

A Brief Guide To Understanding

# Commercial Operations and Cargo Documentation on Oil Tankers

marine  
insight

Image Credit: Reinis Birznieks

Marine Insight©

### **“A Brief Guide To Understanding Commercial Operations and Cargo Documentation On Oil Tankers”**

Publication date: March '16

Author: Nihar Herwadkar

Editor : Raunek Kantharia

Published by: Marine Insight ([www.marineinsight.com](http://www.marineinsight.com))

Graphic Design: Anish Wankhede

Copyright 2016 Marine Insight

#### **NOTICE OF RIGHTS**

All rights reserved. No part of this book may be rewritten, reproduced, stored in a retrieval system, transmitted or distributed in any form or means, without prior written permission of the publisher.

#### **NOTICE OF LIABILITY**

The authors and editors have made every effort possible to ensure the accuracy of the information provided in the book. Neither the authors and Marine Insight, nor editors or distributors, will be held liable for any damages caused either directly or indirectly by the instructions contained in this book, or the equipment, tools, or methods described herein.

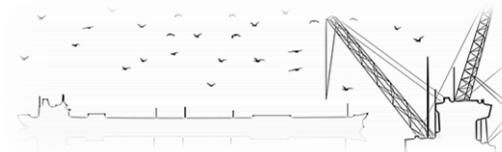


*Nihar Herwadkar has been with the A.P.Moller Group since his cadetship. He is presently sailing as Chief Officer with Maersk Tankers and holds a Master's COC from the UK.*

*He takes active interest in geopolitics and love reading news articles and non-fiction books.*

*Apart from playing with his 3-year-old Labrador Retriever, a good part of his holidays back home are spent playing squash and drinking scotch.*

*He's also a member of the Nautical Institute and a proud freemason.*

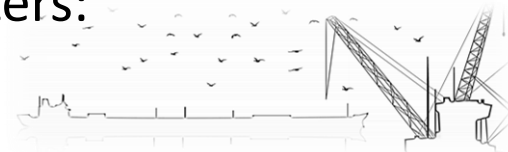


## INTRODUCTION

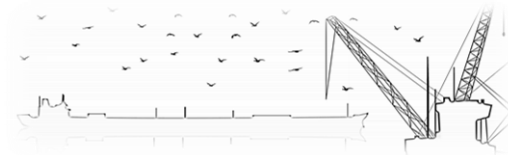


Cargo Documentation on Tankers can be quite intimidating for the uninitiated. Tanker commercial operations are a cut-throat business and maximising profits is the only manner in which one can stay ahead of the competition. A small mistake in tendering NOR or a wrongly worded protest can result in substantial loss of revenue. It is hence, very important to understand the jargon and know what documents are required and when.

To begin with, let's briefly discuss what happens behind the scenes before the cargo is fixed one by one in following chapters:



- 1. Finding Cargo and Fixing the Vessel**
- 2. Important Documentation at the Load Port**
- 3. Important Documentation for the Terminal**
- 4. Important Documentation For the Surveyor**
- 5. Letter of Protest (LoP)**
- 6. Important Documentation at the Discharge Port**
- 7. Glossary**



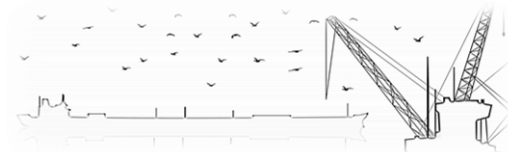
# Finding Cargo and Fixing the Vessel



It all begins when the chartering department is trying to find cargo for the vessel. Refineries and Crude terminals have cargoes to be shipped out on specific dates only. It is the Shipping Company's Chartering Department's responsibility to find a vessel which can best suit the charterer's requirements.

The Chartering Team shortlists a vessel depending on her geographical location, size of the vessel and her current trade. This is when the vessel is sent out several questionnaires to fill up and with multiple stowage plan requests.

While fixing the vessel, time is of the utmost essence and it is imperative that all queries and stowage plans are returned as swiftly as possible. This could make the difference in a vessel winning or losing the cargo.



## Finding Cargo and Fixing the Vessel

---

When drafting stowage plans it is vital that the intake is maximised. A rule of thumb is “More Cargo, More Freight”. Care should be taken to ensure that bunker consumption, FW, Stores, un-pumpable ballast, tank washings, etc. are accurately accounted for.



Overestimation of these deductibles leads to a loss of cargo intake, while underestimating the deductibles can lead to overloading the vessel.

Once a stowage plan is sent out, the vessel's Master guarantees that he can load the mentioned quantity provided that the density is either





as mentioned in the stowage plan or more. There is no room for error so understanding of the vessel's sag and deducing a reasonable estimate of the constant is very important.

When the charterer has in principle accepted a vessel for potential trade, it is said to be on Subs (which means subject to). Several companies / brokers are usually vying for the same cargo and it is not uncommon for several vessels to be on subs at the same time for a single cargo. Once the charterers have finalised on one vessel, it is said that the subs are lifted and that particular vessel is nominated for the cargo.

### **Voyage Fixture, Charter Party and Voyage Orders**

- The voyage fixture is generally sent out prior detailed voyage orders and charter party abstracts. This will include a brief



snapshot with key details regarding the load port, cargo nomination and discharge port

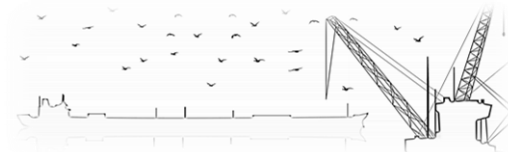
- Detailed Voyage Orders and Charter Party abstracts are subsequently sent out to all vessels. Any mismatch between the initial voyage fixture and the voyage orders should immediately be taken up with the operations

### **Bunker ROB and Cargo Tank Preparation**

- After receipt of the fixture / voyage orders, it becomes the owner's responsibility to get the vessel ready to load the cargo. Having sufficient bunkers and preparing the tanks are two vital components of this "responsibility". For vessels on Time Charter, bunkers become the charterer's responsibility



- While preparing tanks, it should be borne in mind that the cargo should be discharged in the same quantity and quality as was loaded. Tank Preparations should be discussed with the Nautical Department and a Tank Cleaning plan drawn up
- Several reputed publications (Shell Tank Cleaning Guide, BP Tank Cleaning Guide, Dr. Vervev's T/C Guide, etc.) are available that will give specific guidelines on the methods to be utilised for tank cleaning. The company's SMS should always be consulted prior commencing operations



# Important Documentation at the Load Port



### Notice of Readiness:

After the “laycan” commences and the vessel is ready in all respects to receive the nominated cargo, the Master is expected to tender a NOTICE OF READINESS indicating that his vessel is ready in all respects to commence the loading of the said cargo. This is the single most important document since the vessel starts earning freight from the moment the NOR is tendered. It is vital to understand specific clauses in the voyage orders pertaining Notice of Readiness.

Two important points to remember before tendering the NOR are:

- Ship must be an arrived ship
- Ship must be ready in all respects to load / discharge the intended cargo



As per most charter parties, a ship is considered to be an arrived ship after she has reached the customary anchorage for the port.

The NOR should be tendered via email / telex as well as by hard copy. The email should be sent out immediately following the actual NOR tendering time.



### **FREE PRATIQUE:**

Free Pratique is a French term which means “permission granted to a ship to have dealings at a port”. The requirement for Free Pratique is a relic of the past which most modern ports have done away with.



All necessary information is exchanged prior arrival port via email and vhf. However, some ports still continue the practice of not granting free pratique on arrival.

Achieving Free Pratique becomes the owner/master's responsibility and the charterers can deduct laytime if the vessel is not granted free pratique on arrival (generally the NOR tendering time).

Hence, it is of utmost importance that if Free Pratique is not granted on arrival, the Master promptly issues a Letter of Protest against the delay in granting Free Pratique.

This is the only way in which owners can safeguard their legitimate claim for laytime. Generally, it is advisable to issue this Letter of Protest as soon as the NOR is tendered.



# Important Documentation for the Terminal





- **ISGOTT Ship / Shore Safety Checklist:** A prudent Chief Officer would have this document printed out and ready for the Loading Master.

Vessel Operation: Loading  Discharge  Tank cleaning  Purging

## Terminal Information

Terminal name:

Draft alongside:

Size and number of Shore connections:

Length of shore line:

Size of shore line:

Booster pumps on shore line: Yes  No

Expected line displacement:

Qty of shore line:

Max. Allowed back-pressure:

Max. Allowed rate:

Initial Rate:

Final Rate:

Expected rate:

Expected stoppages/delays:

Notice required to stop:

Line draining Qty:

Air blowing Permitted: Yes  No

Vapor Control use/size: Yes  No  Size:

Nitrogen supply (size/pressure): Yes  No  Size:  Pressure:

Arm / Hose connections done by Ship/Shore: Ships Staff  Shore Staff

Use of Deck crane allowed: Yes  No

## Cargo Information

(Please use separate sheet for each different grade)

Product:

Nominated Qty:

Temp:

Density:

Stowage:

Ship's Manifold:

Final stop Ship/Shore:

Static Accumulator: Yes  No

MSDS Onboard: Yes  No

N2 Pre-purge: Yes  No

N2 Pad: Yes  No

Inhibitor Cert: Yes  No

MARPOL Prewash: Yes  No

Tanks Inerted: Yes  No

Use IGG for Inert: Yes  No

## Sequence Information



Entering generic data such as location of Fire Plans etc. will save time. Ensure that all deck officers fully understand terms A (Agreement), P (Permission) and R (Repetitive) of the ISGOTT SSSCL.

### Vessel Information

---

- Cargo line size:
- Maximum allowed line pressure:
- Maximum discharge rate (Homogeneous cargo) :
- Maximum discharge rate (Single tank) :
- Maximum loading rate (Single tank) :
- Maximum loading rate / manifold:

The vessel will always maintain a minimum manifold pressure of  Bar for discharge unless otherwise restricted by terminal.

Please note the Vessel and her Owners accept no responsibility for damaged/lost shore equipment, nor assume any liability for pollution arising as a result of vessel personnel being requested to make manifold connections with shore hoses, hard arms or any other associated equipment.

---

Chief Officer, M.T.

---

Loading Master

---

Representing

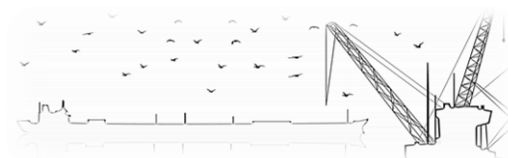


- **Key (Pre-Transfer) Meeting:** One of the vital documents that comes in handy in the event of incidents, disputes or demurrage claims. Ensure that key data such as Maximum Loading Rate, Sequence of Loading, Shore / Ship Stop, Maximum Topping Off Rate, Maximum Starting Rate, Maximum M'fold Pressure, Line Displacement requirements etc.



Image Credit: Buhanif

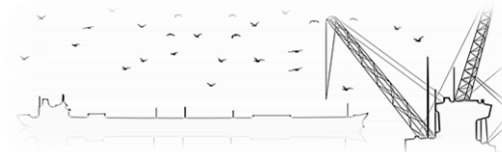
- **Declaration of Security:** This document is only required to be completed, if the Port of Call is a non-ISPS compliant port or if the Vessel or Port are at different Security Levels or if requested by the PFSO / CSO / Flag State



- **Ballast Report / Ballast Exchange Form:** It is the Master's responsibility to ensure that the vessel has exchanged ballast as per local rules and regulations.

Usually, the agent provides information whether exchange is required. Generally, the sea areas where ballast exchange is required are found in the Ballast Exchange Plan (e.g. Red Sea, Persian Gulf, US Waters, North Sea, Black Sea, etc.).

Some of the port officials in the Black Sea area are especially particular about this document and scrutinize the form minutely.



# Important Documentation for the Surveyor



- **OBQ Certificate prior Loading:** Critical document prior loading of cargo. Some vessels on crude trade follow a practice of showing a small ROB prior loading which can nullify ROB at the discharge port. However, on Product Tankers, it is undesirable to have any OBQ present especially, if cargo grade being loaded is different from the previous cargo.
- **Empty Tank Certificate:** Similar to the ROB / OBQ certificate but with a signed statement from the surveyor stating as under:

This is to certify that the undersigned, duly appointed by the CARGO SUPPLIERS, after having inspected the following Cargo tanks:

Enter the Nominated Cargo Tanks.

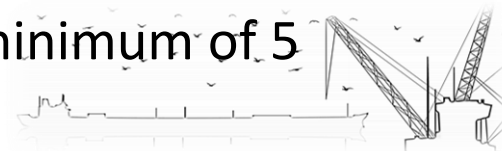
found them to be empty, clean and fit to receive the nominated cargo of

CARGO TO BE  
LOADED



The above document can prove to be beneficial in the event of disputes arising out of sampling

- **Last 3 Cargoes and Tank Preparation Report:** This document is generally requested by all Surveyors, especially on Product Tankers. Having it ready will save time and effort. Ensure that the tank preparation details are in line with the company guidelines and relevant Tank Cleaning publications
- **Vessel's Experience Factor (VEF):** VEF is the quantity loaded or discharged as measured on the vessel (Total Calculated Volume-Remaining On Board or On Board Quantity) divided by the Bill of Lading (shore delivered at loading). Correct computation of the qualifying and non-qualifying voyages is vital. Generally, the ship's maiden voyage, STS operations and the first voyage subsequent to any major alterations are excluded. Inclusion of a minimum of 5



voyages and a maximum of 20 voyages is the industry practice while calculating VEF

SLOP CERTIFICATE					
Vessel :		Port :			
Date :		Terminal:			
Tanks washed in present voyage					
Last Cargo					
Draft Fwd		m			
Draft Aft		m			
Trim	0.00	m			
Tank	Ullage (m)	Interface (m)	Total Volume (m3)	Volume of Water (m3)	Volume of Oil (m3)
Total			0.00	0.00	0.00
Remarks: <b>Before commencement of loading</b>					
Chief Officer			Surveyor		

- Slops Certificate:** A slop report with a signature from the Cargo Surveyor indicating the Volumes, Ullage and Interface of the Slops on board is an important document. Some port authorities choose to cross-reference entries regarding Slops in the Oil Record Book (Part II) with the Slop Certificate





- **Sample Witness Certificate:** In the event of sampling disputes / off spec cargo, it becomes important to prove that the vessel had sampled the Cargo upon the commencement of loading in the presence of the cargo surveyor

<b>Date</b>	:	
<b>Vessel</b>	:	
<b>Port</b>	:	
<b>Terminal</b>	:	

### **SAMPLE WITNESSING CERTIFICATE**

This is to put on record that during the loading operation, the following samples were taken at the vessel's manifold at the commencement of LOADING.

<b>1</b>	<b>NAPHTHA</b>	<b>1 Litre</b>	<b>Manifold No.1 @</b>
<b>2</b>	<b>NAPHTHA</b>	<b>1 Litre</b>	<b>Manifold No.3 @</b>

Chief Officer

Surveyor



If the vessel can prove that the first foot sample and the manifold samples are the same, then the owners' interest are safeguarded against claims. Some surveyors may refuse to sign this document. In such cases, it should clearly be mentioned that the surveyor refused to sign the document and a Letter of Protest Issued accordingly

- **Seal Certificate:** Some terminals / Port Authorities require the Cargo Surveyors to Seal the Cargo Sea Chest and the Overboard Valve prior loading / discharging. A signed certificate clearly indicating the seal numbers should be obtained from the Cargo Surveyor

Voyage No. :  
Vessel: :  
Port :  
Terminal :  
Date :

### SEAL CERTIFICATE (BEFORE LOADING)

The undersigned certifies that the vessels Cargo Sea Chest and Cargo Overboard valves have been inspected for Seals as below:

Cargo Sea Chest

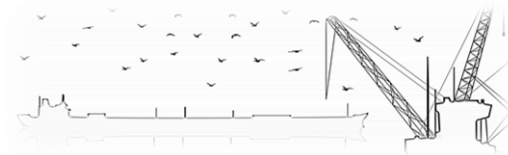
Seal No.:

Cargo Overboard

Seal No.:



- **Other miscellaneous documents:** Crew List, Ship's Particulars, Ballast Quantity Report, and Bunker Report are some of the other documents that are required by Cargo Surveyors on a case by case basis



# Letter of Protest (LoP)

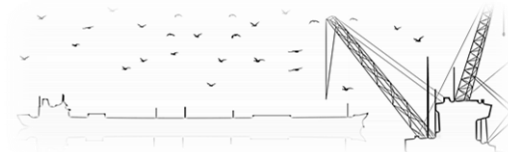


Before we list out the various protests that can and should be issued, let's briefly discuss the difference between a Letter of Protest and a Note of Protest.

A **Note of Protest** is a declaration by the Master made in the presence of a notary, magistrate, consul officer or other authority declaring that the circumstances beyond his control have or may cause damage. It has much a stronger legal standing, e.g. Weather damage to ship or cargo.

A **Letter of Protest** on the other hand, is simply a statement of facts issued by the Master to the concerning party.

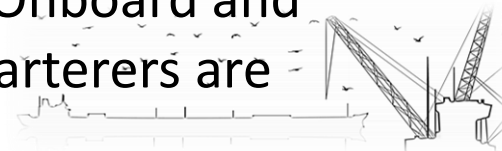
We will concern ourselves with only the Letters of Protest since Noting Protests is beyond the scope of this topic.



The following are the Letters of Protest that need to be issued on a case by case basis:

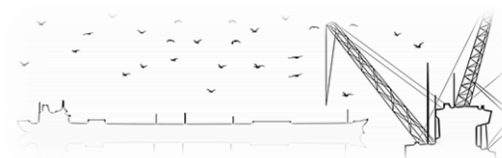
- **LoP for Delay in Granting Free Pratique:** As discussed earlier, this LoP is extremely important in safeguarding the owners interest in the event of delay in granting free pratique. All laytime could be lost from NoR tendered time until the commencement of cargo operations if this protest is not timely lodged
- **LoP for Delays during Berthing / Unberthing:** There is a very fine line between the time that is on charterers account and the time that is on owners account. For e.g. the time from NoR tendered until anchor aweigh is on charterer's account.

However, the time from Anchor Aweigh until Pilot Onboard and right until All Fast is on the Owners account and charterers are



entitled to deduct the laytime for this period. Similarly, after completion, the charterers are entitled approximately 3 hours free of charge for the documents (B/L, Cargo Manifest, Quality Certificate, Quantity Certificate etc.) to be on board. After the documents are on board, all delays are entirely on the owners account. Hence, it is crucial to note down all delays and do your best to mitigate the delays which are in the vessel's control. Issue the LoP with remarks explaining the delays

- **LoP for Ullaging while Rolling / Ullaging in Open Sea Conditions:**  
These protests are more likely to be issued at Single Buoy Moorings (SBMs) or during STS operations than when the vessel is alongside a terminal. The rolling motion could give false Ullage resulting in a significant difference between ship and shore figures. The protest safeguards owners interest in the event of disputes



- **LoP for Slow Loading:** This protest should be issued if the loading rate is lesser than the ship's maximum loading rate. Care should be taken to mention the max. Loading rate in the Pre-Transfer (Key Meeting) between the Chief Officer and Loading Master. An explanation for the cause of the slow loading rate (eg: Less Chicksan Arms offered, size of reducers offered, shore pumping capacity, etc.) should be indicated. Specific indication of the time is important (i.e., the time the vessel would have completed loading with full rate and the time actually taken) for demurrage calculation
- **LoP for Short Loading:** This protest should be issued if the final loaded quantity (ship's figure) is lesser than the vessel nomination as per Charter Party / Voyage Orders
- **LoP for Free Water in Cargo:** This protest is more important for Crude Oil Tankers than Product Tankers





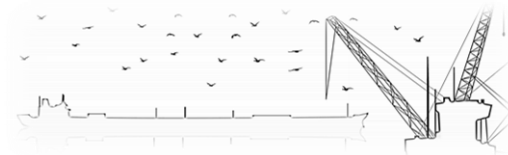
Products loaded will generally be free of any free water. However, to safeguard owner's interest, it is prudent to issue this protest even if no free water is detected. The protest will generally have a remark "Insufficient time allowed for settling of water. This may result in an increase of the quantity of water observed subsequently." This comes in handy if nil water is detected at the completion of loading but water is detected later in the voyage

- **LoP for B/L Quantity:** Due to various reasons, the ship's figure and the B/L figure will never be the same. Hence, irrespective of the percentage of difference, a protest should be issued after applying the VEF, indicating the difference in quantity and the percentage of difference
- **LoP for B/L Issuance:** This is a generic protest which follows up on a document issued by the Master called "Notice of B/L" which



instructs the terminal to issue a B/L incorporating the New Jason Clause, Clause Paramount, Both to Blame Collision clause, etc. More often than not, these clauses will not be included in the B/L and hence this protest becomes a necessity.

The above is not an exhaustive list of protests. For other incidents / issues, a general Letter of Protest can be issued with appropriate explanation for the protest. (e.g. Damage to vessel structure, different tables used, unsafe operations, etc.)



# Important Documentation at the Discharge Port



At the discharge port, most of the documents remain the same except for the wording.

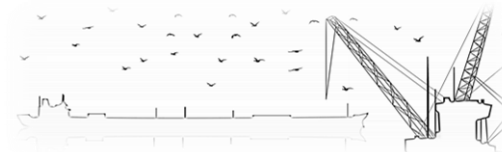
The following are the important documents which are vital for Discharge Ports:

- **PUMPING LOG:** Key document for Demurrage claims. It is very important to maintain the Maximum Allowed Pressure at the Manifold as discussed in the Pre-Transfer Meeting.

Appropriate remarks should be entered regarding any slowdowns, stoppages etc. with reasons. In the event of disputes, this document becomes vital in proving that the vessel had done all that was required from her side. This document should be signed by the Loading Master



- **ROB Certificate / Dry Tank Certificate:** One of the most important documents after discharging. Any remaining RoB should be remarked as follows “ROB is un-pumpable by ship’s fixed pumping system which are in good working order. “ This document is signed by the surveyor
- **CARGO RECEIPT:** The Receivers are required to acknowledge receipt of the cargo that has been discharged ashore. In case the receivers / loading master refuses to sign this document, an appropriate letter of protest should be issued
- **LoP for Slow Discharge:** Similar to the LoP for Slow Loading. This LoP should be issued if the maximum allowable discharge rate / pressure at manifold is less than the vessel’s maximum as indicated in the Pre-Transfer Meeting



**Laycan:** The time frame in which the Master should present his vessel ready in all respects to load the nominated cargo. NoR shall be tendered before the expiry of laycan

**Laytime:** The time available to the charterer to load (or discharge) the chartered cargo free of additional cost over and above the freight paid to the owner

**Charterer:** The Hirer. The person (or usually a company) that hires the vessel for trade

**Freight:** The money payable by the charterer to the ship-owner for carrying the cargo on the said ship

**Voyage Charter:** A charter party contract where the vessel is hired for

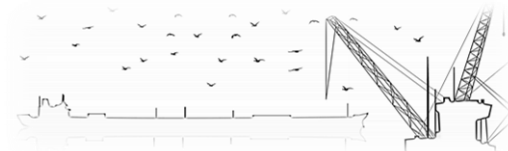


one single voyage. Bunkers in this type of charter party remain the Ship Owner's responsibility

**Time Charter:** A Charter Party contract where the vessel is hired for a specific period of time. The Vessel, Master and Crew are placed at the charterer's disposal for the entire duration subject to certain clauses. Bunkers in this type of c/p become the Charterer's responsibility

**Demurrage:** For lack of a better term, Demurrage is a penalty paid by the charterer to the ship-owner for exceeding the laytime period in loading / discharging a ship

**Despatch:** The exact opposite of Demurrage. This is the money paid by the shipowner to the charterer for loading / discharging the vessel earlier to the expire of laytime period



This is generally done, when the vessel has a potential employment opportunity available and the charterer will release the vessel upon the payment. Legally, the charterer is entitled to retain the vessel until expire of the laytime period

**Onboard Quantity (OBQ):** This is the quantity on board prior loading

**Remaining Onboard (ROB):** This is the quantity remaining on board after discharging / part discharging a cargo. Any RoB at the discharge port subsequently becomes OBQ at the Load Port

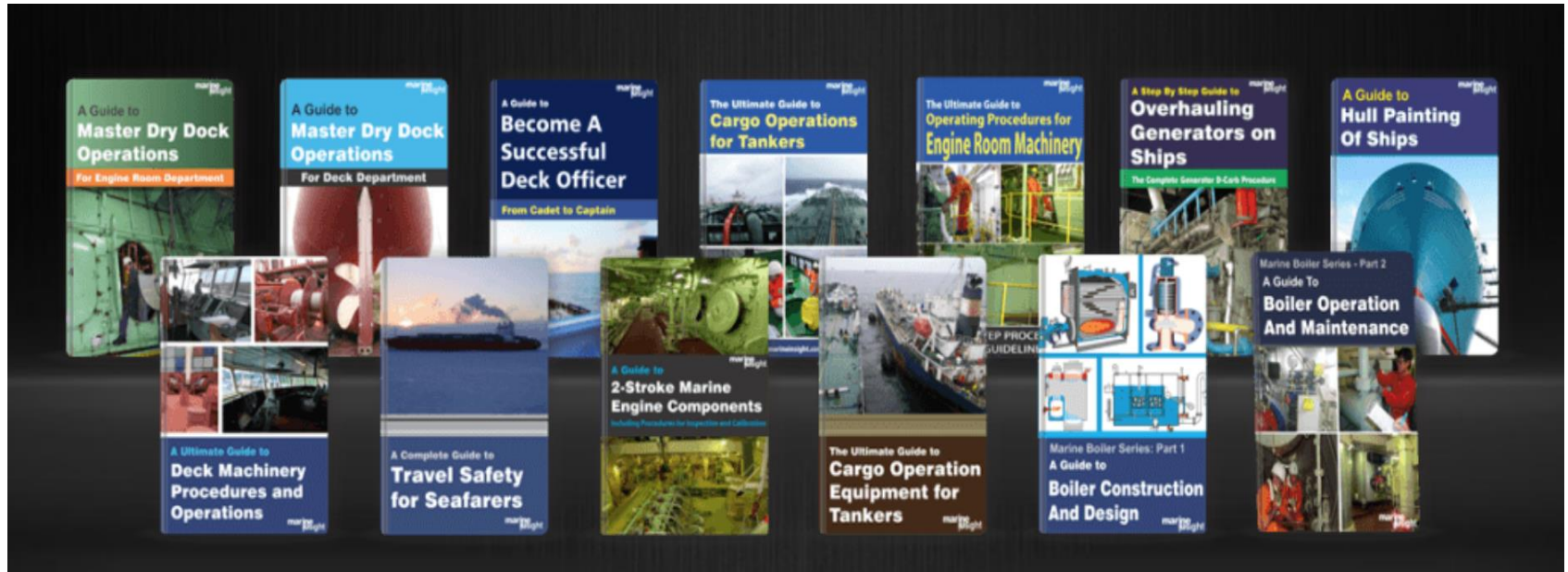
-----

If you have any question regarding a topic mentioned in the ebook or related to it, please ask us at – [Marine Insight Forums](#)





# Checkout Premium eBooks for Maritime Professionals



Visit Premium eBook Store

