U.S. Department of Homeland Security

United States Coast Guard

Director
National Vessel Documentation Center

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16713/5/2
August 27, 2014

Jonathan K. Waldron, Esq.
Blank Rome LLP
Watergate
600 New Hampshire Avenue, NW
Washington, DC 20037

Dear Mr. Waldron:

I refer to your letter of June 19, 2014, and its enclosures, by which you requested a United States build determination pursuant to 46 C.F.R. §67.97 concerning the construction of up to eight new MT-50 product tankers (the "Vessels") with certain foreign-built components and foreign-sourced materials. These Vessels are being built for Crowley Maritime Corporation and other clients by Aker Philadelphia Shipyard, Inc. ("APSI") at its shipyard in Philadelphia, Pennsylvania and you have sought this determination in order to ensure that the use of the identified foreign-built and foreign-sourced components and materials will not adversely affect the coastwise eligibility of the Vessels. I also refer to your response by e-mail dated July 14, 2014, to our request for a more detailed breakdown of your estimate of the Vessels' discounted steelweight.

As is our practice, we referred your letter and the supplemental information you provided concerning the Vessels' discounted steelweight to the Coast Guard's Naval Architecture Division ("NAD") in order that we may take into account their review and analysis in arriving at our determination.

As you are well familiar with the applicable regulatory standard from your (and APSI's) numerous previous U.S. build determination requests we will dispense with any discussion of the regulatory standard of 46 C.F.R. §67.97 and move directly to a discussion of the particular items that you have brought to our attention for consideration.

Analysis of Foreign Components Acknowledged to be Part of Hull or Superstructure

With the benefit of the NAD analysis and conclusions, we concur with and will accept your estimate of the estimated steelweight of each of the Vessels of approximately 8,469 MT. We also concur with and will accept your estimates of the weights of certain components which are acknowledged to form part of the hull of the Vessels; specifically, the (i) stern bulb at 22.2 MT, (ii) bulbous bow shell plates at 26.5 MT, and (iii) watertight closures at 18.8 MT (which reflects the exclusion of closures on decks not subject to load line requirements).

The total steelweight of the identified components is 67.5 MT or approximately 0.8% of the total steelweight of each of the Vessels. This is based upon a discounted steelweight of each Vessel of 8,444.8 MT (which was derived from your estimate of 8469 MT, less the 43 MT weight of the rudder horn which was excluded as an appendage, plus the 18.8 MT weight of closures on those decks which are subject to load line requirements). As such, we concur that these structural components of the hull would not be deemed "major components" as their combined steelweight is less than 1.5% of each Vessel's steelweight.

Rudder Horns

On the basis of prior determinations, as well as the NAD review of the rudder horns in this case, we concur that they would not form part of the structure of the hull. Consequently, their steelweight need not be included among the other foreign components, referred to above, for purposes of the total steelweight analysis of foreign components.

Shipbuilding Angles

It is well-established by prior determinations, issued to APSI and others, that shipbuilding angles, also known as "inverted angles", "unequal angles" or "Asian angles", which are purchased from foreign steel manufacturers in standard lengths, widths and shapes and are not custom designed for use in these Vessels need not be included in the calculation of the steelweight of foreign-sourced material or components; provided, that these materials are imported as standard mill products and will not have been worked in any way (such as by marking, cutting, drilling, beveling, bending or otherwise preparing them for use in the Vessels) outside of the U.S. Consequently, we concur with your analysis of the use of the shipbuilding angles in this instance.

Machinery Modules

It is also well-established by prior determinations, as well as by judicial precedent, that foreign-assembled engine room equipment modules, such as those you have described, which are mounted on a foundation that is subsequently welded or bolted to the deck or bulkhead of the Vessels at the shipyard in Philadelphia, are neither considered part of the hull or superstructure of the vessel nor does their assembly contravene the regulatory requirement that vessels deemed built in the U.S. must be "assembled entirely" in the U.S. Consequently, we concur that APSI's use of such engine room equipment modules will not adversely affect the U.S. built determination as to those Vessels in this case.

Deck-Mounted Ballast Water Treatment Units

APSI proposes to utilize a ballast water treatment system ('BWTS") unit mounted on the main deck above the cargo tanks of each Vessel. The units are to be prefabricated in a weather-tight enclosure that is attached to the main deck of each Vessel with mounting brackets. However, as described, they will not share a structural boundary with the main deck or other part of the

Vessel and, as such, would not contribute to either the structural integrity or flotation envelope of the Vessels.

Although this type of BWTS has not been considered in prior determinations, upon review by the NAD, we concur with the analogy to the mounting and outfitting of LNG tanks, which have been the subject of prior determinations. As with the LNG tanks, the BWTS units will be structurally separate and independent from the hull and primary hull stresses will not be transmitted to the units. Consequently, we also concur that these units need not be considered in the calculation of the weight of foreign-fabricated components.

Conclusion

In light of all of the foregoing, and based upon the information you have provided, I confirm that the matters discussed above will not adversely affect the status of the Vessels as having been built in the U.S. at APSI's Philadelphia shipyard for purposes of their eligibility for Certificates of Documentation endorsed for coastwise trade upon the completion of construction.

Sincerely,

Timothy V. Skuby
CAPT, USCG Retired
Director