

State of California
Air Resources Board

Executive Order G-09-071

Relating to Essential Modifications Exemption under California Code of Regulations,
title 13, section 2299.2(g) and title 17, section 93118.2(g)

Teekay Marine Services

WHEREAS, pursuant to sections 39600, 39601, 41510, 41511, 43013, and 43018 of the Health and Safety Code, the California Air Resources Board (ARB) has established requirements for ocean-going vessels (OGV) to use marine gas oil (DMX or DMA grades) or marine diesel oil (DMB grades) at specified sulfur limits in the main engine, auxiliary engines, and auxiliary boilers within a 24 nautical mile zone of the California Coastline; these requirements are found at California Code of Regulations (CCR), title 13, section 2299.2 and title 17, section 93118.2 (OGV Fuel Regulation);

WHEREAS, subdivision (g) of the OGV Fuel Regulation authorizes the Executive Officer to provide an exemption in whole or part from using the specified fuels provided that a person submits an Essential Modification Report that: (1) includes information demonstrating it is not feasible to use the specified fuels unless essential modifications to the OGV are made; and (2) identifies the maximum extent with respect to trip distance or regulated equipment type to which the vessel can use the fuels without essential modifications where feasible and safe for each of the auxiliary engines, main engines, and auxiliary boilers;

WHEREAS, Teekay Marine Services ("Teekay"), submitted an Essential Modification Report dated September 1, 2009, requesting an essential modification exemption for the following vessel and equipment listed in Table 1;

Table 1. Vessel and Equipment Information

Owner/Operator	Ship Name	IMO	Equipment Make and Model	Quantity
Teekay Marine Services	M/T Sebarok Spirit	9041370	MAN B&W 7S60MC main engine and Mitsubishi MAC-55B auxiliary boiler	1 each

WHEREAS, the Essential Modification Report for the "Sebarok Spirit" states that the aforementioned vessel could not use the fuels specified in the OGV Fuel Regulation in the main engine and auxiliary boiler as listed in Table 1 without essential modifications;

WHEREAS, ARB has reviewed the Essential Modification Report and additional supporting materials provided by Teekay, and determined that the submissions satisfactorily demonstrate that essential modifications are necessary for the main

engine and auxiliary boiler on the vessel listed in Table 1 to fully comply with the fuel use requirements in the OGV Fuel Regulation;

WHEREAS, based on the determinations described above, the vessel listed in Table 1 qualifies for an essential modification exemption for the main engine and auxiliary boiler;

WHEREAS, Teekay also submitted an Essential Modification Report dated July 30, 2009, requesting an essential modification exemption for the main and auxiliary engines on the M/T Kaveri Spirit;

WHEREAS, ARB determined after its review of the Essential Modification Report for the M/T Kaveri Spirit, that Teekay has failed to satisfactorily demonstrate that modifications are necessary for use of the specified fuels in the main and auxiliary engines on the M/T Kaveri Spirit, and has set forth the basis for this determination in a separate letter to the company;

NOW, THEREFORE, IT IS ORDERED, Teekay is granted an exemption from the fuel use specifications set forth in subdivision (e)(1) and from the recordkeeping, reporting and monitoring requirements in subdivision (e)(2) of the OGV Fuel Regulation for the main engine and auxiliary boiler on the vessel listed in Table 1, subject to the limitations and conditions in this order and the OGV Fuel Regulation;

BE IT FURTHER ORDERED, the vessel listed in Table 1 shall comply with the fuel specifications set forth in subdivision (e)(1) and the recordkeeping, reporting and monitoring requirements in subdivision (e)(2) of the OGV Fuel Regulation for the auxiliary engines on the vessel listed in Table 1;

BE IT FURTHER ORDERED, that if the OGV Fuel Regulation is amended to modify any provisions relating to the essential modification exemption, the Executive Officer may revoke or modify this essential modification exemption as necessary to bring it into conformance with the revised regulation;

BE IT FURTHER ORDERED, if the Executive Officer issues written findings that federal requirements are in place that will achieve equivalent emissions reductions within the Regulated California Waters pursuant to subdivision (j) of the OGV Fuel Regulation, the Executive Officer shall revoke this exemption upon notice to Teekay;

BE IT FURTHER ORDERED, if the Executive Officer determines that the essential modification exemption is no longer warranted, the Executive Officer may modify or revoke this exemption after providing 30 days written notice to Teekay of its intent to modify or revoke the exemption;

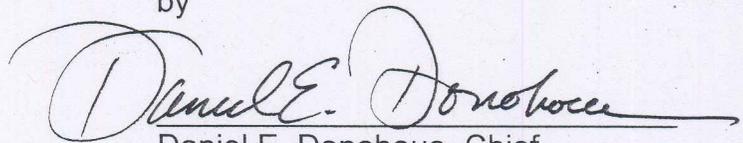
BE IT FURTHER ORDERED, if the essential modifications that are the basis for this exemption are made voluntarily, or due to other regulatory requirements, or for other reasons, then this exemption terminates and the main engine and auxiliary boiler on the vessel listed in Table 1 must use the required fuels while in Regulated California Waters, and Teekay must provide ARB with immediate written notification that modifications have been made;

BE IT FURTHER ORDERED, the Executive Officer encourages Teekay to voluntarily make the essential modifications noted above to the vessel listed in Table 1 and to use the specified fuels in the OGV Fuel Regulation while in California Regulated Waters to benefit the health and welfare of California's citizens.

Executed at Sacramento, California this 12 day of October, 2009

James N. Goldstene
Executive Officer

by

A handwritten signature in black ink, reading "Daniel E. Donohue". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Daniel E. Donohue, Chief
Emissions Assessment Branch
Stationary Source Division