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CLIENT ADVISORY LETTER 2003-04
October 17, 2003

RE: NRC to Establish Response Resources in Panama Canal

Dear Client:

The Panama Canal Authority has issued regulatory requirements mandating a Panama Canal Shipboard Oil Pollution Emergency Plan (PCSOPEP) for all vessels carrying 400 Metric Tons (MT) or more of oil as cargo and/or fuel calling at the Panama Canal. This new requirement mandates these vessels to identify and contract with a local Qualified Individual (QI) and an Oil Spill Removal Organization (OSRO) to meet specified Tier response requirements.

In response to the new PCSOPEP, National Response Corporation (NRC) has signed an agreement with Ocean Pollution Control (OPC) of Panama to jointly review market needs and operational requirements in preparation for meeting these new requirements established by the Panama Canal Authority (PCA) in August of this year.

The intent of this alliance is to provide plan holders a single source solution to meet their Tier S (TS), Tier 1 (T1), Tier 2 (T2) and Tier 3 (T3) Oil Spill Removal Organization (OSRO) requirements outlined in the new Panama Canal Authority PCSOPEP regulations. The regulations originally required a phase in period beginning on January 1, 2004. However, the Panama Canal Authority just announced a delay in the implementation dates for the OSRO and QI requirements. Vessel owners must still submit their plans 96 hours prior to their first visit to Canal Waters occurring on or after the original January 1, 2004 date. The appointment of a QI and OSRO for Tier 2 and 3 services has been delayed to July 1, 2004. The appointment of an OSRO to meet the complete requirements including Tiers S and 1 has also been delayed to October 1, 2004. NRC and OPC intend for their service to be available no later than the regulatory requirement dates, but in all likelihood will have the complete OSRO requirements available as of January 1, 2004.

OPC is a local Panamanian OSRO with operations bases on both the Caribbean Sea and Pacific coast of the Panama Canal and working since 1997.

NRC/OPC has made a formal request of the Panama Canal Authority to ensure an expedited OSRO review/approval process to meet the deadlines outlined in the PCSOPEP. NRC and OPC have requested clarification from the Panama Canal Authority about several elements of the new regulations. Upon confirmation of those



open issues from the PCA, the alliance will be providing its customers with further details about their new joint services.

For more information please contact Mike Reese at (631) 224-9141, ext. 309 or via email at mreese@nrcc.com.

NRC will continue to update you on the new requirements in Panama. As always, I welcome you to contact me directly, if there is anything I can do to assist you.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Candito".

Steve Candito
President