

CLIENT ADVISORY LETTER 2011-05**September 30, 2011****RE: Alternative Technologies Amendment to NRC's Agreement for Provision of Response Resources****Dear Client,**

We write to provide you with a draft of our Alternatives Technology Amendment to NRC's Agreement for Provision of Response Resources. This amendment applies to all NRC Tank Vessel clients in connection with the new Alternative Technology revisions to the Final Rule, 33 CFR 154 and 155, which came into force as of August 22, 2011.

As a result of the above regulatory change and litigation against NRC, other OSROs, and the manufacturers of dispersants used during the DEEPWATER HORIZON (DWH) spill, it has become necessary for NRC to amend our existing response agreement to include terms pertaining to the use and purchase of alternative technologies now required under the law, which includes in situ burn and dispersant services. It is NRC's position that OSROs should not be held liable for any harmful effects due to the use of alternative technologies, provided the OSRO's use of alternative technologies is conducted under the supervision, direction, and/or control of the Federal on Scene Coordinator (FOSC) and in accordance with the National Contingency Plan.

The attached draft amendment has been sent to the International Group of P & I Clubs for their review and comment. We are sending this draft Amendment at this time in order to provide both our clients and their P&I Clubs an opportunity to review and comment on the Amendment prior to our routine renewal period on January 1, 2012. The final Amendment will be sent out with our 2012 Schedule 3 packages in early January for your signature.

It may be of interest to know that NRC is working closely with others within the response community (including OSROs, spill managers, salvors, supply vessel owners and well containment companies) to lobby the U.S. Congress to better match the Responder Immunity protections under OPA 90 and the Federal Water Pollution Control Act with the current risks. As a result of recent DWH lawsuits, the response community believes that the FOSC must take more responsibility for the use of alternative technologies.

In the interim, NRC will continue to comply with all regulations and provide our clients with the highest level of response services. It is unfortunate that the litigation system in the U.S. has increased the risks associated with the use of alternative technologies and that those risks can fall upon responders, even when they are acting in accordance with the directions of the governmental agencies that are managing the response.



Client Advisory

Environmental, Industrial and Emergency Response Solutions

We also provide you with a copy of NRC's OSRO Dispersant Classification approval letter from the USCG as of July 2011, which includes full approval with the exception for the COTP of Hawaii. We are expecting the USCG to provide NRC with approval for Hawaii soon, pending the USCG's approval of Tier 1 dispersant approval for Clean Island Council.

Please note that there are some special circumstances related to Hawaii. Tank vessel shipowners calling to Honolulu, Hawaii will need to enroll with Clean Island Council for Tier 1 dispersant compliance. Under approval by the USCG, Clean Island Council (CIC) will be providing tank vessels enrolled with CIC with Tier 1 dispersant and aerial tracking capability. NRC will provide Tier 2 and Tier 3 dispersant response resources. More specifically, the combination of Tier 1 via CIC and Tier 2-3 from NRC will meet the new CAPS planning requirement.

Please contact us if you need any additional information at this time. Should you have any questions, I can be reached at 631 224-9141.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steven A. Candito', written in a cursive style.

Steven A. Candito
President