

# **CIVIL AVIATION NOTICES**

## **CAN 2-01**

### **Lease Operations**

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# Lease Operations

## 1.1 Applicability

This Notice applies to all persons conducting air operations in Oman and all persons operating and/or maintaining Oman registered aircraft.

## 1.2 Introduction

The Civil Aviation Notices, hereinafter referred to as Notices, are issued by the Public Authority for Civil Aviation. The Notices are a means of circulating essential information of an administrative or technical nature to holders of the PACA Licenses and Certificates, foreign Operators in Oman, and foreign operators of Omani registered aircraft.

## 1.3 Purpose

- (a) This Notice is intended to provide current information with respect to the lease interchange of aircraft in accordance with CAR-OPS 1.165 and CAR-OPS 1.175(d). The information contained herein is to be used for all aircraft leasing.
- (b) Permission to conduct a leasing operation shall be effected through CAR-OPS 1.165 and CAR-OPS 1.175(d) and this Notice on Lease and Interchange of Aircraft. Preparation and issue of an approval document will be the responsibility of the PACA.

## 1.4 Background

- (a) ICAO Document 8335-An/879, Chapter 10 provides guidance on lease, charter and interchange of aircraft. The following paragraph is quoted directly to provide some background for the international regulatory concerns generated by aircraft leasing.

*“In recent years the practice of leasing aircraft with or without crew has come into wide usage. Many of these leases involve aircraft, owned by individuals or companies, that are registered in one State and leased to operators of another State. Unless suitable arrangements are made between the States involved, a lease may create complex legal, safety, enforcement and practical problems for both the State of Registry of the aircraft and/or the State of the Operator because of possible uncertainty concerning which party is responsible for the safe operation and airworthiness of the aircraft and which States’ regulations are applicable.”*
- (b) Notwithstanding paragraph 1.8 below, the operation of Omani aircraft may be transferred to Omani Operators or to foreign Operators, and the operation of foreign aircraft may be transferred to Omani Operators, without affecting the aircraft registration. To the extent possible, this policy will be administered within the intent and spirit of the amendment to the convention on International Civil Aviation, Article 83 bis. For guidance in the implementation of Article 83 bis, the PACA is adopting ICAO Document Cir 295 LE/2 latest issue.
- (c) Where it is in the public interest and by acceptable arrangements, the PACA may conditionally authorise:
  1. Omani Operators to operate foreign registered aircraft;
  2. Omani Operators to transfer the operation and maintenance of their aircraft to
  3. Omani or foreign Operators .
  4. Omani Operators to provide commercial operations on behalf of another Omani or foreign Operator (Wet Lease/Damp Lease);

5. Foreign Operators provide commercial operations on behalf of an Omani operator (Wet Lease/Damp Lease);
6. Lease of an aircraft without crew or support to an Omani Operator (Dry Lease)

### **1.5 Definitions**

For the purposes of this Notice the following definitions apply:

*“Acceptable Arrangement”* – includes a lease interchange or similar arrangement acceptable to the PACA.

*“Contracting State”* – means a country that is a member of the International Civil Aviation Organisation (ICAO).

*“Dry Lease”* – means a lease of an aircraft under the terms of which the lessor does not provide, directly or indirectly, aircrew to operate the aircraft or maintenance to support it.

*“Wet Lease”* – means an authorised arrangement in which a Lessor provides the aircraft with flight crew to an Operator (a Lessee), where the Lessor normally exercises operational control of the aircraft. Usually in a Wet Lease situation the aircraft should be operated under an AOC issued by the competent authority of the State of Registry of the aircraft, as described in paragraphs 1.11 and 1.12 below.]

*“Damp Lease”*- Damp Lease: A lease arrangement whereby a lessor provides an aircraft with partial crew to the lessee.

*“Familiarisation”* – means the procedure by which the PACA formally accepts and recognises a Type Certificate. A list of accepted Type Certificates is held by the PACA, Muscat.

| *“Lessor”* – means a person or organisation which lets an aircraft for lease.

| *“Lessee”* – means a person or organisation which holds the aircraft by lease.

*“Omani aircraft”* – means an aircraft registered in Oman.

*“Lease”* - An agreement by a person (the lessor) to furnish an aircraft to another person (the lessee) to be used for compensation or hire purposes for a specified period or a defined number of flights.

*“Lessor”*- The party furnishing the aircraft under a lease.

*“Lessee”*- The party using the aircraft under the provisions of a lease. The lessee operator of the aircraft must hold the necessary economic and operating authority for the aircraft and must exercise operational control over the aircraft. Accordingly, the lessee must provide the necessary flight and cabin crewmembers, ground personnel, dispatchers and ground facilities to operate the aircraft.

*“Dry Lease”* - A lease arrangement whereby a lessor provides an aircraft without crew to the lessee.

*“Wet Lease”*- A lease arrangement whereby a lessor provides an aircraft with entire crew to the lessee for a specified period or a defined number of flights. A wet lease does not include a code sharing arrangement.

*“Damp Lease”*-A lease arrangement whereby a lessor provides an aircraft with partial crew to the lessee.

*“State of Registry”*- The State on whose register the aircraft is entered.

*“State of the Operator”*- The State where the principal place of business of the operator is located, or if no such business exists, the permanent residence of the operator.

*“Operator”*- A person, organisation or enterprise having an Air Operator Certificate (AOC) engaged in aircraft operations to carry out specific commercial air transport operations.

*“Operational Control”*- The exercise of authority over the initiation, continuation, diversion or termination of a flight in the interest of the safety of the aircraft and the regularity and efficiency of the flight.

## **1.6 Common Leasing Requirements**

As section 1.4 indicates, there are many types of leasing. Requirements, which are common to each are listed below. Requirements found under the subsequent lease headings are specific to that type of lease, and must be considered and applied in conjunction with the requirements provided below. The following operational and airworthiness requirements must normally be met prior to the approval of the lease arrangement:

- (a) The prospective lessee must provide one (1) copy of the lease;
- (b) In the opinion of the PACA, the lease must be in the public interest;
- (c) The lease must identify the aircraft by make, model, series, serial no., registration, etc;
- (d) The lease must include the routes on which it is proposed to operate, including a description of the operation;
- (e) The lease must clearly identify all parties to the lease;
- (f) The lease must clearly identify who retains custody and operational control of the aircraft;
- (g) The lease must clearly identify who is responsible for the airworthiness of the leased aircraft;
- (h) The lease must include the commencement and termination date of the lease; and
- (i) The aircraft must have a standard certificate of airworthiness, or equivalent issued in respect of the aircraft by the state of registry and must conform with the Type Certificate issued in respect of the aircraft type or other equivalent standard acceptable to the PACA.
- (j) Aircraft less than 10 years of age for passenger transportation and less than 15 years of age for cargo operations;

## **1.7 Approval Criteria**

Issuance of a PACA approval is contingent upon the following criteria being met:

- (a) the aircraft must be of a type and model eligible for a standard Omani Certificate of Airworthiness and comply with all environmental and operational requirements.

- (b) regulatory control of the aircraft operation must be equivalent to that of an Omani aircraft operated by its Omani registered owner, and in keeping with the provisions of the Operating Certificate or equivalent document;
- (c) the aircraft must be operated in accordance with a Minimum Equipment List (MEL), which is acceptable to the PACA;
- (d) the lease must identify the organisation which will maintain the aircraft, and all maintenance approvals held by that organisation;
- (e) the aircraft shall be maintained in accordance with the applicable airworthiness standards and certified in accordance with Regulations which are acceptable to the PACA;
- (f) the aircraft will be maintained to a Maintenance Program approved / accepted by the PACA;
- (g) the lease approval issued by the PACA must be carried in the aircraft during the term of the lease; and.
- (h) appropriate training and certification for the maintenance staff approved/accepted by the PACA.

### **1.8 Foreign Registered Aircraft Leased to Omani Operators**

Foreign registered aircraft proposed for use in an Omani commercial air service should normally be removed from the foreign register and subsequently registered in Oman, in the name of the Omani operator, for the term of the lease. Where this is not practical, the lessee must make an application to the PACA as required pursuant to CAR-OPS 1.165. The maximum term of the lease where the aircraft may remain in foreign registration is one year.

#### **1.8.1 Requirements for Type Certificated Aircraft with the PACA's Familiarisation**

- (a) Prior to operation in Oman, the aircraft and its records shall be inspected by the PACA for acceptability in accordance with standard procedures required for the inclusion of an aircraft on an Omani Operating Certificate.
- (b) The airworthiness authority of the state of registry must provide a letter stating that it has no objection to the lease, and that the lease will not affect the registration of the aircraft in the state of registry or the certificate of airworthiness issued in respect of the aircraft by that state.
- (c) All Omani Operators leasing U.S. registered aircraft should be aware, and take into account, that the requirement for maintenance programs approved under FAR Part 129 applies to U.S. registered aircraft listed on operations specifications issued under FAR Section 129.1. In addition, FAA Advisory Circular No. 129.4 provides information and guidance about acceptable maintenance programs for U.S. registered aircraft subject to FAR Part 129. Copies of the US Federal Aviation Regulations and Advisory Circulars are available from:

The Superintendent of Documents  
U.S. Government Printing Office  
Mail Stop SSOP  
Washington D.C. 20402 - 9328, USA.

#### **1.8.2 Requirements for Type Certificated Aircraft without the PACA's Familiarizations**

The following airworthiness requirements must normally be met prior to aircraft operation:

- (a) The aircraft must be listed by serial number, or other identification unique to the aircraft, on a Type Certificate accepted by the PACA. Details of an aircraft under a lease agreement, which are not identified on a Type Certificate, are to be submitted to the PACA.
- (b) The aircraft must conform and be maintained in accordance with an approved configuration defined in the Type Certification.

### 1.8.3 Foreign Modifications

Prospective dry lessees of foreign registered aircraft shall provide a list of all modifications on the aircraft, e.g. STCs, field approvals (e.g. FAA ACA-337) or company approved modifications. The modifications shall be reviewed by the PACA for approval and/or familiarisation prior to the lease being approved, with particular attention to those modifications which may have been approved on the basis of airworthiness standards or regulations which are not recognised in Oman.

- (a) when the aircraft being proposed for dry lease into Oman is from a country where a Bilateral Airworthiness Agreement or Technical Arrangement exists with Oman, the following factors shall be considered when determining a need for familiarisation of the modification:
  - 1. type of modification and possible safety implications;
  - 2. type of operation proposed versus its previous role; and
  - 3. the service history of the leased aircraft.

*Note: Following due consideration of the above, the aircraft may be accepted without prior familiarisation of those installed modifications, provided the aircraft continues to operate in its previous role.*

- (b) When the aircraft being proposed for any lease into Oman is from a country where no Bilateral Airworthiness Agreement or Technical Arrangement exists with Oman, the following factors shall be considered when determining eligibility requirements for installed modifications:
  - 1. aircraft source of export, State of Design, and service history;
  - 2. type of operation proposed versus its previous role; and
  - 3. type of modification and possible safety implications.
- (c) The scope of the review will depend on the findings evolving from the evaluation requirements mentioned above. Each aircraft will be assessed on the basis of its history. Upon satisfactory review of the documentation provided, it may be determined that specific modifications may be acceptable for the duration of the lease period, while others may require a more formal validation.
- (d) Possible exceptions to the above are applicable for the duration of the lease only. Should the operator decide to register the aircraft in Oman during or at the termination of the lease period, all documentation pertaining to modifications shall be submitted to the PACA at least 45 days prior to the planned registration date for formal familiarisation or validation.

### 1.9 Oman Registered Commercial Aircraft Leased to Foreign Operators

- (a) In addition to the requirements of Section 1.6, the following conditions shall apply with respect to Oman registered aircraft leased to persons who do not qualify to be the registered owner:
  - 1. Omani Operators which elect to lease their aircraft to foreign Operators must make an application to the PACA.
  - 2. The airworthiness authority of the country of operation must issue a maintenance

- i. approval or equivalent to the organisation responsible for the maintenance of the
  - ii. aircraft. This will ensure that an evaluation of the intended organisation has been
  - iii. carried out by the foreign airworthiness authority.
3. The PACA will establish any required formal lines of communication with the foreign airworthiness authorities and the affected foreign and Omani Operators .
  4. The PACA will evaluate the ability of the foreign Operator (lessee) to operate and maintain the aircraft to Omani standards and requirements by:
    - (i) inspecting proposed facilities;
    - (ii) reviewing personnel qualifications and training programs;
    - (iii) ensuring that the operator is aware of Omani requirements;
    - (iv) ensuring that on going surveillance is accomplished.
  5. The lessors must reimburse the PACA for all travel, accommodation and other expenses incurred by the person authorised by the PACA to perform surveillance and inspection duties with respect to the operation and maintenance of such aircraft.
- (b) After authorisation of the lease, the PACA will be responsible for ongoing surveillance and, as such, will develop a surveillance schedule on a case by case basis. Regulatory surveillance of the leasing operation should normally be conducted every 90 days. (Except in those cases where an arrangement has been agreed upon between the foreign regulatory authority and the PACA).
  - (c) The surveillance will ensure that aircraft leased to foreign operators are operated and maintained to Omani standards.

#### **1.10 Omani Registered commercial Aircraft Leased to Other Omani Operators**

The following additional conditions shall apply to Omani registered commercial aircraft when leased to other Omani Operators:

- (a) The lessee must be appropriately approved and capable of performing required maintenance (unless maintenance is sub-contracted); and
- (b) The lessee must hold the appropriate AOC.

#### **1.11 Omani Operators Providing Wet/Damp lease Operations**

- (a) When performing wet/Damp lease operations, CAR-OPS 1 or CAR OPS 3 whichever is applicable, shall apply in addition to the lessee's civil aviation rules. Whichever rule (foreign or Omani) is more restrictive shall apply in each instance of application of the rules.
- (b) In addition to the requirements of section 1.6, in the case where the aircraft is to be operated on behalf of a foreign operator in accordance with CAR-OPS 1.165, the agreement should be authorised by the foreign Operator's civil aviation authority. The authorisation should be by letter and must include authorisation for PACA inspectors to conduct necessary inspections of flight operations and maintenance facilities, personnel and/or documents, as deemed necessary, in the operating country.
- (c) The lessor must submit to the PACA a letter stating they will reimburse the PACA for all travel, accommodation and other expenses incurred by the PACA to perform surveillance duties relating to the approval and continuing surveillance of such aircraft.
- (d) When performing wet lease operations under CAR-OPS 1.165, the lessor must maintain the aircraft in accordance with the conditions of its Maintenance Program. The lessor must have its Operation Manual amended to include any changes required to account for:

1. Location of maintenance facilities, personnel, spares supplies;
2. Minimum Equipment List (MEL) compliance handling procedures, including
  - i. submission of a copy or reference to the MEL that will be utilised and any required
  - ii. changes with respect to the intended operation; and
3. Changes and/or use of contract maintenance facilities.

In addition:

1. The lessor must identify the aircraft Maintenance Program along with any proposed amendments as a result of the intended operation; and
2. The agreement must clearly specify that the lessor retains airworthiness control and responsibility for the aircraft.
  - (e) The foregoing must be evaluated to determine if any changes are required to the aircraft inspection program, location of maintenance facilities, personnel, equipment, etc. prior to approving the arrangement.
  - (f) A base inspection of the foreign facilities may be conducted by the PACA flight operations and airworthiness inspectors. Discussions with the foreign civil aviation authorities may be required, regarding compliance with any special airworthiness / operations conditions required by either the PACA or the foreign authorities prior to approving the arrangement.

#### **1.12 Foreign Operators Providing Wet /Damp Lease to Omani Operators**

- (a) When performing wet lease operations for an Omani Operator, the foreign Operator shall be approved under CAR OPS 0.
- (b) When performing wet lease operations, CAR-OPS 1, or CAR OPS 3 whichever is applicable, shall apply in addition to the lessor's civil aviation rules. Whichever rule (foreign or Omani) is more restrictive shall apply in each instance of application of the rules.
- (c) In addition to the requirements of section 1.6, the agreement must be authorised by the foreign Operator's civil aviation authority; e.g., operations specifications.
- (d) The lessor must maintain the aircraft in accordance with the conditions of its Maintenance Program. The lessor may be required to have its Operation Manual amended to include any changes required to account for:
  1. location of maintenance facilities, personnel, spares supplies;
  2. Minimum Equipment List (MEL) compliance handling procedures, including
    - i. submission of a copy or reference to the MEL that will be utilised and any required
    - ii. changes with respect to the intended operation; and
  3. changes and/or use of contract maintenance facilities.

In addition:

1. The lessor must identify the aircraft Maintenance Program along with any proposed amendments as a result of the intended operation; and
2. The agreement must clearly specify that the lessor retains airworthiness control and responsibility for the aircraft.
  - (e) The lease agreement shall state that the Lessor has Operational Control of the aircraft.
  - (f) The foregoing must be evaluated to determine if any changes are required to the aircraft inspection program, location of maintenance facilities, personnel, equipment, etc. prior to approving the arrangement.



**1.13 Reserved**

**1.14 Leasing of Aircraft at Short Notice**

In circumstances where an Omani Operator is faced with immediate and urgent requirement of replacement aeroplane, the approval may be deemed to have been given provided that:

- (a) The Operator has a Short Term Leasing Policy in the company Exposition Manual or similar document approved by the PACA;
- (b) The lessor is an Operator holding an AOC issued by a State which is a signatory to the Chicago Convention;
- (c) The lease period does not exceed 5 consecutive days; and
- (d) The PACA is officially notified of the use this provision within 24 hours of the agreement.

**1.15 Leased Aircraft subject to Long Term Airworthiness Directives**

Certain airworthiness directives (ADs), such as the Corrosion Prevention and Corrosion Protection (CPCP) ADs, have long term implementation times and are subject to additional compliance requirements. Therefore, aircraft which are subject to these ADs must be inspected and the maintenance records reviewed to show conformity to that type design, with particular attention to the following (where & when applicable):

- (a) corrosion related airworthiness directives;
- (b) corrosion and structural related services bulletins;
- (c) structural modifications;
- (d) application of Supplemental Structural Inspection Programs;
- (e) major and multiple site damage repairs;
- (f) fatigue quality of multiple repairs;
- (g) re-inspection of repaired structures to ensure continued integrity; and
- (h) major repair documentation such as drawings, procedures and related technical data.

**1.16 Termination**

Any of the above aircraft lease approvals may be terminated on the date:

- (a) the lease is terminated;
- (b) specified by the PACA in the lease approval;
- (c) on which the aircraft registration is suspended or cancelled;
- (d) on which the Operation Certificate issued to either the aircraft lessee or lessor, with respect to the aircraft type, is suspended or cancelled; or
- (e) on which any of the leasing regulations or conditions as specified in the approval are breached.



**Anwar Abdullah AL-Raisi**

**Acting Director General of Civil Aviation Regulation**