

Are FPSOs tankers?

The International Maritime Organisation (IMO) is currently reviewing the extent to which FPSOs and other floating offshore installations should be treated as tankers. The increasing importance of floaters in the production of oil and gas worldwide has added urgency to this work, which is focused on the extent to which the design, construction and operation of such installations should be governed by Annex I of the 1973/78 Marine Pollution (MARPOL) Convention. The IMO Subcommittee on Bulk Liquids and Gases (BLG) is coordinating the review which is expected to take several years to complete.

Historically, FPSOs and FSOs have been treated as tankers under Annex I in general terms, in line with interpretations developed at IMO. However, discharges from machinery space bilges are one aspect which is specifically stipulated. At the same time the flag and coastal states involved in each project are able to make certain exemptions. Also, self-propelled FPSOs and FSOs are covered by the Safety of Life at Sea (SOLAS) Convention.

As part of the current discussions, experts are considering whether to tighten the relatively loose existing regime by applying additional Annex I provisions - such as rules on tank washing, tank sludge control, limits on hypothetical oil outflow in the event of damage and damage stability - to offshore installations.

In general, the oil industry advocates retaining the Annex I provisions regulating discharges from machinery space bilges, but leaving all other regulation to the relevant coastal state authorities. Coastal state rules covering FPSOs and FSOs vary from the very rigorous, equalling or surpassing anything now under consideration at IMO, to the virtually non-existent. Those parties seeking greater regulation under Annex I point to this lack of uniformity as a major reason for their efforts.

A key factor in the discussion is the extensive use of converted single-hull tankers in the offshore sector. Most of the world's existing FPSOs and FSOs are single-hull tanker conversions. These are generally held to be less costly than newbuilds and an attractive field development option for the oil industry where allowed. In contrast, new tankers must be built with double hulls and recent Annex I legislation is accelerating the phase-out of existing single-hull tankers in the drive to speed the day when all tankers are double-hull vessels. Ironically, this initiative is increasing the number of single-hull vessels now being retired and thus available for FPSO conversion.

Most FPSO and FSO newbuilds are constructed with either double hulls throughout with double sides and a single bottom (DS-SB). The DS-SB configuration is a popular choice, having been specified in the majority of FPSO newbuild contracts finalised in the past two years. It is not surprising that the new DS-SB vessels will be stationed off the coast of West Africa, a region with a benign environment and where regulatory controls are not as strict as elsewhere. The DH newbuilds have been specified for offshore locations which experience harsh weather conditions and where national legislation tends to be strict.

It is difficult to gauge which way the final IMO decision on the applicability of Annex I to FPSOs and FSOs will go. However, it could have a major impact on an industry adept at converting existing single-hull tankers to provide them with a further lease on life.