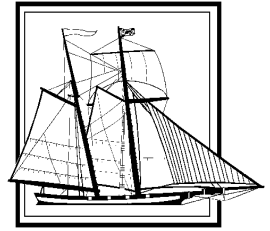


THE CLIPPER

Corbett & Holt LLC, Gallagher Marine Systems Inc., Marispond Inc.

... Full-service technical support to the international maritime industry.



A MESSAGE FROM THE PRESIDENT...

It has been over a year since our last Clipper was published, a hiatus which I can assure you was not by design. The intervening period has been perhaps the busiest in our history, and has provided many interesting and complex challenges to our team. We have met these challenges successfully through diligence, dedication and plain hard work and we have emerged stronger than ever.

We have welcomed many new clients from the dry cargo sector, now regulated under OPA-90. As a result, our Plans Department managed an unprecedented effort over the past year, continuing its high level of service to our existing clients while assisting our new clients in navigating the labyrinth of US requirements. The NT-VRP workload alone, from April through early August 2005, was a seven-days-a week, non-stop effort and brought back memories (both fond and frantic) of the early days of OPA-90 compliance.

Throughout last year and to date, our Spill Management Team (SMT) has also been extraordinarily active, having managed multiple spill incidents in diverse environments, each with its own unique set of problems and solutions. Perhaps most noteworthy was a major vessel casualty/spill response in one of Alaska's most hostile environments, Dutch Harbor. In that effort, we were on-site for nine months in 2005 and returned in May 2006 to bring the project to a conclusion satisfactory to all parties.

To fully meet the needs of our expanding clientele we have responded by adding staff, expanding our offices, and enlarging our other capabilities to insure that we continue to provide the highest quality of service in every area of endeavor. One key example is GMS Japan, our newest overseas representatives located in Tokyo, established in 2005 to provide direct, knowledgeable and experienced support and assistance to our many clients in Japan and throughout Asia. GMS Japan coordinates all services necessary for client compliance with US and Canadian requirements. Technical Services is another area in which we have added new capabilities in an effort to provide the most comprehensive compliance services to our clients; most recently we announced our "WayPoints" program, under which we provide Port Captaincy and other vital vessel services world-wide.

With sadness, I must also announce the unexpected departure of Capt. Jack Coyle. At the same time, I am pleased to welcome and introduce our new Director of Technical Services, Mr. Clarence Santos, whose profile is featured in this issue of the Clipper.

In this Clipper we have endeavored to provide an updated view of our organizational structure, staff, and capabilities. Included are: a current organization chart, select profiles some of our new staff, and an overview of office in Japan. We welcome any comments or questions and look forward to being of continued service.

Sincerely,
David C. Barry

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If you would like to be sent *The Clipper* through e-mail rather than by post, or if you have any other inquiries or comments regarding this publication, please contact me at: kgribbin@CHGMS.com

~Kate Gribbin, Editor

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GMS JAPAN JOINS THE GMS TEAM

GMS Japan, LLC was established as a specialized maritime consultancy company, which will be proactive in assisting shipping companies by providing a wide variety of services at a reasonable cost.

The list of services offered by GMS Japan includes the following:

1. Japan representative of GMS Inc. Spill Managers OPA-90
2. Arrangement for supply of OPA-90 Documentation NTVRP Tank VRP CAVRP
3. Arrangement of Canada Shipping Act 660.2(2) -Pollution Documentation.
4. Arrangement of Federal and California COFRs.
5. Arrangement for supply of mandatory OPA-90 equipment and material.
6. Arrangement of Panama SOPEP
7. Arrangement of Class NK Approval of SOPEP
8. External audit for ISM Code
9. External audit for ISPS Code, preparation of SSP, and RSO approval.
10. Ship Vetting pre-inspection, and attendance during MOC inspection.
11. Pre Office Audit inspection for Major Oil Company and Time Charter audit.
12. Japan representative for Ship Management Outsourcing.
13. Manning Consultant.
14. Flag State Consultant, Liberia, Panama, Marshal Islands, and Vantau
15. Japan representative for Green Award. (Tentative appointment)

The GMS Japan staff brings a high level of experience to the GMS family. **Capt. Yasuhiro Sensui** is the Managing Director. He graduated from the National Fishery University in Japan and is a Master Mariner. Capt. Sensui worked for over thirty years at Sanko Line. His experience as General Manager of Ship Management Dept. there gave him invaluable experience and

expertise, which he now shares with GMS clients. Capt. Sensui is a Class 2 black belt, and enjoys photography, baseball, and sightseeing.

Mr. Naoki Takeda, General Manager B.H.Q., graduated from Hosei Univeristy with a degree in economics. His experience at Yoshino Plastic Inc. as the Manager of Overseas Office Administration has proven to be an asset to the GMS organization. Mr. Takeda was a member of the National Field Hockey team, and he enjoys cooking and golf in his spare time.

BOOMING OF MANASQUAN HARBOR

On September 22, 2005, our Kevin Perry, Jenifer Collins, and Fletcher Duddy attended the boom deployment exercise of Manasquan Inlet, NJ. Manasquan Inlet, a tidal inlet on the Atlantic Ocean along the State of New Jersey, leads into Manasquan Harbor, which is home to a variety of sensitive wetlands, bays, estuaries, and salt marshes. The exercise, commissioned by the New Jersey Department of Environmental Protection, entailed the deployment of protection boom to these sensitive sites in Manasquan Harbor and tested the effectiveness of the deployment strategies.

Clean Venture Inc., under the direction of the State of New Jersey DEP, deployed approximately 5,000 feet of protection and deflection boom to sites along the inlet and in the harbor. Ground Corn Cobs were then released into the water by small boat to simulate the flow of oil. Clean Venture's strategies worked as corn cobs were deflected off the boom and were diverted to natural collection pools for mechanical recovery. The purpose of this exercise was to establish a permanent response strategy for the Manasquan Tidal Inlet in the

event of an off-shore oil spill. This booming exercise proved to be a valuable experiment, as a definitive protection strategy has now been developed.

Exercises for other coastal tidal inlets are scheduled for future dates. GMS personnel will be in attendance to observe and document the results.

TRAINING & DRILLS

The spring of 2006 has proved to be a very busy and productive season for the GMS Drills & Training Department which has just completed a very successful stint of Table Top Exercises with operating companies in Germany, Switzerland, Holland, and the Far East. Drills and Training Coordinators Kevin Perry and Fletcher Duddy are preparing for another series of Table Top Exercises for the late summer / autumn season. Members of the GMS team are planning to travel to following destinations in the upcoming months. Please consider scheduling a U.S. Coast Guard and/or California Compliant Table Top Exercise according to the following schedule so one of our representatives will be able to attend your office to assist during the exercise.

Mid July: U.S. Based Non-Tank Focus Training Seminar, Oaklyn, CA.

Mid September: Japan, China, Taiwan, Korea, and Singapore

Early-Mid October: Greece

5 & 6 December: London Non-Tank Focus Training Seminar & Maritime Symposium

If you would like to schedule a drill, attend any of the Focus Training Seminars, or need clarification on any drill regulations please contact the Drills & Training Department by writing to info@chgms.com.

PLANS DEPARTMENT NEWS & REMINDERS

Non-Tank VRP's

The new Non-Tank VRP regulations have kept the GMS plans department busy, but we are pleased to have successfully met the August 9, 2005 deadline. At the height of our preparations for the deadline, GMS had 5 full time staffers and 11 temporary workers (temps) involved in making the new plans. Staff worked overtime and on the weekends to ensure that every plan was submitted on time.

Over 300 plans have been submitted, covering over 3,000 vessels. To date, we have received Submittal Receipt letters for all of the plans, and the Coast Guard has issued Interim Approval for approximately half of the plans. We receive about 10 new plan approvals every week. The approvals being issued are only 'Interim Approvals' because the regulations have not yet been finalized. (The final rules are not expected for another 2 years.) Although the regulations are not finalized, please note: Every vessel calling the U.S. that is over 400 GT is required to be included in a NT VRP. Every vessel calling the U.S. must have a Submittal Receipt letter or an Interim Approval letter onboard in the NT VRP binder. If your vessel is boarded and encounters problems regarding the NT VRP, please contact GMS immediately on our 24 hour QI line.

We continue to submit brand new plans, as well as vessel additions and other changes to existing plans. Since the plans require continuous maintenance, GMS hired one additional full time Plans Coordinator, Jenifer Collins. Also, two of the temps that helped over the summer, Eunice Cadorette and Tom Coin, have joined the Plans staff as part-time employees.

Tanker VRP's

In the past, the Coast Guard often took as little as 2 weeks to issue approval letters for VRP vessel additions. Since the NT VRP initiative began, the approval time for Tanker VRP's has lengthened considerably. The Coast Guard is required by law to respond to VRP changes within 30 days of receipt. Currently, the Coast Guard is taking 30 days to issue approvals for vessels being added to existing VRP's. Further, approvals for new plans can take up to 45 days. So, it is imperative to send new vessel information to us in a timely manner. And, if the vessel being added has (or might have) an ETA in the U.S., please let us know.

Also, the Coast Guard now requires proof of a vessel's name and IMO number for new buildings before they will issue a VRP approval letter. So, if you are adding a new building to your VRP, please send GMS a copy of an official document showing the vessel's name and IMO number.

California Tank and Non-Tank Plans

Please note: Any new plan or vessel addition to an existing plan submitted to California OSPR within 1 week of the vessel's ETA in California WILL BE BOARDED by California OSPR.

Also note: California OSPR will no longer accept plan changes by fax or email. In the past, GMS was often able to obtain approvals for vessels calling California on short notice (1-2 days) by submitting the vessel information to CA OSPR using fax or email. We can now only submit changes by courier, so we cannot guarantee approvals for vessels calling on short notice. We will continue to do everything possible to ensure that all vessels are compliant when they enter California waters. *Please ensure that your vessels will not encounter any problems by submitting new vessel information to us as soon as possible!*

California Non-Tank Plans

California Non-Tank Contingency Plans/

Initial Response Activity Manuals must be resubmitted once every five years for review. *The deadline for plan re-submittal is 1 September 2006.* However, GMS has already completed this process for all of the plans that we maintain. California OSPR is in the process of issuing new approval letters for the plans, and we have been forwarding them on to the planholders upon receipt. (We have discovered a number of discrepancies in the approval letters being sent by California OSPR, and we are working closely with them to rectify these problems in a timely manner.)

All vessels calling California must have the following onboard: the California plan (Initial Response Activity Manual), the California Approval Letter, and the California COFR. When a new CA OSPR approval letter is issued, a copy of that letter is required to be aboard each vessel listed in the plan (replacing any previously issued letters). Vessels are often boarded when arriving in California and the plan and approval letter must be available for review by the OSPR boarding officer. If this information is not presented to the boarding officer, the vessel will be fined.

Also, many approval letters are now being issued listing vessels as "Pending Documentation" or "Non Compliant." This means that required certificates (Document of Compliance, Safety Management Certificate, California COFR, and SOPEP Approval) have expired for these vessels. Vessels with a "Pending Documentation" or "Non Compliant" status are not approved to call California and can be fined.

PCSOPEP's

All vessels transiting the Panama Canal must have a PCSOPEP submitted to the Panama Canal Authority (ACP) 96 hours prior to arrival at the canal. If the vessel's PCSOPEP is submitted within 96 hours of arrival at the Canal, fines will be imposed on the vessel.

WORLDWIDE PORT CAPTAINCY & TECHNICAL SERVICE “WAYPOINTS” (WPTS)

Introduction

GMS is excited to introduce Worldwide Port Captaincy & Technical Services- “Waypoints” (WPTS) to our valued clients. We are confident that this shall augment our range of services and provide world-wide first response capabilities dealing with all aspects of ship operations, emergency response and technical services.

We feel that this is a truly value added service and satisfies our ethos of providing the best to our clients.

Waypoints Objectives

The primary objective of Waypoints is to provide ship owners, managers and Masters with 24/7 worldwide, quick, wide ranging, expedient, cost-effective service and support. Waypoints is anchored with expertise, local knowledge and local contacts.

Representative Network

To achieve this, GMS has set up a network of representatives who are amongst the best professionals providing a full range of shipping related services. The network consists of established organizations covering all major shipping hubs. Each representative has been carefully chosen and has vast sea-going experience. They are capable of providing the same high quality services that our clients have come to expect from GMS.

Worldwide Representation

GMS has four offices located in the United States, Greece, and Japan covering the services in North & South America, Caribbean, Europe, Mediterranean, Africa and Japan.

Additionally, to ensure that the Waypoints has a truly global perspective; our representative network operates from the following strategically located principal ports:

1. Dubai, U.A.E. - Covering the entire Middle East and North Africa
2. Mumbai, India - Covering the entire Indian subcontinent from Pakistan to Malaysia
3. Singapore - Covering the entire Far East region from Malaysia to China including Indonesia, Philippines and Hong Kong

4. Melbourne, Australia - Covering Australia, New Zealand and the Pacific Islands

Waypoints service concept

Waypoints functions as a “global office” for all ship owners and ship managers. The service provides “global attendance” to support the ships until the vessel’s in-house representative can be physically present at the location requiring the support or service.

Many owners and operators find it beneficial for a job to be seen through to completion. There are obvious benefits to having local knowledge and contacts, which we can offer through the above network.

Waypoints service scenario

The example below illustrates the Waypoints mission statement and strategy:

A ship that is operated out of Japan is detained by local authorities while departing from a remote port in Brazil due to a grounding resulting from a steering failure.

The ship’s operator engages Waypoints as a first responder, and thus has direct control of local representation in the soonest possible time. The operator does not have to rely solely on the agents, who may have other interests to distract them.

Once contracted by the operator, GMS would direct our local representative to attend to the ship and provide full support while at all times safe guarding ship and owner/operator interests. Our services would be more cost-effective and time-saving as compared to flying a superintendent from Japan.

The true worth of our service is our representative’s familiarity with the local conditions, cost, and availability of local resources. Waypoints provides comprehensive, valuable advice on regional/local regulations and norms. Our representatives are very familiar with the authorities in their regions and have expertise in crisis management based on regional requirements and regulations.

Waypoints services Offered:

The following services are offered under the Waypoints program:

- Expert first responder in the event of a vessel incident or casualty
- Full range of Port Captain Services

- Technical Superintendent Services
- Assistance with cargo operations (Dry, Containerized, Liquid, Chemical & Gas)
- Assistance with Cargo planning - emphasis on special cargoes
- Pre-purchase and pre-hire vetting and inspections
- Cargo survey and loss control
- Shipboard Training and preparation for vetting/inspections
- Attendance during ship repair
- Conduct ISM, ISO and Environmental audits
- Incident investigation and confidential in-depth reports with root cause analysis
- Provide reports on local and port conditions for clients risk assessment purposes
- Liaison with local authorities
- Provide local advisories when required
- Owner interest representation in other shipping matters

Waypoints Services Terms and Conditions

Services are offered on a per-diem basis or a lump-sum basis.

For more information on this service please contact waypoints@chgms.com

AMPD COVERAGE REQUIREMENTS

In response to concern from the International Association of Independent Tanker Owners and several tank operators, the U.S. Coast Guard has amended the regulations regarding Average Most Probable Discharge Coverage Requirements (AMPD) when transferring oil at an MTR facility. Under federal regulation 33 CFR 155.50 (D) (3) the facility must extend coverage to the vessel when conducting an oil transfer, thus exempting the vessel from seeking outside coverage from its OSRO. However, this regulation does not pertain to transfers made outside of a facility, such as an anchorage or offshore lightering area.

Tankers conducting loading/discharging operations while at (moored) an MTR do not need to make AMPD arrangements with their OSRO. Facility resources will cover the vessel. However, vessels conducting cargo operations away from an MTR (e.g. anchorage), must make AMPD arrangements with their OSRO.

If a facility fails to recognize this clause please instruct your local agent or a Gallagher Marine Systems' QI to liaise with the facility on your behalf.

CALIFORNIA DISPERSANT TECHNOLOGY WORKSHOP

On February 6th through the 8th, our Fletcher C. Duddy attended the 2006 technology workshop for oil spill response in the marine environment. The workshop, held in Chevron's corporate office in San Ramon, CA, was sponsored by California OSPR and the Chevron Corporation. Attendees included representatives from the USCG, California OSPR, US Fish & Wildlife, Chevron, Exxon Mobile, US Dept. of the Interior, MSRC, Clean Seas, NOAA & a number of private organizations and universities.

Throughout the three day workshop representatives from various organizations, both governmental and private, presented new research and technological advancements in the field of oil spill response. The focal point of the workshop was dispersant technology. Dr. Jim Clark, who heads Exxon-Mobil's Oil Spill Research Program lectured on all aspects of dispersant technology. Among the topics covered were how dispersants work, the chemical make-up of dispersants, varieties of dispersants, the net environmental benefits of using dispersants, and the dangers of dispersants. Dr. Clark provided evidence that dispersing oil through the water column would have a lesser affect on wildlife and the environment than oil left on the surface would. Evidence was also provided that using dispersant technology is more efficient in terms of mitigation and cost as opposed to mechanical recovery methods.

Other technology introduced included the Coast Guard's new "POPEIE" oil spill detection tool, which is designed to collect samples of open water "mystery spills" and find the responsible vessel. The device resembles a very small buoy and is deployed over a slick via aircraft. It collects a sample of the slick and is then retrieved by a CG Cutter. The Coast Guard then determines, with the help of NOAA, where the oil came from. The POPEIE is currently not in operational use; however, that may change in the near future.

Other topics discussed were Radar Satellite technologies and their capabilities in detecting open ocean sheens and Unmanned Air Surveillance Vehicle or "Drones," and their capabilities in terms of conducting over-flights during response operations.

The workshop presented groundbreaking technological advancements in the maritime industry, most of which will undoubtedly affect oil spill response decisions and operations.

ENSURE A QUICK RESPONSE TO YOUR EMAILS!

Please copy our general office email account, info@chgms.com on all important emails. This account is checked daily, and due to travel and emergency response, personal email accounts may not be checked as frequently.

INTRODUCING...

Mr. Clarence Santos was recently hired as head of Technical Services here at Gallagher Marine Systems. He received a B.S degree in Marine and Electrical Engineering from Massachusetts Maritime Academy. He had been employed aboard various vessels, including Army Corps of Engineers sea-going hopper dredges, for over ten years while upgrading his U.S. Merchant Marine License to Chief Engineer, unlimited horsepower. He spent several years transporting military supplies into the Vietnam war zone. Mr. Santos retired his commission in the U.S. Naval Reserve in 1986. Upon coming ashore he has been continually involved with various phases of the marine industry, spending numerous years as Port Engineer, Dry Docking Superintendent, Owner's Representative for new construction, Consultant, and vessel Surveyor. His latest previous employment was with a major U.S. OSRO provider, Marine Spill Response Corporation, where he spent thirteen years as Engineering, Logistics, and Maintenance Manager for the East Coast. He is an active member of the Society of Naval Architects and Marine Engineers, and the American Society of Naval Engineers. Clarence will be wedding Ms. Renee McGuinness on the 22 of July and is anxiously anticipating the joys of marriage. The couple already have two children, male and female English Mastiffs, with a combined tag team weight equal to a Mini-Cooper. Clarence is enthusiastic about his new opportunities and we are confident that his knowledge and experience will enhance the range of Technical Services offered to our clients.

Mr. Kevin S. Perry was hired in 2005 as a Drills Coordinator. He is currently finishing his B.A. in Industrial Hygiene from Thomas Edison University. Kevin was active in the U.S. Coast Guard for 5 years, and he is still active in the Coast Guard Reserves. While on active duty, Kevin was a Port Security Specialist and conducted over 800 port state control/ISPS boardings as a Qualified Marine Inspector. In addition, he has responded to over 100 oil spills including the Athos I. During his free time you can find Kevin enjoying a round of golf or relaxing on the water fishing. He brings a wealth of knowledge involving the maritime industry and looks forward to expanding that knowledge here at Gallagher Marine Systems, Inc.

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