Merchant Marine Circular

Panama Maritime Authority
General Directorate of Merchant Marine
Control and Compliance Department

MERCHANT MARINE CIRCULAR MMC-87

To: Ship-owners/Operators and Resident Agents of Panamanian flagged Mobile Offshore Drilling Units, and Recognized Organizations (RO's).

Subject: Panama Policy on MODU Code and Offshore Drilling Units

Reference:
a) Technical Note 1/83 dated 01 January 1983.
b) Resolution No. 614-438-ALCN dated 13 December 1983
c) Resolution No. 603-04-223-ALCN dated 12 August 1992
d) Resolution No. 106-OMI-102-DGMM dated 27 June 2012
e) Resolution MSC.506 (105) 28 April 2022 **(Only as Recommendation)**
f) Resolution MSC.505 (105) 28 April 2022 **(Only as Recommendation)**
g) Resolution MSC.504 (105) 28 April 2022 **(Only as Recommendation)**

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1. This Merchant Marine Circular replaces **MMC-48, MMC-70, MMC-81** and **MMC-82.**

2. PURPOSE

2.1 This Merchant Marine Circular establishes the guidelines for the application of the "Code for the Construction and Equipment of Mobile Offshore Drilling Units, 1979" to existing Mobile Offshore Drilling Units (MODUs) and the applicability of the IMO MODU Codes 1979, 1989 and 2009 to MODUs under the flag of Panama.

2.2 To provide instructions related to IMO applicable provisions and Certification, taking into account the dates of adoption of the IMO MODU Codes by this Administration and mechanical means of propulsion fitted to these types of units.

3. DEFINITIONS

3.1. An Existing Unit: Is a MODU whose construction was begun before the date of the adoption of the 1979 IMO MODU Code by the Republic of Panama.

3.2. All units: Are all self-propelled and non-self-propelled MODUs irrespective of their keel laid, construction or delivery date.

3.3. International operations: Are all drilling operations conducted in international voyages or outside the jurisdictional waters of the Republic of Panama.

3.4. Mobile Offshore Drilling Unit (MODU or Unit): Is a vessel capable of engaging in drilling operations for the exploration for or exploitation of resources beneath the seabed such as liquid or gaseous hydrocarbons, sulphur or salt, as defined in 2009 IMO MODU Code Sections 1.3.11 (CSU), 1.3.48 (SEU) and 1.3.55 (SU).

3.5. Non-self-propelled MODU: Is a unit not propelled by mechanical means or a unit fitted with thrusters machinery and system used only to: conduct short field moves, assist in maneuvering or propelling while under tow and maintain a desired position and heading at sea without external aid.

4. BACKGROUND

4.1. The Code for the Construction and Equipment of Mobile Offshore Drilling Units was adopted by Resolution A.414 (XI) on 15 November 1979 which had been developed to provide the first international standard to mobile offshore drilling units by the International Maritime Organization.

4.2. The Technical Note MODU 1 / 83 implemented by this Administration on 1 January 1983 established the *Guidelines for the application of the "Code for the Construction and Equipment of Mobile Offshore Drilling Units" to vessels under the flag of Panama*, containing a Part A for all units and Part B for existing units.

4.1. The 1989 IMO MODU Code and 2009 IMO MODU Code were adopted by Res. A.649 (16) and Res. A.1023 (26) on 19 October 1989 and 2 December 2019 respectively.

5. APPLICATION

5.1 Panama Guidelines for the Application of the 1979 IMO MODU Code

5.1.1 A MODU whose keel is laid or which is at a similar stage of construction before 13 December 1983 is considered an existing unit. It should meet the Guidelines for the application of the 1979 IMO MODU Code established in the Part B of the Technical Note 1/83.

5.1.2 This Part B containing general principles to be used to establish the suitability of an existing MODU, has been developed in pursuance of the considerations indicated in the paragraphs 3, 4 and 5 of the Preamble to the 1979 IMO MODU Code.

5.2 1979 IMO MODU Code

5.2.1 Resolution No. 614-438-ALCN dated on 13 December 1983 adopted the "Code for the Construction and Equipment of Mobile Offshore Drilling Units, 1979" (1979 IMO MODU Code), which establishes the applicable rules for the Mobile Offshore Drilling Units affected by this code.

5.2.2 A MODU whose keel is laid or which is at a similar stage of construction on or after 13 December 1983 and prior to 12 August 1992 should comply with the provisions of the 1979 IMO MODU Code.

5.3 1989 IMO MODU Code

5.3.1 Resolution No. 603-04-223-ALCN dated on 12 August 1992 adopted the "Code for the Construction and Equipment of Mobile Offshore Drilling Units, 1989" (1989 IMO MODU Code), which establishes the applicable rules for the Mobile Offshore Drilling Units affected by this code.

5.3.2 A MODU whose keel is laid or which is at a similar stage of construction on or after 12 August 1992 and prior to 27 June 2012 should comply with the provisions of the 1989 IMO MODU Code.

5.4 2009 IMO MODU Code

5.4.1 Resolution No. 106-OMI-102-DGMM dated on 27 June 2012 adopted the "Code for the Construction and Equipment of Mobile Offshore Drilling Units, 2009" (2009 IMO MODU Code), which establishes the applicable rules for the Mobile Offshore Drilling Units affected by this code.

5.4.2 A MODU whose keel is laid or which is at a similar stage of construction on or after 27 June 2012 should comply with the provisions of the 2009 IMO MODU Code.

5.5 Amendments to the 1979, 1989 & 2009 IMO MODU Codes adopted by this Administration

5.5.1 The Amendments 2013 incorporated to these Codes by the Res. MSC.357 (92), Res. MSC.358 (92) and Res. MSC.359 (92) related to Procedures for entry into enclosed spaces and Enclosed space entry & rescue drills are effective by this Administration through the Res. 106-OMI-144-DGMM and 106-OMI-145-DGMM since 21 January 21 2015, and Res. 106-OMI-146-DGMM since 1 January 2015.

5.5.2 The Amendments 2014 incorporated to these Codes by Res. MSC.382 (94), Res. MSC.383 (94) and Res. MSC.384 (94) related to Special Measures to Enhance Safety are effective by this Administration through the Res. 106-OMI-172-DGMM, Res. 106-OMI-173-DGMM and Res. 106-OMI-174-DGMM since 20 May 20 2016.

5.6 Amendments to the 2009 IMO MODU Code adopted by this Administration

5.6.1 The Amendments 2014 incorporated to the Code by Res. MSC.387 (94), related to alternative guidelines implemented in MSC.1/Circ.1486 are effective by this Administration through the Res. 106-OMI-174-DGMM since 20 May 20 2016.

5.6.2 The Amendments 2016 and 2017 incorporated to the Code by Res. MSC.407 (96) and Res. MSC.435 (98), related to Fire Safety and other chapters (1, 6, 8, 9, 10, 13, 14) are effective by this Administration through the Res. 107-OMI-220-DGMM since 11 December 2019.

5.7 Surveys and Certification

5.7.1 Each MODU should be subject to the surveys specified in the section 1.6.1 of the IMO MODU code that apply to it. Upon completion of surveys, a Mobile Offshore Drilling Unit Safety Certificate will be issued according to the paragraph 9 of this Merchant Marine Circular.

6. INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA 1974

6.1 SOLAS, 1974 / Chapter IV / Radiocommunication Installations

6.1.1 All units, while stationary at the site, including when engaged in drilling operations, should comply with all requirements prescribed in SOLAS chapter IV (applicable to a ship sailing through the same Area) and have on board the following document updated and issued by this flag State:

6.1.1.1 Radio Station License

6.2 SOLAS, 1974 / Chapter V / Safety of Navigation

6.2.1 Regulation 14: Ships' manning. ALL units should have on board a Minimum Safe Manning Certificate (MSMC) in accordance with Res. 106-176-DGMM dated on 15 December 2021. This Administration is to issue, in the future instructions on merchant marine circular for these specific types of units.

6.2.2 Regulation 27: Nautical charts and nautical publications. ALL units should keep on board the publications and records mentioned in the Merchant Marine Circular No. 108. Based on the IMO publications listed, all units should comply with the regulations contained in each one of them.

6.2.3 All regulations. Only MODUs whose keel are laid or which are at a similar stage of construction on or after 27 June 2012 (certified under the 2009 IMO MODU Code) should, on all voyages, comply with the all regulations of the SOLAS Chapter V as follow:

6.2.3.1 When the term *"ALL SHIPS"* is used in any regulation (e.g. 19.2, 21, 23/6, 28), and the unit is on location and, either conducting a transit (if self-propelled unit) or being escorted or towed (if non-self-propelled unit) from one location to another one; and

6.2.3.2 When the term *"MOBILE OFFSHORE DRILLING UNITS"* is used, it is intended to mean a self-propelled MODU; therefore, when it is listed within a regulation (e.g.19-1/2.1) for a group of specific ship types, the application would only be for self-propelled units either on location or conducting a transit.

6.2.3.3 Non-self-propelled units (certified under said Code) could not comply with those regulations that through authority conferred by the Regulation 3, this Administration can grant Exemption or Equivalent Certificates in favor of said units.

6.3 SOLAS Chapter IX – Management of the safe operation of ships

6.3.1 Taking into account the MSC 66/24 (section 19.12) dated on 18 June 1966, only self-propelled units should comply with the regulations of the Chapter IX and have on board the following documents updated and issued by this Flag State:

6.3.1.1 Declaration of Company; and
6.3.1.2 Declaration of Designated Person Ashore

6.4 SOLAS Chapter XI-1 – Special Measures to enhance maritime safety

6.4.1 All self-propelled units should comply with the regulations of the Chapter XI-1 and should have on board the following documents updated and issued by this flag State:

6.4.1.1 Continuous Synopsis Record (CSR).

6.5 SOLAS Chapter XI-2 – Special Measures to enhance maritime security

6.5.1 Taking into account the XI-2 Reg. 1/1.5 where a MODU is defined as a mechanically propelled MODU not on location, only all self-propelled units should comply with the regulations of the Chapter IX and should have on board the following documents updated and issued by this flag State:

6.5.1.1 Declaration of Company Security Officer; and
6.5.1.2 International Ship Security Certificate (ISSC).

7. IMO MODU Code / Chapter 14 - Operations

7.1 While Stationary / On-location

7.1.1 By virtue of section 14.8.2 (1989 IMO MODU Code) and 14.9.2 (1979 & 2009 IMO MODU Code), this Administration is aware, that a coastal State might require a standard higher than the Code to units when stationary and engaged in drilling operations.

7.1.2 All units operating within jurisdictional waters of those coastal States should comply with safety requirements which in the opinion of them are adequate for the intended operation and ensure the overall safety of the unit and the personnel on board.

8. Flag State Control / Flag State Inspections (FSI)

8.1. All units registered with the Merchant Marine shall be subject to an assessment to determine their eligibility for a Flag State Inspection (FSI), in accordance with the provisions established under the MMC-171, in order to determine whether they comply with the National and International Laws and Regulations in force, as instructed in the Article 117 of Law No. 57 of 2008 of the Republic of Panama.

8.2. In order to determine eligibility of each unit for a FSI and facilitate the timely processing of the authorizations, Owners/Operators shall contact the Flag State Inspection Section to verify the unit's current status in accordance with the provisions established under the MMC-171.

8.3. Owners/Operators shall report to the Flag State Inspection Section of this Administration the correction of any deficiency found during a FSI within the next 30 days, following the instructions mentioned in MMC-201.

8.4. Unless otherwise expressly authorized by the General Directorate of the Merchant Marine, exceptions may be granted to units subject to FSI located in remote or hard-to-reach areas where the services of a duly authorized Flag State Inspection (FSI) inspector may not be readily available.

9. Panama Policy on Mobile Offshore Drilling Units and other International Conventions and Codes

9.1 MARPOL 73/78

9.1.1 Mobile Offshore Drilling Units when engaged in drilling operations for the exploration for or exploitation of resources beneath the seabed could not comply with the Oil Filtering Equipment (OWS) which through authority conferred by the Regulation 3, this Administration can grant Exemption or Equivalent Certificate as long as the following is met:

9.1.1.1 These units shall be provided with a holding tank having a volume adequate, to the satisfaction of the RO for the total retention on board of the oily bilge water;

9.1.1.2 All oily bilge water shall be retained on board for subsequent discharge to reception facilities ashore complying with the MARPOL operational requirements; and

9.1.1.3 There should records for all operations conducted to reception facilities.

9.2 MLC, 2006

9.2.1 No unit is committed to have on board a Maritime Labour Certificate and Declarations of Maritime Labour Compliance (Part I & Part II) required by of Reg. 5.1.3 and Standard A.5.1.3, but they may obtain it on voluntary basis such as indicated in MMC-251. Refer to Merchant Marine Circular 269 in case of voluntary basis.

9.2.1.1 All units, in order to insure the protection of seafarers and offshore personnel against financial risks in possible hazardous situations and compensation claims due to occupational accidents, diseases or hazards, should have on board, such as indicated in the MMC 336, the following financial securities:

- Repatriation / MLC, 2006 - Reg. 2.5
- Ship's Owner Liability / MLC, 2006 - Reg. 4.2

9.3 ILO Convention No. 92

9.3.1 No unit is committed to have on board a Certificate of Inspection of Crew Accommodation (CICA), but they may voluntarily obtain it as long as they comply with the minimum requirements of the ILO Convention No. 92 and the MLC, 2006 Reg. 3.2, such as indicated in the Res. J.D. No. 045-2021 (Article 5) dated on 29 June 2021. Refer to MMC-279 and MMC-396 in case of voluntary basis.

9.4 Anti-Fouling System

9.4.1 As required by the Merchant Marine Circular No. 157, the AFS Certificate will be issued by the RO approved to do so, to all Self-propelled MODUs.

9.4.2 Non-self-propelled MODUs will only be issued a declaration signed by the owner or owner authorized agent which should be accompanied by appropriate documentation (such as a paint receipt or a contractor invoice) or contain appropriate endorsement whereby certifying that painting does not contain any substance controlled by the AFS Convention.

9.5 Casualty and Marine Incident

9.5.1 According to the RO Code Section 6.5.8, the RO responsible for issuing a MODU Safety Certificate shall, upon receiving a report of an accident or discovering a defect to an unit which affects the safety of the unit or the efficiency or completeness of its life saving appliances or other equipment, cause investigations to be initiated to determine whether a survey is necessary.

9.5.2 Taking into account the IMO 2009 MODU Code Section 1.8.1, when a Flag State Inspector authorized by the General Directorate of Merchant Marine (DGMM) (to carry out Flag State Inspections), or a RO' surveyor authorized by the DGMM (and responsible for issuance of statutory and MODU Code certification and for services provided to unit), is involved in any casualty or marine incident may be required to declare and submit records and technical documentation in support to the investigation of said casualty or marine incident such as required by Resolution No. 106-135-DGMM dated on 9 September 2013.

10. INSTRUCTIONS / RECOMMEDATIONS TO RECOGNIZED ORGANIZATIONS (ROs)

10.1 Instructions to ROs to issue the MODU Safety Certificates

10.1.1 Taking into account that this Administration must (a) fully guarantee the completeness and efficiency of the design evaluation of an unit and (b) assume in very case full responsibility for the certificate and it has delegated this function on Recognized Organizations, all ROs should, as required by the IMO RO Code Section 2.2, have design, construction and maintenance requirements for the certification of an unit under provisions of IMO MODU Code.

10.1.2 In accordance to the 2009 IMO MODU Code Section 2.1.3.2, these requirements or standards must include Class Rules and Procedures that include, but not limited to, materials, stability, hull machinery, electrical, automation, lifting appliances and operation for the classification of Mobile Offshore Drilling Units.

10.1.3 Due to required strength, structural members and stressed generated when on-location and engaged to drilling operations, there should be evaluation and special attention, depending on the unit's hull configuration, for the following type of MODUs:

- Special Consideration for Surface Units;

- Special Consideration for Self-Elevating Units; and
- Special Consideration for Column Stabilized Units.

10.1.4 These Class Rules and Procedures should also apply to all those provisions contained in the IMO MODU Code and that elsewhere include the following phrases or word:

- *"consideration",*
- *"special consideration";*
- *"should give special consideration"; and*
- *"to the satisfaction of the Administration";*

10.1.5 Certificate of Class to be issued to the unit should include Class Notations depending on the type of unit and the paragraphs (9.1.1-9.1.3) above.

10.1.6 In accordance with the RO Code section 3.9.2.1.2, all ROs should establish an appropriate communication with this Administration to address the classification (assignments of class, changes and withdrawals) of an unit.

10.1.7 Existing units which do not fully comply with all the requirements of the Code but which, in application of the Part B of the Panama Technical Note – MODU 1/83 has been determined to be suitable to conduct international operations shall be issued a MODU Safety Certificate as follow:

10.1.7.1 The headline to be indicated on the certificate will be:

REPUBLIC OF PANAMA
MOBILE OFFSHORE DRILLING UNIT SAFETY CERTIFICATE
THE UNDERSIGNED CERTIFIES THAT THE UNIT HAS BEEN DULY SURVEYED IN ACCORDANCE WITH THE 1979 CODE FOR **THE CONSTRUCTION AND EQUIPMENT OF MOBILE OFFSHORE DRILLING UNIT (MODU) AS MODIFIED BY** PANAMA MODU GUIDELINES, PART B, FOR EXISTING UNITS

10.1.7.2 The MODU Safety Certificate to be issued will have added the following sentences to the paragraph 1 and 2:

"as modified by the guidelines of the Administration for its application to existing units"

10.1.8 If an existing unit or an unit (whose keel is laid or which is at a similar stage of construction on or after 13 December 1983 and prior to 12 August 1992) complies with the provisions of the 1979 IMO MODU Code should be issued a certificate with the following headline to be indicated on it:

MOBILE OFFSHORE DRILLING UNIT SAFETY CERTIFICATE (1979)
ISSUED PURSUANCE OF THE
IMO CODE FOR THE CONSTRUCTION AND EQUIPMENT OF MOBILE OFFSHORE DRILLING UNITS, 1979
UNDER THE AUTHORITY OF THE GOVERNMENT OF
REPUBLIC OF PANAMA

10.1.9 Units complying with the provisions of the 1989 IMO MODU Code should be issued a certificate with the following headline to be indicated on it:

MOBILE OFFSHORE DRILLING UNIT SAFETY CERTIFICATE (1989)
ISSUED UNDER THE PROVISIONS OF THE
IMO CODE FOR THE CONSTRUCTION AND EQUIPMENT OF MOBILE OFFSHORE DRILLING UNITS, 1989, AS AMENDED
UNDER THE AUTHORITY OF THE GOVERNMENT OF
REPUBLIC OF PANAMA

10.1.10 Units complying with the provisions of the 2009 IMO MODU Code should be issued a certificate with the following headline to be indicated on it:

MOBILE OFFSHORE DRILLING UNIT SAFETY CERTIFICATE (2009)
ISSUED UNDER THE PROVISIONS OF THE
IMO CODE FOR THE CONSTRUCTION AND EQUIPMENT OF MOBILE OFFSHORE DRILLING UNITS, 2009,
UNDER THE AUTHORITY OF THE GOVERNMENT OF
REPUBLIC OF PANAMA

10.1.10.1 All units certificated under the 2009 IMO MODU Code should be in compliance with SOLAS Chapter V given the 2009 IMO MODU Code Section 11.10.1.

10.1.10.2 In order to demonstrate compliance with the SOLAS Chapter V applicable requirements through the 2009 IMO MODU Code certification, the MODU Safety Certificate will have added the following paragraph 6:

"6. That this unit has been duly surveyed and the survey showed that the unit complies with the applicable shipborne navigational equipment requirements of Chapter V of SOLAS'74."

10.1.11 When a unit meets the provisions of a IMO MODU Code higher than its corresponding applicable IMO MODU Code, based on the yard construction contract that determines that it has been at customer request, the unit could be issued a MODU Safety certificate under the provisions met of that IMO MODU Code.

10.1.12 When the issuance of SOLAS Certificates are requested, in addition to the MODU Safety Certificate issued to the unit given coastal State requirements for ship-type MODU, the RO could issue conventional SOLAS Certificates for Safety Construction, Safety Equipment and Safety Radio.

10.1.13 All units should be appropriately manned in order to encompass all aspects of maintaining safe operations on board; therefore, the MSMC required by the paragraph 5.2.1 of this Merchant Marine Circular and Panamanian Seaman Books required for offshore personnel through the Res. J.D. No. 052-2021 date on 2 August 2021 will be verified during the Annual Survey.

10.2 Exemption Certificate

10.2.1 When for authority conferred by the Section 1.4 or by any other section of the IMO MODU Code, or when in opinion of this Administration a particular provision is impracticable or not reasonable for the intended operation, Exemption Certificates in favor of an unit may be granted.

10.2.2 The exemption certification process for the exemption of an unit will normally involve the following steps:

10.2.2.1 Request for an Exemption Certificate submitted to Segumar Office by Unit´s operator, Resident Agent or RO;
10.2.2.2 Concurrence authorization letter issued by Segumar Office;
10.2.2.3 Interim Exemption Certificate (valid for 5 months) issued by RO;
10.2.2.4 Full Exemption Certificate issued by Segumar Office;
10.2.2.5 MODU Safety Certificate issued by RO which should have listed in the paragraph 4, all exemptions granted by this Administration.

10.2.3 All Recognized Organization duly authorized to issue the Mobile Offshore Drilling Units Safety Certificate, shall take into account the relevant cost established on Resolution J.D. No.019-2009 dated on 29 October 2009 amended by Resolution J.D. No.002-2010 of 3 February 2010.

10.3 Recommendations to ROs to issue the MODU Safety Certificate

10.3.1 Taking into account that Class Notations are symbols and specific class rule requirements that help to attest the capabilities, equipment and systems of an unit, and sometimes in cooperation with the unit's owner and the shipyard, this Administration recommends to all ROs, when applicable, to assign Class Notations on the Class Certificate related to the following scenarios, conditions, auxiliary machinery or type of MODU:

10.3.1.1 Column Stabilize Drilling Unit;
10.3.1.2 Self-Elevating Drilling Unit;
10.3.1.3 Drillship;
10.3.1.4 Unattended Machinery Spaces;
10.3.1.5 Units propelled by mechanical means;
10.3.1.6 Non-self-propelled units conducting short field moves;
10.3.1.7 Dynamic Positioning System;
10.3.1.8 Service limitation / site / geographical location; and
10.3.1.9 Restricted service for environmental considerations.

10.3.2 Noting diversity in terminology to refer to Mobile Offshore Drilling Units referred in the MARPOL Convention 73/78, and other IMO Convention, this Administration recommend avoiding indicating on the Certificate of Class the following terms:

- Platform;
- Facility;
- Installation; and
- Rig

10.3.3 In the MODU Code these terms make reference to the following:

10.3.3.1 The term ***Platform*** is only mentioned in the MODU Code to refer to the helicopter landing helideck, a deck level, the maneuvering area and personnel transfer net.

10.3.3.2 The term ***Facility*** is mentioned in the MODU Code to refer to the helicopter area, a maintenance service station and devices that enable the output of the helideck lights.

10.3.3.3 The term ***Installation*** is mentioned in the MODU Code basically to make reference to methods, procedures and standards to be utilized when electrical services, machinery and equipment are installed.

10.3.3.4 The term ***Barge*** is mentioned in the MODU to only define the type unit named *Surface Unit* which means a unit with a ship- or barge-type displacement hull of single or multiple hull construction intended for operation in the floating condition.

10.3.4 The term Rig is not mentioned in the IMO MODU Code. This Administration understand the meaning of said term as the following:

10.3.4.1 A general certain way to any offshore unit operating within the offshore industry, irrespective of its type, service engaged (drilling or non-drilling unit), on-location mode and connection that it might have to the seafloor; therefore, it encompass many type of marine structures. It is not specific for a particular unit.

November, 2026 *– Numbers of paragraphs corrected; change in paragraph 8; change in paragraph 9.5.2.*
October, 2023 *– Merge of MMC-87, 82, 81 and other policies in MMC-48 and 70.*
April, 1994.

Inquiries concerning the subject of this Merchant Marine Circular or any other request should be forward to:

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