



VIA EMAIL

March 9, 2005

Dear Client:

As we enter a new fiscal term we look back on another successful and eventful year for National Response Corporation. Our acquisition of NRC Environmental Services (NRCES), formerly Foss Environmental Services, in October of 2003 has proven to be a successful venture for NRC that has both strengthened and expanded our response capabilities on the West Coast. We continue to have favorable response to our new "1Call" program with The Resolve Group. You may recall that our 1Call program provides a one-stop emergency call center for both oil spill response services and salvage, lightering and firefighting services utilizing NRC's International Operations Center (IOC). This program was successfully tested during last summer's active hurricane season in Florida when Resolve had to evacuate its offices as Hurricane Frances passed through Florida. All emergency calls were immediately routed to NRC's IOC.

As is our custom, we write to provide you with our Schedule 3 for the 2005 fiscal year. While our business continues to grow and we look for value-added services to provide to our clients, we continue to hold our retainer fees to the same rates that have been in place for the last several years.

Please take a moment to review the attached Schedule 3 and let us know of any updates to your fleet. Kindly advise us if your company anticipates any change in your trading schedule to the U.S. this year and we can revise our schedule accordingly. If the Schedule 3 is in good order, kindly return a signed copy to NRC via fax at 631 224-9082, or via email to Deborah Wick, Client Services Manager at dwick@nrcc.com.

If you have any questions regarding your schedule, please contact either Mike Reese, Vice President, Shipowner Services at 631 224-9141, extension 140 or Deborah Wick at extension 131.

Further, we take this opportunity to let you know about a recent change to our standard contract language. The change pertains to Clause 2.4 (a) for Average Most Probable Discharge (AMPD) planning standards for transfer operations occurring more than 12 nautical miles offshore. Please be advised that the amended language to this clause has been reviewed by the International Group of P & I Clubs and found in conformance with their guidelines. The amended language is provided here in bold for your reference.

CORPORATE HEADQUARTERS

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Clause 2.4 (a) The Provider shall provide or cause to be provided Response Resources in accordance with U.S. Coast Guard average most probable discharge planning standards for transfer operations occurring more than twelve (12) nautical miles from the nearest coastline, provided the Client has been granted a waiver by the U.S. Coast Guard in respect of the Vessel to use the alternative planning factor of one (1) hour mobilization and a planned transit speed of five (5) knots in the Response Plan for such transfer operations **and provided that the Client has determined that the Providers Response Resources can satisfy the requirements from their steady state locations.**

We made this change to our agreement to clarify AMPD procedures that occur more than 12 miles from shore. As you know, in most situations we can reach the site of the lightering operation with our own dedicated resources within the required time frames, provided the client has obtained the transit time waiver. The transit time waiver adds transit time (at 5 knots) to the AMPD one and two hour requirements. Since many of these lightering operations occur upwards of 50 mile offshore, the additional 10 hours or more of transit time is normally sufficient for us to meet the requirements without any additional expense. Thus, we have not charged any fee beyond the retainer fee for this service.

There have, however, been a few lightering operations in relatively remote locations (i.e. far from where our dedicated vessels are located), but at the 12 mile mark from the closest shore point. In these situations, there is a chance that we may not reach the lightering location within the prescribed time, even with the approximately 6 hours of transit time. In such situations, it will be necessary for us to either move our dedicated resources closer to the lightering site or provide the service via a subcontractor that may be in a better location to provide the service. In either event, there will be costs involved that we would expect to invoice to our client. Since some clients had the perception that all AMPD coverage greater than 12 miles was at no cost, we decided to clarify this provision. We trust this explanation is sufficient, but feel free to contact us if you need more information.

In closing, we take this opportunity to thank you for your continued business. We have enjoyed working with you over the past years and look forward to working with you throughout the year and beyond.

Best regards,

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

Steve Candito
President

Attachments