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Investigation of: *

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Interviews of: BIKRAM KANJILAL AND PETER LOLIC

Thursday
August 28, 2008

The above-captioned matter convened, pursuant to notice.

BEFORE: LARRY BOWLING

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1 the recorder, Mike had asked that -- or basically indicated that
2 Bikram, you wanted to make a brief presentation on the company,
3 correct?

4 MR. KANJILAL: Yes. We asked if you'd like to --

5 MR. BOWLING: Yes, please. Sure.

6 MR. KANJILAL: So the company was founded in 1973 by
7 Torben Karlshoej and at that point of time, he put (indiscernible)
8 together to manage oil tankers. In 1985, the company bought its
9 first Aframax tanker and actually got into the ownership and
10 management of tankers.

11 In 1992, unfortunately, Torben Karishoej passed away, as
12 you can imagine Teekay stands for Torben's initials. And since
13 1992, the company has sort of morphed into different areas and in
14 1995, the -- it was listed on the New York Stock Exchange. The
15 current CEO of the company, Bjorn Moller, took over in 1998 and we
16 went into some growth.

17 We acquired a Norwegian shipping company, Bona Shipping,
18 Bona Shipholding 1999 and after that, we acquired Nordic Shipping
19 and also Navion ASA, which was the shipping arm of Statoil Hydro,
20 which is a Norwegian state oil company. In 2004, the company
21 entered LNG Shipping by acquiring Tapias, a Spanish LNG company.
22 And since then we have also acquired OMI Corporation in a joint
23 deal with TORM, a 50-50 joint deal with TORM.

24 The company now is made up of several other listed
25 companies, also, so -- whereas the Teekay Corporation is listed in

1 the New York Stock Exchange. In addition, there are three other
2 subsidiaries of Teekay which are also listed on the New York Stock
3 Exchange, including Teekay LNG Partners and Teekay Offshore and
4 Teekay Tankers. So there are three separate entities on the New
5 York Stock Exchange along with Teekay Corporation.

6 The company, as it stands today -- 2007, at the end of
7 2007, we had 200 ships under our commercial control, over 100.
8 About 115 vessels were being technically managed and others were
9 managed on a commercial basis by in-charterers (ph.).

10 We have over 5,000 seafarers working for us and the
11 total number of people employed in the company is
12 approximately 5,600. And (indiscernible) multi-nationalities.
13 The statistics of these logistics, as it stands, for the end
14 of 2007, we undertook 7,006 -- 7,650 port calls over 75 countries
15 supporting 150 customers and hauling approximately 241 million
16 tons of cargo. At this point of time, we have 28 ships which are
17 still being built and that has -- that is at a cost of roughly
18 \$3.5 billion.

19 The company also, as such, has invested quite heavily in
20 the training of its seafarers and again, the budget in 2008 is
21 approximately \$12 million from our training budget. Within Teekay
22 Corporation, as such, the way we are arranged is that actual
23 operations of the vessels are undertaken by Teekay Marine
24 Services, of which Graham Westgarth is the president and you have
25 met Graham this morning and that -- believe you'll be meeting him

1 later in the afternoon, also.

2 And we have organized ourselves in a manner where we are
3 actually looking at different lines of vessels where we have the
4 conventional tankers under one vice president, we have the shuttle
5 tankers under another vice president and the gas carriers under a
6 third vice president and they all report up to a senior vice
7 president who then reports to Graham. In Vancouver itself, we
8 have what we call the strategic groups and one of them is the
9 Strategic Services, of which I'm a part as the Director of Marine
10 Quality Assurance. That's basically a nutshell of where we are.

11 MR. BOWLING: Thank you. What exactly is your
12 responsibility? What does your title entail?

13 MR. KANJILAL: My job responsibility actually covers
14 three areas of operations and how we manage our assets, so I have
15 -- I look after the ship, the safety management system, itself,
16 which is MOMS, so my group has ownership of MOMS, whereas MOMS
17 obviously is overarching safety management system of the
18 organization and there are different parts of the organization
19 which are doing different things to actually support it. We
20 actually undertake to ensure that it is a certified system which
21 is certified by DNV and which captures different standards,
22 including the ISO for 9,000, (indiscernible) of 14,000 and
23 OHSAS 18000 and all the elements of that are actually integrated
24 into that and that we continue to maintain that certification. So
25 that's my primary focus.

1 In addition, I am also -- the group is also responsible
2 for ensuring that the fleet meets all our customers' expectations
3 so we handle all the vetting of the fleet, meaning thereby if
4 there are third party inspections of the vessels, then we
5 coordinate all that and we also respond back to the customers with
6 -- to cover all their requirements and maintain the status of the
7 vessels as acceptable in the customers' eyes. And the third area
8 is, we look at marine, as such, so any marine aspects of
9 navigation of cargo work, of marine safety, as such, which
10 actually focuses on incident reviews or looking at the core of
11 marine activities, we focus folks on that area, notaries, the
12 organization, so awareness of -- people's awareness, and ensure
13 that any lessons learned from that is actually inducted into the
14 management system, as such.

15 MR. BOWLING: Okay. And Peter, your position and your
16 responsibility, can you give me a little bit of background on
17 that?

18 MR. LOLIC: Yeah, my current position, or
19 responsibilities, is Manager of Marine Quality Assurance and I'm
20 enrolled in working with the (indiscernible), mainly in upkeep and
21 maintenance of the safety management system, MOMS, and again, the
22 related activities, navigational, cargo, (indiscernible), anything
23 to do with safety, marine-side or deck-side activities onboard the
24 ship.

25 MR. BOWLING: Okay. And your chain of command now?

1 MR. LOLIC: I report to Bikram.

2 MR. BOWLING: Okay. And Bikram, at present, you are
3 serving as the DPA, the Designated Person Ashore or --

4 MR. KANJILAL: No. The DPA is the person who's part of
5 the HSEQ organization, which is a separate department.

6 MR. BOWLING: Okay.

7 MR. KANJILAL: And that's another gentleman who's
8 serving as the DPA.

9 MR. BOWLING: Okay. But at the time of the Axel Spirit,
10 you were?

11 MR. KANJILAL: Yes.

12 MR. BOWLING: Okay.

13 MR. KANJILAL: And Peter was part of the HSEQ
14 department --

15 MR. BOWLING: Okay, okay. Okay. This one I'll put on
16 the table for whoever would be the best person to answer it. I'd
17 like to get -- I've heard the term open door, you know, official
18 term, a policy. Can you tell me a little bit about the policies
19 or procedures are in place with regard to that particular program
20 and how that allows someone, such as a chief engineer or a master
21 who may be having an issue on a ship, to get resolution on that
22 issue? Can you tell me a little bit about that program and how it
23 works?

24 MR. KANJILAL: Well, I can say I wouldn't be able to
25 classify it as a program, as such.

1 MR. BOWLING: Okay.

2 MR. KANJILAL: I would say that as an organization. We
3 have an open door policy in this corporation.

4 MR. BOWLING: Okay. So it's not actually a written
5 procedure, it's a policy that -- an understanding?

6 MR. KANJILAL: It's an understanding that anybody -- I
7 mean, aside from what is there, the safety management assistance
8 regarding a DPA's function --

9 MR. BOWLING: That's a given, right.

10 MR. KANJILAL: -- things of that nature. But we have --

11 UNIDENTIFIED SPEAKER: It's published in the internal
12 newsletter, as well.

13 MR. KANJILAL: Yes. I mean, it is more -- as -- is it a
14 program, as such?

15 MR. LOLIC: Well --

16 MR. BOWLING: Is it a written procedure or program? If
17 it isn't, then it's --

18 MR. LOLIC: It's in the management system, but it's in
19 our newsletter that goes out to the fleet and the customers and
20 all the presidents, all the senior people are listed there and any
21 person from Teekay can approach them with every question they
22 have.

23 MR. BOWLING: How do, from the standpoint of -- how does
24 -- would an employee have the assurance that he or she could truly
25 act upon that open door statement without repercussions? How

1 would one get those assurances? What does the company have in
2 place? In other words, if -- you know, if you're an employee
3 that's out of the mainstream, that doesn't get circulated around
4 upper-level management, there -- you would want to make sure they
5 had a sense of comfort going up the chain of command with an
6 issue. How is that relayed to the -- let's get away from the
7 master or the chief engineer, the senior mariners. How is that
8 relayed to the, just, the individuals that may not have such a
9 high ranking position? If it's not in policy or procedure, how do
10 you communicate that?

11 MR. KANJILAL: Well, I guess it's -- think we can bring
12 that newsletter, see how it's described there, how is it worded
13 there. But from what I've heard so far and what I've seen, senior
14 management answers questions to people -- whatever they come up
15 with. I mean, there might be some questions about how's the
16 company doing financially or will there be -- different questions.
17 Why did we change the name from Teekay Shipping to Teekay
18 Corporation and things like that? I mean, there might be some
19 safety questions, but those are mainly directed to
20 (indiscernible), so --

21 MR. BOWLING: Okay.

22 MR. KANJILAL: I think it would be fair to say, also,
23 that we have, from Teekay Corporation, as such, we have business
24 ethics and that kind of a policy, which actually has a hotline and
25 a contact number for people to connect to in case they're having

1 concerns as to how -- if they have any concerns around the
2 company. And it is very clear within that policy itself that
3 there is no repercussion on people for actually either asking a
4 question or reporting. And it's actually published on our
5 intranet with an insight.

6 MR. BOWLING: Okay. And we have a case we'll be dealing
7 with Graham on this afternoon. I'm going to follow up on it, but
8 moving on to another area, the -- another term that's come is the
9 Raising Awareness campaign. Can -- Bikram, I guess I'll direct it
10 to you. Can you tell me the extent of that campaign?

11 MR. KANJILAL: Well, the Raising Awareness campaign
12 actually came about a few years ago, when we realized that it was
13 important for us to bring information back to the seafarers and to
14 the organization about anything and everything that is sort of not
15 working out as well as it should in the organization. So what
16 happens through that is, from time to time we would compile all
17 the information around incidents and then we'd share that with
18 staff at seafarer conferences, or also, you know, bring it to
19 individual vessels and have, you know, the fleets and the fleet
20 managers and the vessel managers actually follow up with each to
21 ensure that, you know, the people on board the ship have actually
22 been made aware of the incident and also that they're being, sort
23 of, asked to be more vigilant and do things more in the -- you
24 know, to adhere to procedures and policies when they're actually
25 undertaking their work.

1 MR. BOWLING: Okay. With regard to -- I want to get
2 into specific questions now related to the Axel Spirit in the
3 safety program. Barry had a couple of questions he brought up
4 with, I want to say Mr. Penny, this afternoon. Brought up a real
5 good point with regard to indicators with Captain Mack, just
6 looking at them superficially or on the surface, I should say,
7 before the incident, from a former port state controlled boarding
8 officer, if I went aboard and I saw these indicators on a ship, I
9 would think that, you know, audit results and things like that, I
10 would personally think that the captain was onboard with the
11 safety management system and adhering to it and promoting it with
12 the ship as required by the code.

13 But then you had the incident that happened and you have
14 both safety management procedures before that the master didn't
15 adhere to and safety procedures after the incident, such as
16 reporting, that weren't adhered to. Can you give me -- and I know
17 it's somewhat speculation here, but can you give me an idea of how
18 we got from, you know, all the audits and other indicators saying
19 that this ship had an outstanding safety management system in
20 place to post-casualty incident where the procedures that were in
21 place were not adhered to. How -- can you bridge that gap for me?

22 MR. KANJILAL: It's a difficult one to answer because
23 Captain Mack is such -- like you said, very -- you know, you're
24 absolutely right. From all the indicators that we have received
25 from him in the past and from my personal relationships, our

1 personal interaction that I've had with him in the past, he always
2 came across as a person who was very straightforward, he knew what
3 he was doing, very solid personality. And this was -- and even
4 onboard the ships, as far as I understand, the feedback was always
5 that, you know, people felt comfortable sailing with Captain Mack
6 because they felt a degree of, you know, of knowing that he was
7 sort of strong in that, like he adhered to procedures, policies,
8 and he ensured that his ship was run in the proper manner. So
9 it's actually quite difficult for me to even fathom as to how a
10 person would get into a situation where this unfortunate incident
11 would occur with him being on board.

12 I know that he had, you know, possibly a bout of
13 sickness sometime during the passage up to New York or while the
14 ship was in Mexico, and if that had anything to do with his, you
15 know, impaired judgment, that is -- I mean, I can't quite put my
16 finger on any single act of Captain Mack or any single personality
17 trait of Captain Mack which would lead me to believe that this is
18 a person who would actually allow such a situation to unfold on
19 this vessel.

20 MR. BOWLING: Peter, at the time you were the Designated
21 Person Ashore and according to the code, should've been an initial
22 contact if the master had any concerns to get to the management.
23 Did you have any contact with Captain Mack in the six to eight
24 months preceding the incident --

25 MR. LOLIC: No.

1 MR. BOWLING: -- of any type related to the safety
2 management system?

3 MR. LOLIC: No. The only contact I had was, first alert
4 myself -- with many people in Teekay (indiscernible) are on the
5 first alert list and --

6 MR. BOWLING: Right.

7 MR. LOLIC: -- the first indication I got was when I saw
8 the first alert.

9 MR. BOWLING: Okay. At any time, as the DPA, did
10 Captain Mack ever express any concerns over the extent of time it
11 took out of his day to complete forms that were required by the
12 safety management system or do other tasking that was required by
13 the safety management system?

14 MR. LOLIC: Not specifically from him. In general, we
15 had masters refuse to fill it and every year they come up with
16 various recommendations for improvements and where they feel the
17 safety management should be improved, changed, whatever, but
18 nothing specific from --

19 MR. BOWLING: From Captain Mack? All right. With
20 regard to the feedback you just mentioned from the masters, can
21 you give me a couple of examples of comments up from the senior
22 mariners regarding the systems that you're -- or had been involved
23 in when you were running as DPA?

24 MR. LOLIC: In general, as I said, specific, I can pull
25 out the masters reviews there, but in general -- and it's not only

1 Teekay, it's in the industry -- there is a feeling that sometimes
2 the paperwork is a little bit over the top. Some guys understand
3 it's sometimes the regulatory requirements. Some guys think well,
4 they are regulation, but why we have them on top of the
5 regulations (indiscernible).

6 But I don't think it's a big issue. We're working on
7 it, as a company, we're working on sort of streamlining -- Bikram
8 and myself have actually started the complete review of the
9 management system and one of the goals is to try to reduce the
10 paperwork, the actual (indiscernible).

11 MR. BOWLING: Okay. When you say -- and this is
12 something that's underway right now?

13 MR. LOLIC: Right now, yeah.

14 MR. BOWLING: And what is the extent of the review
15 again? You're basically looking for areas where you can reduce
16 the paper load upon the user?

17 MR. LOLIC: That's not the only --

18 MR. BOWLING: Yeah.

19 MR. LOLIC: -- focus, but we try to make it -- try to
20 improve the whole approach, the management system, look at, say,
21 for human element or the way it's right now displayed on the
22 Docmap in our software that we access the management system.
23 We're seeing the areas to improve there. I looked at some of the
24 forms that the guys are filling in now and signing and perhaps
25 laminating and (indiscernible) markings --

1 MR. BOWLING: The process with regard to the review of
2 the system right now is that just, internally, you, too, or is
3 there a stakeholders group?

4 MR. KANJILAL: (indiscernible). It's a stakeholders
5 group. I mean, it's fair to say that, you know, when we started
6 the -- when we actually instituted the safety management system,
7 which included parts from so many other standards, it was put
8 together very comprehensively. But at the same time, we always
9 believe that it always benefits from review and from improvements
10 as we go along.

11 So this is just an iteration process because we put this
12 thing together in 2003, we had a review in 2004. This is 2008.
13 We feel that it is time for us to sort of review all that again
14 and look at ways in which we can actually make it better, maybe
15 streamline certain aspects of it.

16 MR. BOWLING: What is the composition of the workgroup
17 that's involved in that review of MOMS right now? Can you give me
18 some background? Who all is in it?

19 MR. KANJILAL: Oh, certainly. The group, itself -- I
20 mean, the project group, itself, is in my jurisdiction in the
21 Marine Quality Assurance group, but we have sort of touched upon
22 the three fleets which are the conventional fleet, the gas fleet
23 and the shuttle fleets, there are representatives from that:
24 representatives from Marine HR, John Adams' group, representatives
25 from our corporate HR and you know, people from communications and

1 safety, from HSEQ groups and the different areas and different
2 stakeholders of the organization to sort of participate in that
3 and sort of look in areas in which we can sort of improve the
4 system.

5 MR. LOLIC: What's really important to measure is we
6 have to see if there is, in the project group --

7 MR. KANJILAL: Yes.

8 MR. LOLIC: -- pretty much --

9 MR. BOWLING: They're active seafarers or --

10 MR. LOLIC: Active seafarers.

11 MR. BOWLING: -- do they come ashore? So they're --

12 MR. KANJILAL: One master or captain from the fleet and
13 one third mate from the fleet.

14 MR. BOWLING: I've been through portions of the safety
15 management system that were relevant to the incident: the
16 notification, passage planning, bridge resource management, a
17 couple other procedures. What I haven't seen, and it's come up a
18 couple of times today and it was a question that we'd talked about
19 internally, was the official company status or statement on
20 notifications for sickness, for example, with the master. Is
21 there an existing SMS procedure that he was to follow if he was
22 ill, reporting that up the food chain or is it a --

23 MR. LOLIC: Yeah. During the procedure and -- which is
24 tied to our first alert process and it's called notification in
25 case of incident and illness and injury and security breach and so

1 on. So in this -- and injury's one. Now, in this, I guess, what
2 you say is left to the person's discretion, can you say how ill he
3 can get in order to report for himself. I can give you the most
4 recent example. We had an AB with pretty high blood pressure for
5 a period of two days or so and that's been reported and I think
6 he's been taken off the ship by helicopter or something there,
7 just two, three days ago.

8 MR. BOWLING: Okay.

9 MR. LOLIC: Ship on the way to Korea. But we don't have
10 that many when it comes to illnesses.

11 MR. BOWLING: But that procedure would cover an illness,
12 the way it's written?

13 MR. LOLIC: Yes.

14 MR. BOWLING: I just made a note. It'll be another
15 thing we'll talk about this afternoon. I'd like you to copy that.
16 If we've already got it, I haven't seen it or I haven't read it,
17 but I don't think we have a copy of it yet, so we'll
18 (indiscernible) for that.

19 MR. KANJILAL: One thing that's sort of fair to say is
20 most of these reports, it is incumbent upon the master to be
21 making these reports. I mean, in this case it was the master,
22 himself, who might have been the party.

23 MR. BOWLING: Mike had previously provided the NTSB with
24 a written, I think, a letter, your letterhead, Mike, that there
25 was no notification to the company other than the master verbally

1 bringing it up in casual conversation with one of the cargo
2 representatives, I believe, or cargo officers, is that correct?

3 MR. LOLIC: Yes.

4 MR. BOWLING: You have no record of any other
5 notification?

6 MR. LOLIC: I have no record of any other notification.
7 And as regards the cargo officer, I mean, it took me a bit of time
8 just to trace back to, you know, who it could've been and it was
9 ultimately traced to a voyage manager in Glasgow who was the
10 person sort of dealing with the vessel on the commercial operation
11 side of things --

12 MR. BOWLING: Okay.

13 MR. LOLIC: -- and (indiscernible) casual conversation
14 with that person.

15 MR. BOWLING: This is a very big question and I'll let
16 either one of you pick it up, but I just got a copy of the
17 incidents that I'd ask for that span for five years, but obviously
18 the Axel Spirit is one of the last ones and it covers various
19 cause levels where it looks like you're getting back to a root
20 cause analysis type thing.

21 Can you tie this in to the -- we keep hearing the
22 learning culture. We want to learn incident review process. Can
23 you walk me through this in some detail as to once the company
24 became aware of the incident, you started looking at, at least, as
25 things developed through the course of the investigation with the

1 NTSB and the Coast Guard in New York, as this data was coming in
2 to the company, can you walk me through what you did, from your
3 perspective, to use this as a learning experience?

4 MR. LOLIC: MOMS, itself -- I mean, we are focusing on
5 what we call is a Plan Do check act cycle, the Deming cycle. And
6 one of the areas of the check act area is very much focusing on
7 how -- what you get back from any issue and how you sort of feed
8 it back into the system again. So -- I mean, whether it's this
9 one or any other incident, we would follow the similar approach
10 where we would sort of get a reporting, a (indiscernible) report,
11 try and get to the root cause of it, find corrective actions and
12 preventative actions.

13 And in many cases, the preventative action is in raising
14 awareness, informing people of it and, you know, reviewing
15 policies, procedures, and getting it back into the procedures and
16 adding to MOMS so that we can follow the cycle through. So that's
17 what we also sort of did in case of that (indiscernible) where we
18 looked up the incident, got in as much information as we could
19 from around and having reviewed it, came to certain, you know --
20 (indiscernible) a sort of a causal analysis where we are able to
21 put down as to what is the root cause and how can we correct it.

22 And solving some of the areas that we looked at where
23 the people, you know, whether the procedures were actually adhered
24 to and followed onboard the ship, whether the procedures were good
25 in the first place. And then again, drawing lessons out of it and

1 sending it around the fleet. That is a very integral part of it,
2 like sending the information around the fleet, and that is also,
3 like, when you talk about the Raising Awareness program, it is
4 also tied in together with that.

5 MR. BOWLING: Okay. Part of the executive summary of
6 the follow-up on the incident, internal incident review, mentions
7 that there was an all-fleet message that went out. I don't have a
8 copy of that. I would like to add that to the list. But can you
9 tell me, because you probably put it together, can you tell me the
10 extent of that message that Graham sent out?

11 MR. KANJILAL: Certainly. Graham -- basically, it was,
12 you know, whenever we've had an incident involving navigation,
13 we'll focus pretty strongly on bridge resource management. And we
14 have found that you could draw lines back to bridge resource
15 management and in certain failures off certain aspects of bridge
16 resource management on most navigational incidents, whether it's
17 in Teekay or anywhere in the industry.

18 So Graham's message, basically, brought to the notice of
19 the seafarer that they needed to be more focused on bridge
20 resource management and they needed to ensure that they follow the
21 procedures and policies which are part and parcel of MOMS and you
22 know, review them and make sure that, you know, they followed up
23 on bridge resource management. His message was that, focus on
24 bridge resource management.

25 MR. BOWLING: Okay. With regard to the message, that's

1 the directive, if you will, to the fleet, what steps are taken by
2 your group or other entities within the company to ensure that the
3 receivers of that message are actually taking it to heart and
4 focusing on bridge resource management? I mean, are there audits,
5 stepped up audits, frequencies, or are you taking the information
6 from DDRs at a random sampling, or how are you ensuring that
7 message is being acted upon by the fleet?

8 MR. KANJILAL: We have a regimen for internal orders and
9 inspections, so the way we do it is we have internal inspections,
10 like the vessel master carries out his own inspections and we have
11 external -- like the company carrying out inspections on board the
12 ships. We have MOMS audits on board the ships; we have DNB orders
13 on board on the ships.

14 MR. BOWLING: What was before the DNB audit?

15 MR. KANJILAL: The MOMS audit.

16 MR. BOWLING: Okay, it's internalized?

17 MR. KANJILAL: Internal audits --

18 MR. BOWLING: Okay.

19 MR. KANJILAL: -- (indiscernible) and an ISN order.

20 MR. BOWLING: Right, right.

21 MR. KANJILAL: ISN order. In addition, we have what we
22 call the master needs to carry out navigational assessment,
23 onboard navigational audit, once during his tour of duty.

24 UNIDENTIFIED SPEAKER: Good afternoon, everyone. Please
25 join Bjorn for his quarterly update on the 21st floor, south side.

1 MR. FERNANDEZ: Do you have that on tape?

2 MR. STRAUCH: Should we take a break now and --

3 MR. KANJILAL: We're happy to carry on.

4 MR. BOWLING: I think -- just carry on, I think.

5 MR. KANJILAL: It was actually a very -- it was actually
6 a good quarter for Teekay as such in the tanker industry,
7 (indiscernible).

8 MR. BOWLING: But anyway, sorry for the interruption.
9 You were filling in the gaps on the following up on ensuring that
10 the director, that the message from the president was acted upon.

11 MR. KANJILAL: Yeah. So during those onboard ship
12 audits, we put areas of focus, so one of the areas of focus, which
13 is ongoing, is on passage planning, which is a very integral part
14 of bridge resource management. So that's one of the ways in which
15 we would do it. In addition, we have recently launched what we
16 call the QATO program, the Quality Assurance Training Officer
17 program, where seafarers actually have been inducted into the QATO
18 program and these are people who are actually going out onboard
19 the ship, sailing on them for approximately 10 to 15 days at a
20 time, and run is carried out with an audit and at the same time
21 carrying out, you know, sort of conveying the company's message.

22 So this is also being followed through on that. In
23 addition, we have the HDCQ, management HDCQ, meetings onboard the
24 ships which are carried out on a monthly basis and we have -- we
25 asked every vessel to sort of discuss bridge resource management

1 as part of an HDCQ meeting onboard the vessel. So those are
2 various ways in which we are trying to ensure that people remain
3 committed to good bridge resource management. Of course, we also
4 have what we call a Back-to-Basics Navigational Audit program
5 where either a third party or else a Teekay person would join a
6 vessel and would observe how bridge resource management was being
7 undertaken and how the bridge team was functioning. And that is
8 also, again, another part of, you know, trying to ensure that
9 people are actually focusing on bridge resource management.

10 MR. BOWLING: Okay.

11 MR. LOLIC: (indiscernible) the codes.

12 MR. KANJILAL: Yeah. I mean, it's just communication
13 going out to the --

14 UNIDENTIFIED SPEAKER: Your own training?

15 MR. KANJILAL: Bridge resource management training, yes.
16 And Captain Mack, in fact, was provided training in 2005 and we
17 have sort of focused on ensuring that every deck officer, every
18 navigation watchkeeper is actually -- has undertaken the bridge
19 resource management or bridge team management course.

20 MR. BOWLING: Right. As far as the visits, the
21 frequency of visits to the vessels, themselves, how often does the
22 -- how often do your team members get out to the ship visits for
23 other than audit purposes or is it only for audits?

24 MR. KANJILAL: Let me put it this way. My team, as
25 such, we are not, sort of, responsible for regular visits onboard

1 the ship. We do undertake certain visits onboard the ship as part
2 of, you know, staying in touch with the fleet or with -- you know,
3 with regards to any incident reviews or things of that nature.
4 But it is the -- the way we are structured, it is the
5 responsibility of each fleet, each operating fleet VPs and the
6 vessel managers and the teams, to ensure that vessels are visited
7 on a regular basis.

8 MR. BOWLING: Okay. Now, when -- Peter, when you were
9 in the HSQ department or the Health, Safety and Security
10 Department as a DPA, that was different, though, (indiscernible)?

11 MR. LOLIC: A little bit more frequent there. I will be
12 doing that because I'm in the department only for a month and a
13 half --

14 MR. BOWLING: Right.

15 MR. LOLIC: -- so a little bit more frequent, but even
16 at that time, I was doing mainly audits, a few (indiscernible)
17 visits when I was down in Washington, D.C., I went to one of the
18 ships. So there was an opportunity to visit the ship, but my main
19 interaction with the seafarers was mainly through training
20 sessions ashore (indiscernible).

21 MR. BOWLING: Scheduled training sessions?

22 MR. LOLIC: Well, scheduled. We had -- we still have
23 the Safety in Action program that's run by HCDQ and there were --
24 last year I was all over the place and, I mean, I was there with
25 probably 3 or 400 seafarers, India, Glasgow, (indiscernible).

1 MR. BOWLING: Peter, this would be directed to you.
2 Give me one of the success stories with regard to the successful
3 implementation of the MOMS system on shipboard. In other words,
4 if you have -- can you tell me, give me a recent example before
5 you -- obviously before you changed positions, that -- where you
6 had an individual communicate, openly communicate to you, as a
7 DPA, say hey, we got this issue, whether it's a parts supply issue
8 or a fueling issue or a crew issue, where you have taken that
9 information and acted upon it and made an area of improvement.
10 Can you give me --

11 MR. LOLIC: One most recent example was probably a year
12 ago, a bit less. I got a message, as a DPA -- it wasn't a first
13 alert message. It was from one of the chief engineer who is a
14 nonsmoker. I'm a smoker. And he felt that our policy, and the
15 way it's sort of within our management system, that it's not in
16 favor of smokers -- sorry, non-smokers. And he felt that
17 something more should be done.

18 So we discussed this in HDCQ and with teams and
19 everything and the decision was made at that time to start retro-
20 fitting all the ships that do not have the non-smoking -- sorry, a
21 dedicated smoking room (indiscernible), to start fitting the ships
22 with these rooms with extraction fans(indiscernible).

23 At the same time, we also sort of made the smoking
24 policy a little bit more strict in respect that we now allow
25 smoking only in dedicated rooms and their cabins, if they feel

1 like, as an individual, in (indiscernible) spaces like control
2 room, bridge, places like that. We don't allow smoking there.
3 And the policy went out, so the non-smokers -- the smokers
4 complained, but the moment the chief engineer joined the ship back
5 and he saw the change, he was very appreciative, and said -- I
6 couldn't believe it, he said that this could be done this quickly
7 and it was in favor (indiscernible).

8 MR. BOWLING: What timeframe was that, recently?

9 MR. LOLIC: I think the message from him was about a
10 month ago and his first one was probably in March or April or
11 something like that, so that would be my e-mail.

12 MR. BOWLING: Okay.

13 MR. KANJILAL: But Larry, if you're talking about
14 success stories, I mean, and you talked about also how we might
15 get the message across about bridge resource management, I mean, I
16 might be able to share something with you there, also because we
17 received, actually, a near miss report for one vessel which
18 actually talked about how they successfully overcame a situation
19 or how successfully they sort of instituted bridge resource
20 management to ensure that they got out of a close call situation.

21 And he went through step by step as to the watchkeeper
22 calling the master or raising the other vessel because that was
23 running into, (indiscernible) into danger and then sort of the
24 other vessel actually taking action as a result of these people
25 acting in the right manner, so just the fact that, you know,

1 people are willing to share that back with us to show that they
2 are actually (indiscernible) good bridges on their ships.

3 MR. BOWLING: Okay. And that's a good point. I mean --
4 and noted. I've seen, through the course of a lot of the
5 paperwork that Mike's provided to me, that it does appear as if
6 there's a lot of communication going to and from ship personnel to
7 the quality staff here. This was a certificate that was issued to
8 the second officer, the 26th of September 2007. Can you tell me
9 exactly what that certificate would represent from a training
10 standpoint? Once this was issued, what is he expected to know in
11 your safety management system? Is that the entire system? I'm
12 sorry, it's NTSB 229.

13 MR. LOLIC: Well, the training, as it exists right now,
14 for most training is comprised of three modules. One is the
15 Module 1, which is a DVD, interactive DVD, where Roger, who you
16 met during lunch time this morning, giving pretty much the whole
17 review of Marine Operation Management System, the philosophy
18 behind it, the (indiscernible), the way it's integrated with
19 (indiscernible). And then the Module 2 and Module 3 are a little
20 bit more in detail.

21 Module 2 is covering mainly the high risk activities
22 onboard the ship that we feel that a seafarer should be aware of
23 and familiar with and knowledgeable about, in the first few days
24 he joins the ship. Those are the (indiscernible) work systems,
25 the risk assessment, the (indiscernible) sheet, and stuff like

1 that. And then the Module 3, which is more in detail, comprises
2 of a number of procedures, policies, and reference materials
3 that's within the management system, applicable to a different
4 rank.

5 So the higher the rank, the more procedure that person
6 needs to cover. And time given for the whole package to be
7 completed is two months, so once the person completes the training
8 and sort of reading and getting familiar with all these procedures
9 and everything, he gets assessed by a senior officer and on the
10 basis of that, he gets the certificate issued.

11 MR. BOWLING: And the senior officer that's making the
12 assessment, is it a shore side?

13 MR. LOLIC: No.

14 MR. BOWLING: So it would be a senior officer onboard
15 the ship?

16 MR. LOLIC: (indiscernible).

17 MR. BOWLING: Okay. Well, if you had a master that may
18 not have completely bought in to the safety management system,
19 would that individual -- also be possible that he is issuing
20 certificates or signing off on the training for second officers
21 and so forth? I'm not saying that's the case, I'm just wondering
22 if you allow the masters to fulfill -- that company requirements
23 have been met and issued (indiscernible), is there a potential
24 weak link there with regard -- if the master hasn't bought in to
25 the program (indiscernible) the forms?

1 MR. KANJILAL: Well, you know, the system is as good or
2 as strong as the weakest link, as you already point out, so it is
3 -- the masters are a huge focus in this case because they are the
4 persons who are actually implementing it. But we do recognize the
5 fact that it could be also paper exercise in the case of certain
6 people. I'm not saying that in this case it was because, again,
7 with Captain Mack, he enjoyed quite a good reputation on these
8 things, so as part of our, you know, MOMS, the review as such that
9 they're doing, we also started taking a review of how we train
10 people on MOMS and what is the process by which we will issue
11 these certificates and moving away from individuals issuing these
12 certificates to putting it into a CBT program which would then
13 require people to be assessed against set questions because they
14 would be automatically issued with a certificate.

15 MR. BOWLING: Is that presently the case or is that
16 underway?

17 MR. KANJILAL: That is underway.

18 MR. BOWLING: When did that start? What did that change
19 happen?

20 MR. KANJILAL: It also is part of the MOMS review
21 because again, like I said, we're trying to improve the entire
22 management system as such and this is one area we feel that needs,
23 you know, needs us to focus on.

24 MR. BOWLING: Okay. We had asked a question earlier
25 this morning with regard to the current status of both the master

1 and the second officer and we learned that the master had retired
2 and that the second officer had been dismissed, he was still on
3 his probationary period. And this will require -- actually, I'll
4 probably direct it to you, Bikram, with regard to responding, but
5 do you think that with some of the junior mariners, the
6 non-masters, chief officers on down, do you think that as this
7 filters out through the fleet that the second officer was
8 dismissed, do you think it'll impact how they view the safety
9 management system here with Teekay or do you think it'll not
10 impact the mariners from the standpoint of --

11 MR. KANJILAL: If you're asking whether it will impact
12 their morale, I --

13 MR. BOWLING: Not so much their morale, just they, you
14 know, maybe develop a misconception. I'm not saying it's the
15 case, but that if you -- you know, that there's no forgiveness or
16 anything like that from the company, that the reaction may have
17 been harsh. I'm not saying that it was. I'm just saying do you
18 think that the company's actions will impact how mariners look at
19 the safety management system one way or the other with regard to
20 their actions to the second officer or even the master, for that
21 regard?

22 MR. KANJILAL: Well, I would say, you know, that
23 mariners are pretty -- they're pretty clear in their understanding
24 on these kinds of things and I think they -- you know, having been
25 told the complete case history, as such, and what actually has

1 happened, I don't believe that they would have this as the main
2 takeaway. I think the main takeaway would be that, you know, the
3 company does look at it, look at things pretty clinically and
4 unbiased manner and when it needs to take difficult decisions,
5 it'll take those decisions.

6 MR. BOWLING: Okay. Now we'll turn it over to Jon. Do
7 you have some follow-up? Barry or --

8 BY MR. FURUKAWA: The bridge team, your bridge team
9 management, is there anything in here that's more than
10 (indiscernible) SCTW? For SCTW you only have to take it once?

11 MR. LOLIC: Exactly, yeah.

12 MR. KANJILAL: We are asking everybody to be certified
13 at least once in five years.

14 MR. FURUKAWA: Okay.

15 MR. KANJILAL: Different, sort of, regions and different
16 certifying countries have slightly different ways of, sort of,
17 re-certificating staff, but we also are trying to bring it all to
18 a level (indiscernible) and say you need to do it once in five
19 years.

20 MR. FURUKAWA: That's good because it's, you know,
21 minimum requirement is once a lifetime.

22 MR. KANJILAL: Exactly.

23 MR. FURUKAWA: All right, okay. And your -- the KUPs
24 (ph.), it's pretty much (indiscernible) --

25 MR. KANJILAL: (indiscernible), yes.

1 MR. FURUKAWA: Okay.

2 MR. KANJILAL: What we try to do is sort of match down
3 the (indiscernible) and things that they do to our existing
4 procedures and so you might see that in this one column which
5 relates to certain procedures which we have in place. And the way
6 we try to address it, the way we are trying to address it, in the
7 future is sort of to work with the different institutions where we
8 might send people on their refresher courses so that they are able
9 to be aware of the company procedures as such and see that they're
10 married together in the course.

11 MR. LOLIC: You discussed this morning with John in our
12 Glasgow office (indiscernible) HR and the training we use. We
13 have a bridge team simulator and we're (indiscernible).

14 MR. FURUKAWA: I think also that you're going to
15 probably do something in the Philippines and India, also?

16 MR. LOLIC: Yes.

17 MR. KANJILAL: So it would basically work -- you know,
18 so you sort of put the courses together and then it's a question
19 of where we actually conduct these courses.

20 MR. FURUKAWA: And I guess in Spain and Norway, you
21 probably just use the existing nautical colleges or --

22 MR. LOLIC: (indiscernible).

23 MR. FURUKAWA: It's portable, right?

24 MR. KANJILAL: Yeah. It is portable, yes, but the thing
25 is like we have hires coming in, they would have completed their

1 CCW, bridge resource management requirement, depending on whether
2 it's in the past five years or not and they go through the course,
3 a refresher course.

4 MR. FURUKAWA: But to make it -- it's portable, so you
5 use the simulator and --

6 MR. KANJILAL: There are various ways of looking at it.
7 We could be using the simulator and the simulator, itself, is also
8 portable, so it -- I mean, it's a question of putting the screens
9 up and (indiscernible) out there, but at the same time we'd be
10 working with institutions, local institutions. We would ask them
11 to run the course (indiscernible) requirements.

12 MR. FURUKAWA: That would probably more likely
13 because --

14 MR. KANJILAL: Yes.

15 MR. FURUKAWA: -- they're all screens? You know,
16 simulators that I'm used to.

17 MR. KANJILAL: Yes.

18 MR. FURUKAWA: Okay. PR training, it includes
19 (indiscernible)?

20 MR. KANJILAL: The bridge resource management training
21 is on a simulator.

22 MR. FURUKAWA: Okay. But is there a classroom for that,
23 as well?

24 MR. KANJILAL: It is combined as a classroom/simulator
25 kind of --

1 MR. FURUKAWA: Okay. How long is the training?

2 MR. KANJILAL: This is normally up to five days, it
3 could be up to five days. It depends on where it is being taken.

4 MR. FURUKAWA: Okay. Well, you said that Captain Mack
5 had additional (indiscernible) training over and above the single
6 one that was required by a STCW?

7 MR. KANJILAL: Yes, Captain Mack actually undertook one
8 in 2005 and that was a five-day training.

9 MR. FURUKAWA: And why was his five days?

10 MR. KANJILAL: This is how it was --

11 MR. FERNANDEZ: I think it was 2006.

12 MR. KANJILAL: In 2006, sorry.

13 MR. FERNANDEZ: And it was -- so it was a two-day --
14 four days.

15 MR. BOWLING: Mike, what is that you're referring to?

16 MR. FERNANDEZ: Yeah, this is my own sort of compilation
17 of the documents that we produced, but if you look at NTSB 173,
18 that's a certificate for bridge team management for ITSE (ph.);
19 174, that's a certificate for basic safety training, bridge
20 resource management. And I think we've also brought in today,
21 Larry, the IMO. This is the model course information and the
22 curriculum for that type of training which basically mirrors the
23 IMO standard, so there's a standard that's set forth in the
24 industry for that particular training so that it's uniform
25 globally and it's given at either accredited colleges for that

1 type of training or at special training seminars or locations. So
2 there is an internationally recognized standard for that
3 particular kind of training. And he took that refresher in 2006.

4 BY MR. FURUKAWA: Okay. Why did he take an additional
5 course?

6 MR. KANJILAL: That's also because we decided that we
7 wanted all our officers to have a refresher training
8 (indiscernible), so --

9 MR. FURUKAWA: Now, he took the five-day course?

10 MR. BOWLING: Do you want to go off the record and --

11 MR. FERNANDEZ: Let me just pull the two certificates
12 and maybe that'll help to --

13 MR. BOWLING: And we have all the -- I just didn't bring
14 them with me. (indiscernible) I made extracts of stuff I wanted
15 to address, but --

16 BY MR. STRAUCH: So it wasn't anything about his
17 performance, it's just that everybody went through it and he went
18 through it in '06. Now, he went through it a different time when
19 you have a four-day course or a three-day course versus a five-day
20 course?

21 MR. KANJILAL: It is a combination of bridge team
22 management and bridge resource management, so it would take up to
23 five days. Because the bridge team management actually focuses
24 just on how the bridge team works together on navigation aspects
25 and the bridge resource management is a little bit more, it sort

1 of deals with the management of the entire process. So that would
2 cover the total of five days.

3 MR. STRAUCH: Okay. And what's the difference between
4 the four-day course and the five-day course?

5 MR. KANJILAL: If you look at the IMO model course
6 itself, it actually outlines what is -- like for a junior officer,
7 the minimum recommendation is on a bridge team management course
8 and then for a senior officer it moves to bridge resource
9 management.

10 MR. STRAUCH: Okay.

11 MR. KANJILAL: A little bit more encompassing.

12 MR. STRAUCH: Okay. Does your -- did the
13 (indiscernible) course that he took, did that include dealing with
14 pilots?

15 MR. KANJILAL: I'm not sure. I can't confirm that it
16 actually dealt with pilots.

17 MR. STRAUCH: What is your instruction to crew members
18 when they are entering a harbor for the very first time? What
19 instructions do they have in terms of what to do with the pilots?

20 MR. KANJILAL: We have procedures within MOMS as to how
21 to deal with pilots and you know, we have arrival checklists and
22 we require vessels to sort of go through the checklists and look
23 at various aspects, have they prepared themselves for the pilot.
24 We consider the pilot as part of our bridge team and that's well
25 laid out in our bridge resource management -- in our procedure, as

1 such. And you know, it -- we are promoting more open dialog
2 between the pilot and the vessel's staff.

3 MR. STRAUCH: So what do you expect your crews, your
4 deck officers, to do in a master/pilot exchange?

5 MR. KANJILAL: You have a checklist which they have to
6 go through with the pilot. They're supposed to review what's the
7 passage (indiscernible) with the pilot and then undertake to
8 maintain close cooperation and communication with the pilot as
9 they go through --

10 MR. STRAUCH: Okay. Now, let's say they're in a port
11 where, again, they've never been before and they get a pilot who
12 is somewhat hostile, who really doesn't want to hear their input
13 and, in fact, sees the checklist as just something to sign off.
14 What are they supposed to do in that case?

15 MR. KANJILAL: Well, we have actually -- and this is not
16 something which I have on record because what I've had in
17 conversations with masters is they have actually, in certain
18 instances, they have sort of held back the vessel and explained to
19 the master, explained to the pilot that it is not a company
20 procedure and they needed to follow these things and you know,
21 most times than not the pilot would come around.

22 MR. STRAUCH: Okay. One of the things we heard today
23 was there seems to be a sort of a disconnect between the
24 reputation that Captain Mack had and his performance at the time
25 of the accident. What changes have you made in your oversight as

1 a result of this accident to make sure that there is no such
2 disconnect in the future?

3 MR. KANJILAL: Well, we have our procedures around
4 navigational audits and things of that nature. In addition, this
5 QATO program is something which is actually focusing on what we
6 call a health check onboard the ship because we feel that if we
7 have these staff who are mariners themselves and they have
8 actually -- they're not recent entrants to Teekay, they're part of
9 the Teekay mariners, themselves. And they go out onboard the ship
10 and they're there for 10 to 15 days and they are able to assess
11 what is the morale onboard the ship, what is the interaction
12 onboard the ship, how the senior staff are behaving, how the
13 senior staff are actually managing their vessels. And we get that
14 feedback back and then sort of review it and see what further we
15 need to do because again, in the case of Captain Mack it was not
16 something that we anticipated.

17 MR. STRAUCH: Okay. Now, this program you mentioned
18 where you have mariners that go out, what is the name of that
19 program?

20 MR. KANJILAL: QATO, Quality Assurance in Training
21 Officers, so we have instituted 10 such seafarers into the
22 organization from the fleet and given them specific training on
23 different aspects, you know, building trust or cultural issues or
24 being auditors, as such, also. So together, we are hoping to get,
25 you know, get to the core of how our vessels are actually being

1 operated.

2 MR. STRAUCH: Now, QATO, when was that begun?

3 MR. KANJILAL: The first QATO was actually out on the
4 ship, I think, last month.

5 MR. LOLIC: I think it's important to mention the QATO
6 program is a continuation improvement and extension of the
7 previous program that we had since 2001. It was called FSETO,
8 Fleet Safety Environmental Training Officer. They're pretty much
9 the same job and three of the guys that were in FSETO program
10 transitioned to QATO and we expanded it to 10 guys now. But the
11 program has been changed, the training has been a little bit more
12 intensive for them here in Vancouver and the scope of their, sort
13 of, oversight onboard a ship has kind of changed, increased.
14 There really isn't much training, but they're more to do a
15 thorough audit or as we call it, like a health check onboard.

16 MR. STRAUCH: And just for the sake of our transcriber,
17 how do you spell FSETO?

18 MR. KANJILAL: F-S-E-T-O, Fleet Safety Environmental
19 Training Officers.

20 MR. STRAUCH: What precipitated the change from FSETO to
21 QATO?

22 MR. KANJILAL: In fact, it was, you know, feedback from
23 the fleet, itself, because when we went out to the fleet and
24 asked, you know, which other areas where you see room for
25 improvement and one was on the audit process because audits --

1 because they felt -- some of the feedback from the fleet was the
2 time that the vessel was in port getting an audit was getting
3 quite intense, so they felt that there should be somebody who
4 could sail onboard the ship and spend a little bit more time with
5 them and carry out the audit and give everybody a chance to
6 participate in the audit and also to get a good audit back.

7 So we took that back and that was just the core of it
8 and then sort of tried to expand on it and said if there's a
9 person who would be out there for 10 to 15 days what else can that
10 person be doing.

11 MR. STRAUCH: And how often is the ship visited through
12 the QATO program?

13 MR. KANJILAL: We are sort of -- we are scheduling for
14 once a year.

15 MR. STRAUCH: Once a year, okay. And how long do they
16 stay out on the vessel?

17 MR. KANJILAL: Again, 10 to 15 days.

18 MR. STRAUCH: Okay. So this program was begun, in
19 essence, before the Axel Spirit accident?

20 MR. KANJILAL: The FSETO program was -- has been there
21 for -- since 2001, so that program has been ongoing all this
22 while. The feedback with regard during 2007 sort of pointed us in
23 the direction of expanding it into the QATO program.

24 MR. STRAUCH: So where did the oversight fall from in
25 terms of overseeing Captain Mack? (indiscernible) his

1 performance.

2 MR. KANJILAL: Well, it is a surprise. I mean, I can't
3 sort of say that this is something which we didn't do and that's
4 what led to this incident. I'd be very hard pressed to sort of
5 point in that direction. I mean, from -- again, from whatever
6 feedback we got about Captain Mack, all our interaction with
7 Captain Mack since the time he has been with this organization,
8 and he came from Bona as part of our takeover of Bona, is that he
9 was a very solid person. I mean, very committed to ensuring a
10 safe vessel.

11 MR. STRAUCH: Okay. Now, when we talked to David Penny
12 earlier today, he said that he had tried to visit vessels and has
13 overseen team leaders, they had -- you know, they were supposed to
14 visit the vessels but because of various factors, they didn't
15 accomplish the number of visits that he had wanted. Were you
16 aware of that?

17 MR. KANJILAL: We knew that -- like, there is a
18 requirement, like, still 2000, end of 2006, we had a requirement
19 as part of our management system for one ship visit a year, so
20 that was then reviewed by senior management and felt that that
21 should've been expanded to two ship visits a year. But this is a
22 process of, sort of, putting that, instituting that in place and
23 David Penny was very much one of those people who was very
24 passionate about going out on a vessel more often than, sort of,
25 documented as far as the management system.

1 So it's a question of transitioning from a time when we
2 had one vessel ship -- one vessel visit a year to two vessel
3 visits a year and during that transition, not all the ships are
4 visited twice a year.

5 MR. FERNANDEZ: I'm not sure -- just one point of
6 clarification. I'm not sure if you're aware that most of our
7 vessels are on the spot trade, which means that we don't
8 necessarily know what voyages they're going to be doing very much
9 in advance, so it's not like a liner trade, where you got a ship
10 coming in every month or whatever to a certain port. The
11 schedules can change at the last minute and that's one thing that
12 David mentioned this morning, is he had four ships lined up or
13 three ships lined up --

14 MR. KANJILAL: Right.

15 MR. FERNANDEZ: -- and all of them changed. So there's
16 some logistical hurdles to overcome.

17 BY MR. STRAUCH: And in the spot trade, how quickly can
18 it change in itinerary here?

19 MR. BOWLING: When the market opens the door.

20 MR. LOLIC: (indiscernible) the phone.

21 MR. KANJILAL: If you really consider, if you really
22 think of it, I mean, how does a tanker market work? I mean, we're
23 picking up oil from the most remotest areas of the world, west
24 Africa, AG, you know, offshore and we're bringing it ashore, so --
25 and even when you bring it ashore, if you're coming to the States,

1 yes, it's very accessible. If you're going to parts of Europe, it
2 is accessible, but the fact remains that, you know, oil is a
3 tangible resource and people trade it on the way, so they may
4 actually be heading to New York and they decide, you know, to
5 discharge in Houston, so it's -- at the load port, most often than
6 not, it's almost impossible to actually reach the vessel. We're
7 not going to send anybody to west Africa or some off-shore --

8 MR. FERNANDEZ: Barry, the ships that we do -- we do
9 ship rudder training with an Alaskan tanker and because they're
10 pretty much in-house, in the delivery, basically they're on oil,
11 their schedules are reasonably rigid. They do have some variation
12 but not like off the spot market, so --

13 MR. HILDEBRAND: Barry, the other thing, just -- we
14 haven't really touched the point you may be interested in, our
15 vetting inspections which occur fairly frequently and they're
16 extremely extensive and these gentleman, I'm sure, can explain to
17 you what they involve as far as safety and the environment and the
18 overview of the vessel, if you're interested, but they're very
19 comprehensive inspections that take place, as well.

20 MR. LOLIC: Maybe to touch base on the question you
21 asked and -- three years ago, we went through all the operational
22 teams that are now in Glasgow, Houston and Singapore. They were
23 all here in Vancouver. And at that time, it was even more
24 difficult to catch the ships because not many ships come to
25 Vancouver and a lot of people used to (indiscernible) from

1 Vancouver and back. And that -- three years ago, teams, the
2 operational teams, they moved to Glasgow, Singapore and Houston in
3 order to be closer to the ships and ever since then, the number of
4 visits has increased and the fleet has appreciated this. They had
5 way more interaction and face-to-face communication with the guys.
6 They actually did it on a daily basis.

7 BY MR. STRAUCH: Now, when the inspection -- when a ship
8 is completed, there's written documentation of that?

9 MR. LOLIC: Yes.

10 MR. STRAUCH: And what happens to that? And can you
11 just describe what happens to those results when they're sent in
12 to Glasgow or wherever?

13 MR. LOLIC: Well, the vessel manager who does the
14 inspection, he completes the template. The template is then
15 uploaded into our software here, together with the photographs
16 that he takes during the inspection. And out of that software, we
17 produce, say, the (indiscernible) with the grading.
18 (indiscernible) what he has inspected, together with the
19 photographs and the final summary of the (indiscernible). He has
20 noted that the actual items are put in place to close out these
21 observations of deficiency or whatever. And the report, itself,
22 is circulated within the team, say, the vessel manager
23 (indiscernible) reports to the fleet director whom the vessel
24 manager reports to and the technical guys, marine guys, within the
25 operation (indiscernible).

1 MR. STRAUCH: So what do you all see in terms of
2 evaluations of crew performance, ship operations, and so on?

3 MR. LOLIC: Well, daily reports used to, until just
4 recently, actually, each and every one would go across my desk and
5 Bikram's go to (indiscernible) and previous -- the vice president
6 of Technical, he would also review these reports and if we would
7 see any red flags we would discuss it, bring it up to the team's
8 attention, ask questions and pretty much -- it was more like a
9 high-level -- we wouldn't go into details, just if we would see
10 something of concern, we would ask questions.

11 MR. STRAUCH: Okay. So do you know if that doesn't
12 happen anymore, (indiscernible) or --

13 MR. LOLIC: Since the reorganization, and maybe Bikram
14 can explain a little bit more about it, but some of the areas of
15 responsibilities and accountabilities have changed with a little
16 bit more resources put in the operational teams. And our, sort
17 of, area has been changed to more (indiscernible) rather than day-
18 to-day --

19 MR. KANJILAL: That's basically how we have reorganized
20 ourselves where we are putting more responsibility and
21 accountability on the fleets, themselves, which is now headed up
22 by the vice president of each fleet who reports to the senior vice
23 president, so we're focusing on individual inspections. It's left
24 to the fleet to follow through it and close out. What we -- what
25 would happen out of the strategic group is that we would look at

1 the high-level reports, which would be like how many inspections
2 have actually been completed, how many are, you know, areas of
3 deficiency being thrown out by some trending or things of that
4 nature and then look at areas of that -- so what my group is also
5 focusing on is reviewing the inspection template and such, to
6 allow us to do so, whereas in the past we would be looking at
7 individual reports and flipping through it and looking at
8 photographs and things of that nature to highlight, we're trying
9 to see if there's ways and means by which we can improve the
10 template so that the report, the final report we can get across
11 the fleet, which will give us a better overview of the fleet,
12 itself, rather than of individual vessels.

13 So it's just a question of putting the focus of
14 individual vessels to the fleets and the strategy groups looking
15 at the total picture.

16 MR. STRAUCH: Can you describe the nature of the
17 reorganization, I mean, why it was done? Describe how -- you
18 know, what was changed as a result of the reorganization, when it
19 was done.

20 MR. KANJILAL: The real transition has taken place as of
21 the 16th of June, actually, but previous to that, the way we
22 functioned was that we had one vice president for all kinds of
23 vessels and then we had different ship teams reporting to that
24 vice president. That vice president reported to (indiscernible).
25 So what we have now instituted is a senior vice president and

1 separate vice presidents for each type of vessel, so basically
2 focusing on the specifics of each vessel type and then flowing it
3 through a senior vice president and then into Graham.

4 At the same time, we used to have what we called
5 previously a Standards and Policies Group which entailed fleet
6 operations services and HSEQ and different areas. We have now
7 sort of morphed that to something like strategy groups where we
8 have Marine HR, we have Fleet Strategic Services, HSEQ, and
9 organizational, so those are strategic organizations who will be
10 focusing more on assistance and programs which actually will be
11 servicing the fleets.

12 So instead of trying to, again, move to a higher level
13 of oversight at the strategic level and putting accountability for
14 each fleet to a separate vice president for that fleet.

15 MR. STRAUCH: And where do your functions fit in, in
16 relation to the fleets and fleet vice presidents?

17 MR. KANJILAL: I report to the Vice President for Fleet
18 Strategic Services who then reports to Graham, so I'm a part of
19 the strategic, one of the strategic groups. But what my group is
20 doing is basically providing those services such as management
21 assistant, you know -- and vettings and certification, those kinds
22 of services to each of the fleets.

23 MR. STRAUCH: Oh, I see. Okay. You said you also are
24 involved in the SMS oversight, is that correct? You're
25 involved --

1 MR. KANJILAL: The safety management system, that's one
2 of the programs which is owned by my group.

3 MR. STRAUCH: Okay. Now, is other -- the SMS program,
4 is it the same for each vessel in each fleet?

5 MR. KANJILAL: We have one MOMS, which is our safety
6 management system, so our DOC (ph.) is issued under one MOMS and
7 certified by DNV under that single program.

8 MR. STRAUCH: Were there any changes made to the program
9 as a result of this accident, with the Axel Spirit accident?

10 MR. KANJILAL: As a result, well, we did review certain
11 parts of it. We reviewed the entire navigational
12 (indiscernible)section to see if there was things that we didn't
13 have in the system that, you know, were not there in the first
14 place. But no, I mean, when we really went through it, all of the
15 areas were covered. The one thing that we did institute was, we
16 added to the master's responsibility, a requirement for him to
17 report when he's sick or he feels that he might be incapacitated,
18 and to hand over that responsibility to the chief mate, to allow
19 the chief mate to take on the master's responsibility.

20 So that's -- one is the reporting in case he's sick or
21 incapacitated and then the second is to, you know, to hand over to
22 his second in command for that period of time.

23 MR. STRAUCH: Okay. I was under the impression that
24 there already had been a reporting requirement if the master's
25 sick, before the accident.

1 MR. KANJILAL: Yes, there is a reporting requirement in
2 the system for any illnesses and injuries onboard a ship.

3 MR. STRAUCH: Right.

4 MR. KANJILAL: And you know, as master, as the incumbent
5 who's responsible for instituting the safety management system
6 onboard the ship, it is left up to him to report it back, but
7 there was nothing specific saying that in case of he, himself,
8 being incapacitated what he should be doing, so that's what we
9 have instituted as part of his responsibilities.

10 MR. STRAUCH: Now, who determines whether the master is
11 sick enough to actually meet this requirement and (indiscernible)
12 report it?

13 MR. KANJILAL: Well, it's that question, right. But
14 what we feel is that by highlighting it as part of his
15 responsibilities, we're bringing it more to the (indiscernible).
16 We already had something under the chief officer's
17 responsibilities. We'd ask the chief officer to take over in case
18 the master was incapacitated but, you know, that -- it would then
19 -- in this kind of a situation it would be up to the master to
20 sort of hand over because it was not that he was in bed or you
21 know, out of the loop.

22 MR. STRAUCH: But what was it about his condition that
23 you would've expected him to have handed over responsibility to
24 somebody else on the vessel? I mean, gastrointestinal distress or
25 -- was there something else about his condition that --

1 MR. KANJILAL: Well --

2 MR. STRAUCH: What you understand. I mean, after the
3 fact, because -- post-incident, what we've learned post-incident.

4 MR. KANJILAL: I mean, I would expect that if the master
5 felt that he was, you know, either stressed out or physically
6 stressed out by dehydration or anything like that because of the
7 condition that he had been facing, maybe not getting sleep -- I
8 don't know exactly, but -- what the conditions would be, but you
9 know, if he felt that he was not going to be in a position to
10 exercise proper judgment onboard his vessel, that he would take
11 the step of informing the company and then, you know, handing over
12 to the chief mate for that period of time.

13 These things -- I mean, you know, physical, you know,
14 disablement can happen to anybody at any time, so it's just -- it
15 doesn't mean that it's (indiscernible). It's just a question of
16 (indiscernible), making sure that he assesses that, you know, the
17 risk of what could happen in case he was on his job with
18 (indiscernible).

19 MR. STRAUCH: What does HSEQ stand for?

20 MR. KANJILAL: Health, Safety, Environment and Quality.

21 MR. STRAUCH: Okay.

22 MR. KANJILAL: That's a department by itself.

23 MR. STRAUCH: Okay. And who oversees that?

24 MR. KANJILAL: The vice president (indiscernible).

25 MR. STRAUCH: Okay. Health, Safety and --

1 MR. KANJILAL: Environment and Quality.

2 MR. STRAUCH: Okay. Okay, and is -- do they have
3 separate oversight responsibilities of crews, as well?

4 MR. KANJILAL: The way we have sort of organized
5 ourselves now is that the MOMS program, the safety management
6 system, is owned by MQA, which is my group. The HSEQ department
7 supports that by undertaking the QATO program, undertaking
8 internal audits and providing information back to us to ensure
9 that we're meeting all the requirements for external certification
10 which, again, is part of our responsibility.

11 MR. STRAUCH: Now, you said that there is an open door
12 policy where people are encouraged or permitted to talk to anybody
13 in management at any time. How do you know if that program is
14 working? How do you know if people really --

15 MR. KANJILAL: Well --

16 MR. STRAUCH: -- are doing what is intended by this
17 program?

18 MR. KANJILAL: Well, you know, we know for a fact that
19 there is considerable communication going up to Bjorn, as the CEO,
20 or Graham, as the President of TMS, from the fleet. I mean, there
21 are people who have come back to him and said why are we doing
22 this or why are we not doing this, and in most -- in those
23 instances, he would be replying back directly to them.

24 I mean, he doesn't ask us to reply back, he would do it
25 directly. He would communicate directly with that person. And

1 also, whenever we have a seafarer or especially a senior seafarer
2 coming through the office, they will always institute -- I mean,
3 provided time with Bjorn as well as with Graham, so again, this
4 is --

5 MR. LOLIC: Think it's important to mention, it's an
6 unwritten rule within Teekay, since Graham came in, he expects
7 every person ashore to respond to a message or inquiry from the
8 ship within 24 hours. He does not expect to have an answer within
9 24 hours, but an acknowledgement at least has to be sent back to
10 the fleet within 24 hours and he's pretty strict on it. He keeps
11 reminding everyone that he wants people to acknowledge, at least,
12 that (indiscernible).

13 MR. KANJILAL: I mean, recently we got a message from
14 Graham, basically, you know, highlighting that because he had
15 received some feedback from a master saying that, you know,
16 somebody had not responded within a 24-hour period, so he sort
17 sent out his little message to us.

18 MR. STRAUCH: A Graham-gram. Have you gotten messages
19 from people, requests from people on shore, on vessels?

20 MR. KANJILAL: I receive messages, you know, I would say
21 almost daily from somebody onboard the ship about something, just
22 asking a question or asking, you know, find a better way of doing
23 something.

24 MR. STRAUCH: Do you keep track of them, is there any
25 way to monitor if you're getting a whole bunch of messages from

1 one vessel and none from something else or --

2 MR. KANJILAL: Well, obviously there are certain people
3 who are more communicative than that. But, you know -- and then
4 there are others who are not so, but I think, you know, it is --
5 from what we hear back from the ships and, you know, from the
6 feedback received, just in discussions with them is that they feel
7 that they have the opportunity to voice their requirements to my
8 group or to anybody else in the organization, as such.

9 MR. STRAUCH: Okay. Now, we talked this morning to
10 John Adams about hiring and he walked us through the process. Do
11 you have any input into that?

12 MR. KANJILAL: I sort of sit on a committee we call the
13 Competency Management Committee and where we are looking at this
14 on the whole. I mean, it is actually chaired by Marine HR, but we
15 are sort of providing them with input as to, you know, where we
16 see further areas of focus whether it's on people's competencies
17 or you know, the manner in which we recruit people or we manage
18 them.

19 MR. STRAUCH: All right, that's -- Larry, that's it for
20 me for now.

21 BY MR. BOWLING: Okay. I have one final question for
22 myself and then we'll wrap it up. We got to get prepped for
23 Graham, but the alcohol policy, I think I understand it, but I'd
24 like to hear, actually, from you, Peter, because you were the DPA.
25 Tell me what the alcohol policy is for the company, which, I

1 assume, was enforced on the Axel Spirit, correct?

2 MR. LOLIC: Well, (indiscernible), we call it -- I can't
3 recall it word for word, but the for alcohol there, there should
4 be no alcohol consumption while the vessel's in the port and one
5 day prior to arrival into port, I think. (indiscernible) to US
6 EEZ. No drugs whatsoever at any time. Out at sea, a
7 person can have a beer or wine. Those are the only thing we have
8 onboard our ships. Masters hold control of distribution of beer
9 and wine onboard the ship. And while out at sea, meaning out of
10 those areas where absolutely no alcohol is allowed, no consumption
11 is allowed, a person is not supposed to consume any alcohol within
12 four hours prior to going on a watch and at any given time, the
13 person's not supposed to go over the limit. It's pretty much in
14 line with the alcohol guidelines and requirements from the
15 industry.

16 When it comes to enforcing or implementing or ensuring
17 that the policy is being followed onboard ship is we have -- every
18 person has to go through the drug and alcohol test prior to
19 joining as part of their medical exam.

20 I think for the Filipinos -- they do it every time they
21 join the ship, but because their contracts are longer, so it
22 pretty much comes to once a year, maybe a little bit more often.
23 And every vessel is -- undergoes the unannounced drug and alcohol
24 test a year. It's usual -- I mean, not as a part of any incident
25 or anything, just once a year at any given time. It's coordinated

1 by management and it's carried out by Marine Medical of Houston
2 and they have various people around the world who do that for us.

3 And again, as part of -- in case of an incident, a drug
4 and alcohol test has to be carried out. And I think it was about
5 three years ago when we changed the -- added a couple of more
6 documents in the medical system as a result of the C.F.R. changes
7 where the -- in case of the serious marine incident within the
8 United States, so (indiscernible) have to carry out the alcohol
9 test two hours and for drugs within 32 hours. And as part of that
10 package, we look to that and how we can do it the best and we said
11 because of the alcohol test having to be done within two hours, we
12 got to ensure that someone from Marine Medical is going to be
13 onboard within two hours, so we provided them with kits onboard;
14 they're approved by the U.S. Coast Guard. And for drugs we said
15 we will definitely -- we have the urine testing kits and
16 everything ready, but we prefer to have the third party to come
17 onboard and collect the specimen for drug tests.

18 MR. BOWLING: The fleet, are you using the saliva test
19 strips or are you using the (indiscernible) tubes?

20 MR. LOLIC: We have both.

21 MR. BOWLING: Both? Okay.

22 MR. LOLIC: We have both.

23 MR. BOWLING: So it depends on what shift and who has
24 what kit?

25 MR. LOLIC: We have both on all ships.

1 MR. BOWLING: Oh, okay.

2 MR. LOLIC: Yeah.

3 MR. BOWLING: All right. Show redundancy on there.
4 Does the policy, as it's presently written, does it seem to be
5 working for the company with regard to the master having control
6 of the -- and it's soft liquor -- or not soft liquor. It's
7 basically wines and beer, no liquor, correct?

8 MR. LOLIC: Yeah.

9 MR. KANJILAL: No hard liquor, no.

10 MR. BOWLING: Okay. But the master's the only person
11 that, if alcohol is brought on the ship, per policy, he or she is
12 the only person, the way I read the policy, that has the key to
13 the locker and --

14 MR. LOLIC: Yes.

15 MR. BOWLING: -- the authority to distribute it --

16 MR. LOLIC: Yes.

17 MR. BOWLING: -- at the appropriate time?

18 MR. LOLIC: Yes.

19 MR. BOWLING: Have there been any instances in, say, the
20 last three years with any of the fleet that Teekay's
21 (indiscernible) have been a problem with the master and
22 consumption of alcohol?

23 MR. LOLIC: There were --

24 MR. BOWLING: Or excessive consumption?

25 MR. LOLIC: There were a number of positive tests and

1 unfortunately, all of them are guys taking prescription
2 medicines --

3 MR. BOWLING: All right.

4 MR. LOLIC: -- but not advising the master. There's
5 even a procedure where he has to disclose the medication that he's
6 taking. There was one or two cases where the guys were found
7 consuming -- not smoking marijuana, but there were some cases of
8 marijuana. They were dismissed and there was, I think, one test,
9 I think six, seven months ago, alcohol tests were done, he tested
10 positive and, as far as I remember, he was dismissed. That's
11 about it, two or three cases in three years.

12 MR. BOWLING: Right. Are there any -- and, again, in
13 the procedure, I read it. I didn't see any type of tracking
14 mechanisms or control mechanisms and -- but none have to be there
15 that I know of, but do you have any way of knowing what amount of
16 alcohol is coming onto a ship and what's being consumed and --

17 MR. LOLIC: Yes.

18 MR. BOWLING: How do you do that?

19 MR. LOLIC: All the vessels slopchest as we call it or
20 whatever, is bought by the company and then sold to the crew, so
21 the crew has to pay for it. So, at the end of month, since the
22 master is issuing this, he's charging them and reporting back to
23 the company the consumption, the status of the balance in his
24 slopchest. So each and every person, it's how many cases of beer
25 or bottles of wine, carton of cigarettes, toothpaste, whatever is

1 sold to them, it's there in the system.

2 MR. BOWLING: And that's assuming that the alcohol comes
3 on board properly, not being brought aboard illegally --

4 MR. LOLIC: Exactly, exactly, exactly.

5 MR. BOWLING: -- (indiscernible) by a crewman, tucked
6 under a blanket or something, okay. I didn't -- Mike, this would
7 be a question, actually, we'll follow up on after the interview,
8 but I haven't asked for it yet, but I will do it now, if somebody
9 would take a look and review those records for the Axel Spirit and
10 provide me with a copy of at least the last six months with the
11 stores. And I don't need to see all the other provisions, but I
12 would like to at least have access to see that data to see what
13 alcohol was coming on the ship and what was being consumed by who.
14 And I assume that the -- Peter, that the master would be managing
15 those records or is there a storekeeper on there doing that?

16 MR. LOLIC: Well, to be honest, I was master and I was
17 delegating this -- this is administered to 3rd Officer.

18 MR. BOWLING: Okay.

19 MR. LOLIC: I would look at the figures , but I would
20 delegate this to the third officer.

21 MR. BOWLING: The third.

22 MR. LOLIC: So he had the key. I had the responsibility
23 and everything, but I would delegate it to him and he would -- I
24 mean, I knew what was going on --

25 MR. BOWLING: Right.

1 MR. LOLIC: -- and I'm sure every master does, so most
2 probably it would've been delegated by Captain Mack, but there are
3 some masters who would delegate it themselves.

4 MR. BOWLING: Mike, you and I will follow up on that
5 later. That's one area that we didn't fully explore when we were
6 on-site, but I have no further questions. If any of my teammates
7 would like to follow up? Jon?

8 MR. KANJILAL: If I may just add to the --

9 MR. BOWLING: Sure.

10 MR. KANJILAL: -- drug and alcohol policy. I think it's
11 clearly written on that, that people are not allowed to bring in
12 their own liquor.

13 MR. LOLIC: Yeah.

14 MR. KANJILAL: And again, you know, if they're found
15 infraction of the drug and alcohol policy, then dismissal is --

16 MR. BOWLING: Termination. I read that.

17 MR. LOLIC: I think, since I was DPA, every single time
18 there was a case, they would say this is it, finish, I mean --

19 MR. BOWLING: Off the ship?

20 MR. LOLIC: Without -- even once we had a Russian third
21 officer, was tested positive, but we don't do it on the first --
22 we want to do it on a test. We don't dismiss someone on the first
23 test. We set another test, send the person on -- if it's drugs, a
24 retest and he refused it. By refusing this, we felt that
25 (indiscernible).

1 MR. BOWLING: Okay.

2 MR. LOLIC: Another guy accepted them. He was retested
3 and there was nothing, so no problems. But (indiscernible).

4 MR. STRAUCH: These are random tests?

5 MR. LOLIC: Yeah. The (indiscernible) work onboard
6 ship, then they're given -- I mean, we try not to make it a
7 (indiscernible) in the morning to wake up the whole crew and line
8 them up there, but at any given time, any port, it's not announced
9 (indiscernible).

10 MR. BOWLING: You're digging the test up from Italy. I
11 know you are.

12 MR. FERNANDEZ: Yeah, we've produced, I think, two sets,
13 one or two sets of tests --

14 MR. BOWLING: Yeah, and we have that, Barry. It's in
15 our -- it's actually mentioned in our factual -- that one -- two,
16 exactly. One in the ship -- yeah, okay.

17 BY MR. FURUKAWA: You guys said -- let's see. So for
18 your fleet types, it's conventional tankers, gas carriers and
19 shuttle tankers and your locations are Glasgow, Houston and
20 Singapore. Are these --

21 MR. KANJILAL: You mean where we are located
22 (indiscernible)? In fact, we have a fourth line which is also the
23 bulk carriers and miscellaneous vessels, as such. So the shuttle
24 fleet is operated out of Norway. It's currently operated from our
25 office in Grimstad, which is now being moved to Stavenger. The

1 gas fleet is operated out of two areas. The vice president of it
2 sits in Glasgow, but we have the Spanish ships actually being
3 operated out of Spain. And conventional fleet, which is basically
4 the majority of the Teekay fleet, is operated from three areas,
5 which is Glasgow, Houston and Singapore. And the bulk carriers
6 are operated out of Sydney, Australia.

7 MR. FURUKAWA: International fleet. Okay. I'm asking
8 for a copy of the investigation report, where you have it.

9 MR. BOWLING: Yeah, we got it.

10 BY MR. FURUKAWA: And is that a company policy, to do
11 your own in-house investigation?

12 MR. KANJILAL: Yes. The way we have it in our
13 procedures is like, you know, we take a risk/risk approach and we
14 rank things between 1 to 5.

15 MR. FURUKAWA: Um-hum.

16 MR. KANJILAL: If it's up to Risk Level 3, then it's
17 actually handled by the effective ship team and they actually
18 carry out an investigation and close it out. It might not have --
19 it doesn't have to be in great depth or up to a depth that we
20 would do on a Risk Level 4 or 5. But if it's a Risk Level 4 or 5,
21 then it's something which is undertaken by -- sort of initiated by
22 the HSEQ department. They own the program and depending on what
23 is the type of incident, then -- you know, like if it's a
24 navigational incident, then it would be myself who would be
25 naturally involved with it and that we are Risk Level 4 and 5 and

1 the report that would come out would be more comprehensive.

2 MR. FURUKAWA: Okay. And Suhas Ahire?

3 MR. KANJILAL: Suhas Ahire was the on-site inspector. I
4 don't know if you actually had a chance to meet him.

5 MR. BOWLING: I did, yeah.

6 MR. KANJILAL: Okay. He was onboard the Axel Spirit.
7 We sent him onboard as soon as we learned that this incident had
8 taken place.

9 BY MR. FURUKAWA: He's from headquarters or is he from
10 one of the --

11 MR. KANJILAL: He was reporting to me at that point of
12 time. He's now moved out of my department to undertake a
13 commercial operations position with our tanker crew.

14 MR. FURUKAWA: Okay. And the (indiscernible) model
15 course for investigators?

16 MR. KANJILAL: So we have actually undertaken
17 investigation training with DNV and both Suhas and myself, Peter,
18 we've all gone through that course, ourselves.

19 MR. LOLIC: In fact, I tried last year to get U.S. NTSB
20 to provide training to us, but I couldn't get it, so I got it from
21 the Canadian Transportation Safety Board, came in here last
22 January and we had a full day training session here in our office.
23 Apparently, when --

24 MR. STRAUCH: (indiscernible) and human factors, you
25 know, sections on deck operations, investigations and hearing

1 investigations, (indiscernible) investigation, medical factors
2 investigation, so we're going to cram quite a bit (indiscernible).
3 So if you -- I encourage you to, if you do have people that you
4 would like to send, to do that. The information's available on
5 our website --

6 MR. KANJILAL: Okay.

7 MR. STRAUCH: -- which is www.nts.gov. Just go to the
8 training center.

9 MR. BOWLING: It would be good to get some more
10 diversification, too. You'll see what the Canadian TSB has.

11 MR. STRAUCH: If you have any questions, you know, you
12 have my e-mail address and my cards. Feel free.

13 MR. BOWLING: Any further questions, Barry?

14 BY MR. STRAUCH: Yeah, I do. I have one question. How
15 often do the people at your various offices meet to go over
16 (indiscernible) problems and so forth with various offices, which
17 I guess include Sydney, Spain, Norway, Glasgow, Houston and
18 Vancouver? How often do you all meet?

19 MR. KANJILAL: Do they meet with me or do they meet
20 internally?

21 MR. STRAUCH: Yeah, internally. How often -- I mean, I
22 assume you're a vice -- you're on the vice president level. How
23 often are there meetings among the people responsible for
24 overseeing the various offices?

25 MR. KANJILAL: The senior management level meets on a

1 quarterly basis. That's Graham and all his direct reports. They
2 meet on a quarterly basis. At the ship team level, I would expect
3 that they're meeting on a daily basis and then sort of, if there
4 are any issues that would get flagged out by -- directly to
5 somebody here, depending -- if it's a MOMS-related issue or if
6 it's a vessel-specific issue that has been reported back to the
7 vice president. And that is again something which the vice
8 president will also (indiscernible) to ensure that they get in
9 touch with anything going on with their fleet.

10 MR. STRAUCH: Okay. Now, these quarterly meetings that
11 Graham has, those are with vice presidents from each of the
12 offices that you mentioned?

13 MR. KANJILAL: Yes, the vice presidents of the fleets,
14 strategic groups as well as the vice presidents of each of the
15 operating (indiscernible).

16 MR. STRAUCH: And how long are those meetings, in
17 general?

18 MR. KANJILAL: A couple days.

19 MR. STRAUCH: And where are they held?

20 MR. KANJILAL: At various offices. They rotate between
21 the offices.

22 MR. STRAUCH: Okay, that's it.

23 MR. BOWLING: Thank you.

24 MR. FURUKAWA: I just have a couple of questions.

25 MR. BOWLING: Mike.

1 MR. FERNANDEZ: Can you check with Graham to make sure
2 he's okay, like 10 minutes or 15 minutes or so. Is that okay?

3 MR. BOWLING: That's fine with me. Ten minutes would be
4 on the high side. I was going to take just a quick break once we
5 get done and roll into it, but about 3:15 if he's available.

6 MR. FERNANDEZ: Okay.

7 BY MR. FURUKAWA: Just a couple of questions, follow-up
8 questions for you guys. I'm looking at -- and these are all
9 documents that we produced and I'll use the NTSB, our designator
10 Bates stamp numbering system, 94 and 95, which is the personal
11 summary for Captain Mack and I see that Captain Mack spent a
12 significant amount of time on the Kiowa Spirit in 1999 and
13 roughly, 2006. During that time period, do you know the trade
14 that Kiowa Spirit was in?

15 MR. KANJILAL: Yes. The Kiowa Spirit was on a long-term
16 -- serving on a contractor for (indiscernible) Citgo and for a
17 long period of time she ran between the U.S. Gulf of Mexico and
18 the Caribbean, Venezuela, (indiscernible).

19 MR. FURUKAWA: On that particular type of trade, are
20 there any -- were there any navigational requirements or demands
21 upon the captain (indiscernible) a number of port calls and visits
22 in and out of port?

23 MR. KANJILAL: Well, certainly, because (indiscernible)
24 whether it's down in Venezuela or up in the Gulf of Mexico where
25 -- you know, intense navigational areas. The (indiscernible)

1 cargo is something -- it takes a lot of skill in that area because
2 of the currents, the shallow, shallow drafts and different
3 (indiscernible) because -- it's Venezuela. Whereas, up in the
4 U.S., it's obviously, you know, coming through the Gulf of Mexico,
5 there are lot of rigs, there's lots of traffic, fishing boats
6 coming in and out of port, of any U.S. port, interacting with the
7 pilots there. Again, the U.S. pilots also have -- they're in a
8 class by themselves, too.

9 MR. FURUKAWA: Were there ever any problems with Captain
10 Mack that you know of, navigationally, of getting in and out of
11 any of these ports during that time period that we're talking
12 about, from 1999 to 2006, any type of navigational concerns or
13 deficiencies or problems in general?

14 MR. KANJILAL: No, not at all. In fact, we actually
15 carried out an audit, a navigational review of Captain Mack. I
16 forget what (indiscernible), while he was coming out of the
17 Houston ship channel and (indiscernible). They all expressed
18 great satisfaction with the way he handled his bridge, too.

19 MR. FURUKAWA: So I think you're referring to the Back
20 to Basics audit, which is NTSB 124 through 132, which I want to
21 show to you and I just want you to -- so we can just get something
22 (indiscernible). Put the summary and the comments -- if you could
23 just read to us just those three lines so it's in the record as
24 far as what, you know, what the auditor had to say about Captain
25 Mack.

1 MR. KANJILAL: Well, the audit was actually carried out
2 by a senior captain of our fleet who was stationed (indiscernible)
3 and he was onboard the ship and this is what he wrote. He said,
4 "The Houston/Galveston previous commander previously invited to
5 join me in the ride of a Teekay vessel along the Houston channel,
6 came and stayed onboard for the whole duration of the audit in the
7 location. He mentioned the Houston/Galveston U.S. Coast Guard's
8 high esteem for the Teekay fleet and personnel. The caliber shown
9 by Captain Niels Mack is outstanding. His leadership and
10 dedication to details is commendable.

11 In locations, he called the attention of the pilots
12 regarding rudder position or (indiscernible), et cetera. During
13 the eight hours along the channel, he was at all times checking on
14 the moorings of ships alongside of the different docks and
15 reporting that to (indiscernible) pilots. An extremely good audit
16 which further enhance the existing relations with the regional
17 U.S. Coast Guard."

18 MR. FURUKAWA: Now, in 2001, there was an audit, I
19 think, or an evaluation of Captain Mack that we had spoken about,
20 NTSB 112 through 115, under the general comments back in 2001, if
21 you could read that into the record.

22 MR. KANJILAL: This reads, "Captain Mack is a very good
23 master, an asset to the team and company."

24 MR. FURUKAWA: And then finally, it was 2005, I just
25 want to touch base or talk about quickly this officer's workshop

1 that was held in Sigreth [sic], Croatia. What's the purpose of an
2 officer's workshop or an officer's seminar?

3 MR. KANJILAL: Again, as I mentioned, during part of
4 this conversation, that we have a Raising Awareness program and
5 officer's workshop is an integral part of the Raising Awareness
6 program. That's where we get different officers of different
7 ranks, nationalities, together into a conference and discuss
8 various aspects as to how we can operate our vessels better and
9 also learn from past instances in the programs.

10 MR. FURUKAWA: And I think we've produced the modules
11 and the materials relative to that particular --

12 MR. BOWLING: That's correct. I have those. Our
13 numbers are in sync and I have been through those documents.

14 BY MR. FURUKAWA: Finally, are you aware of any type of
15 award that the Kiowa Spirit was given by Citgo at some point in
16 time for his performance?

17 MR. KANJILAL: Well, a number of our vessels have gotten
18 awards from different entities during -- as a matter of fact, the
19 Kiowa Spirit was given an award as -- you know, for their service
20 with Citgo. In addition, Kiowa Spirit -- Peter, you're going to
21 have to sort of tell me -- she has received the Dublin Award, I
22 believe, in the past.

23 MR. LOLIC: There was an award from -- yeah, from
24 (indiscernible). We nominate our ships every year (indiscernible)
25 and so every year we get an environmental and safety --

1 MR. BOWLING: I believe the Environmental Award was
2 provided to us. I don't know if the others were, but I have a
3 copy of that particular award.

4 MR. KANJILAL: And also, perhaps, the Axel Spirit also
5 has been given awards in the past by --

6 MR. BOWLING: That I don't have a copy of.

7 MR. FURUKAWA: Okay. So (indiscernible). It's NTSB
8 294. It's the award relative to the Lyndell Citgo and Captain
9 Mack was the one that had received that award on behalf of the
10 company. That's all I wanted to mention.

11 MR. BOWLING: Okay.

12 BY MR. FURUKAWA: I just have a couple questions based
13 on that. How many people attended this workshop?

14 MR. KANJILAL: (indiscernible)? We have a list.

15 MR. FERNANDEZ: I produced a list.

16 MR. FURUKAWA: Do we have that information? About how
17 often are the workshops held?

18 MR. KANJILAL: Well, at various times during the years,
19 we've had at least once a year and some cases, twice a year.

20 MR. FURUKAWA: And who was (indiscernible)?
21 (indiscernible).

22 MR. KANJILAL: Different people in the organization, but
23 Graham would always be attending.

24 MR. FURUKAWA: (indiscernible) people in the
25 organization. What crew members attend these --

1 MR. KANJILAL: Oh, crew members. They are like from
2 junior officers to senior officers.

3 MR. FURUKAWA: Deck and engine?

4 MR. KANJILAL: Deck and engine, yes.

5 MR. FURUKAWA: Okay. That's all. (indiscernible) did
6 you have something with being held in Croatia?

7 MR. STRAUCH: Nothing from me.

8 MR. BOWLING: Okay. Well, gentlemen, I thank you.
9 We'll go ahead and secure at this point and --

10 (Whereupon, the interview in the above-entitled matter
11 was concluded.)

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CERTIFICATE

This is to certify that the attached proceeding before the
NATIONAL TRANSPORTATION SAFETY BOARD

IN THE MATTER OF: Investigation of the Axel Spirit/ATON
Allision

Interviews of: Mr. Bikram Kanjilal and
Mr. Peter Lolic

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was held according to the record, and that this is the original,
complete, true and accurate transcript which has been compared to
the recording accomplished at the hearing.

Karen D. Martini
Transcriber