



Examiners Report

Tanker Chartering

May 2019

General Comments

Answers should be well planned with workings crossed out, and show the answer to the question. Maps should show details and identify the ports involved. Ship drawings should be large in the correct format and show the main dimensions. Each question should start on a new page, as per instruction 3 on the front page of the Examination booklet. Students should, where required, head each part of the question clearly, via: a) b) c) to make allocation of marks easier. Students should allocate more time to reading the questions carefully.

Question 1.

Identify the main influences on natural gas and crude oil trades from major pipelines.

A popular question but disappointing that many answers failed to outline sufficient examples of pipelines that influenced natural gas and crude oil trades. Better answers mentioned the Trans-Siberian pipeline, and influences on MEG cargoes, New trade routes created from Ceyhan to Black Sea, Kozmino to Far East. Many answers failed to mention advantages and disadvantages of pipeline systems. In general, the influence of pipelines on seaborne trade was overlooked. Students needed to consider the advantages and disadvantages of pipelines and its' effects on the tanker market segments.

Question 2.

Answer BOTH parts of the question.

A new charterer has entered the market with an enquiry for time charter employment.

a) What checks would a prudent tanker owner make before considering this employment?

What details would the owner include in their offer?

A popular question with some poorly prepared answers that failed to identify the importance of broker input to an analysis of the ability of the charterer to perform. Many omitted checking charterer's financial background, some overlooked that this is a new charterer and suggested checking their previous performance.

In part b) firm offers were poorly laid out often overlooking 'reply time/place, Owners, Charterers, Brokers full style, trading areas/exclusions, some answers failed to mention a rate of hire, incorrectly mentioning a freight idea, omitting an option for extension of the time charter and failing to include proposed bunkers on delivery and redelivery. Vessel's details and detailing speed and consumption performance were forgotten. Some answers failed to mention the details of an offer.

Question 3.

Answer ALL parts of the question.

In a tanker 'port' charter party

- a) When does laytime commence to count?**
- b) What exclusions apply to laytime?**
- c) Provide an example of an exclusion which is beyond charterers' control.**

This three-part question produced some reasonable answers. However, many answers failed to correctly identify when laytime will commence and students should review the components of when time commences to count.

Few answers identified, in US waters, laytime commencing after TVEL on commencement load/discharge. B) Was reasonably well answered however many answers failed to mention exclusion of the notice period usually 6 hours. C) Some answers mentioned a strike rather than weather, port blockage or Act of God which may be beyond charterers control.

Question 4.

Answer ALL parts of the question.

- a) Draw a profile and cross section of a modern MR showing the main details and dimensions.**
- b) Describe TWO trade routes on which such a vessel is regularly fixed. Use the world map provided to support your answer.**
- c) Using these routes indicate what weather conditions could be anticipated for a vessel loading in May.**

A popular question but disappointing that some of diagrams were too small, failed to include a cross section drawing or added a plan drawing that was not required, thus gaining no additional marks. Cross section and profile often not to scale and although the majority showed the 'free fall lifeboat'. Many listed the main dimensions for an MR 32,000-50,000 mts correctly but overlooked, Freeboard, WL/Manifolds and Air draft.

Maps generally lacked detail with respect to geographical features, cargo types and weather conditions. A small minority identified oceans, seas, straits, canals, Equator, Greenwich meridian. Most identified cargo routes NEW/USAC, USG/Med, cross Med, Med/NEW, CBS/USA, cross CBS, AG/India, cross FEAST/Australia. Having said that, failure to read the question resulted in lost marks and wasted time.

Question 5.

Answer ALL parts of the question.

You are the chartering manager for an oil trading company responsible for the safe and regular delivery of over ten million tons per annum of crude oil to customers worldwide.

- a) Explain how you will monitor the chartering markets.**
- b) Where the crude oil could be sourced?**
- c) What strategies would you employ to stabilise costs?**

Explain any assumptions you have used in your answer.

This question was reasonably well answered in part a) mention of the use of brokers and monitoring market reports. Part b) was quite well answered although some only mentioned AG, WAF, Russia, other areas overlooked. Part c) produced answers which often failed to mention COA's, consecutive voyages, time charters and FFA's.

Question 6.

Answer ALL parts of the question.

- a) Identify the main causes of delay in pumping cargo during discharge of the cargo**
- b) What evidence would be required to report the circumstances relating to the slow pumping?**
- c) What provision is made for this in the pumping clause?**

Part a) needed to include discussion on high back pressure, failure to main cargo temperature (heated) cargo or shore restrictions or ship pump or boiler failure etc as main causes of delay. Part b). Pumping Log was only document mentioned by some but product viscosity, pipeline diameter, location, distance to shore tanks etc. need mentioning.

Part c) was poorly answered identifying the main terms of discharge in 24 hours or maintaining 100 PSI at the ship's rail. Other elements of the clause covering owners and charterer's costs were often missed. Such as 'Breakdown of ship's equipment = owner's account, Breakdown of shore equipment = charterer's account'. A number did not attempt to quote the clause.

Question 7.

When fixed on time charter a vessel will be regarded as 'off-hire' when it is not at the charterers' disposal.

Explain the reasons why a vessel may be off-hire.

This popular question received some reasonably well-prepared answers. Better answers mentioned clause 21 of Shelltime 4 including off hire, that is to say not at charterers disposal, many stated time lost as a result of collision and stranding.

Although frequently ignored 'time lost' due to deviation, detention, vessel in quarantine, strike of Master, officers, crew or owners' servants, flag state hostilities. Some spent time explaining how often hire should be paid. Withdrawal should not be confused with 'off hire'.

Question 8.

Why do some charter parties include an “In Transit Loss Clause”? In practice, what points should be included in an “In Transit Loss Clause”?

This question was reasonably well answered. Some answers failed to identify why the clause was needed including inaccuracies of cargo loading measurement. Receivers might insist on ITL clause specifying the “net” cargo measurements taken on board after loading before discharge.

Students who performed well quantified the loss within industry parameters of 0.3% or 0.5% depending on agreement. Other answers concentrated on ‘theft’ by the vessel. Some confused with ‘loss in time for transit’. The main provisions of the clause were often well explained.