Please note that if you currently hold a Federal and/or California VRP you must conduct a Table Top Exercise before the end of 2008 to remain in compliance. To schedule a Table Top Exercise or make reservations to attend one of the Seminars, please contact the Drills & Training Department by writing to info@chgms.com or kperry@chgms.com.

****Be advised that GMS will be unable to accommodate a Table Top Exercise after 19 December 2008. Therefore, all plan-holders are strongly encouraged to begin scheduling for a drill ASAP.****



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Recently
Updated!

FULL-SERVICE TECHNICAL SUPPORT FOR THE INTERNATIONAL MARITIME AND PETROLEUM INDUSTRIES.

WE'RE MOVING!

Gallagher Marine Systems will be moving to a larger office space. Our company has been growing in order to meet the needs of our clients. As a result of the growth, we are running out of space in our current location. The move will happen during the first Quarter of 2009, although the exact date is unknown at this time.

All GMS phone numbers, including the 24-hour QI line, will remain the same. Our address will change slightly, but we will continue to operate in the same office complex.

An official notice will be provided to all clients and interested agencies with the exact move date and the new address. In addition, a notice will be posted on our website: www.gallaghermarine.com. The new office space will allow us to service our clients more efficiently and effectively. Feel free to come by for a visit.

GMS STAFF SPOTLIGHT

Erin Tomaino

Mrs. Tomaino joined the GMS team as a Plans Coordinator in November of 2006. She takes pride in providing clients with timely service in a professionally warm manner. Erin earned her Associate's Degree from the Global Impact Leadership School in 2006 and has also participated in several humanitarian effort groups to communities in Haiti, Dominican Republic, United Kingdom, and Ukraine. Her experiences have provided many skills that have been useful while here at GMS. Erin is married and has two sons. Her family is very involved in their church community and outreach programs to the needy.

Elaine Chiu

Ms. Chiu started with GMS in May of 2007 as a Plans Coordinator. Her undergraduate degrees in Criminal Justice and experience as an internist at the Philadelphia District Attorney's Office provide Ms. Chiu with an understanding of regulatory language and compliance. She is also bi-lingual, speaking English and Cantonese. Elaine enjoys the family atmosphere at GMS and the ability to gain some experience in the maritime industry. She celebrated her wedding over the summer and is settling in to married life.

Jeff Phelps

Mr. Phelps joined the Technical Services Department as a Senior Technical Consultant in December of 2007. He responds to client's technical queries, conducts ISM, ISO, and Environmental Audits, develops Environmental Compliance Programs, attends vessels during USCG inspections, and conducts vessel pre-purchase inspections. Before coming to GMS, Jeff served in the U.S. Coast Guard for 26 years and in the IT, Logistics, and Commercial Shipping industries for 10 years. He enjoys home improvement and remodeling, laying floor tile, and long motorcycle rides. Mr. Phelps has two children, a daughter who is serving in the U.S. Coast Guard and a son who is a U.S. Marine.

Jason Maddox

Mr. Maddox started with GMS in March of 2008 as the Response Manager. In that capacity, he splits his time between Drills & Training and managing the GMS QI/SMT Response Network. Jason has an undergraduate degree in Geology from Western Washington University in Bellingham, WA and served for 20 years as a Commissioned NOAA Corps Officer. One of his assignments was as the NOAA Scientific Support Coordinator for the Great Lakes and Inland Rivers. After retiring, Mr. Maddox worked as a civilian for the USCG's National Strike Force Coordination Center in Elizabeth City, NC. Jason has been married for 20 years, has 2 sons, and 8 grandchildren.