



POTEN & PARTNERS

Cooperative Solutions to Common Problems API's Biennial Tanker Conference

July 9, 2004

On June 28th and 29th, a group of senior oil transportation professionals gathered in San Diego, California for API's biennial tanker conference on Cooperative Solutions to Common Problems.

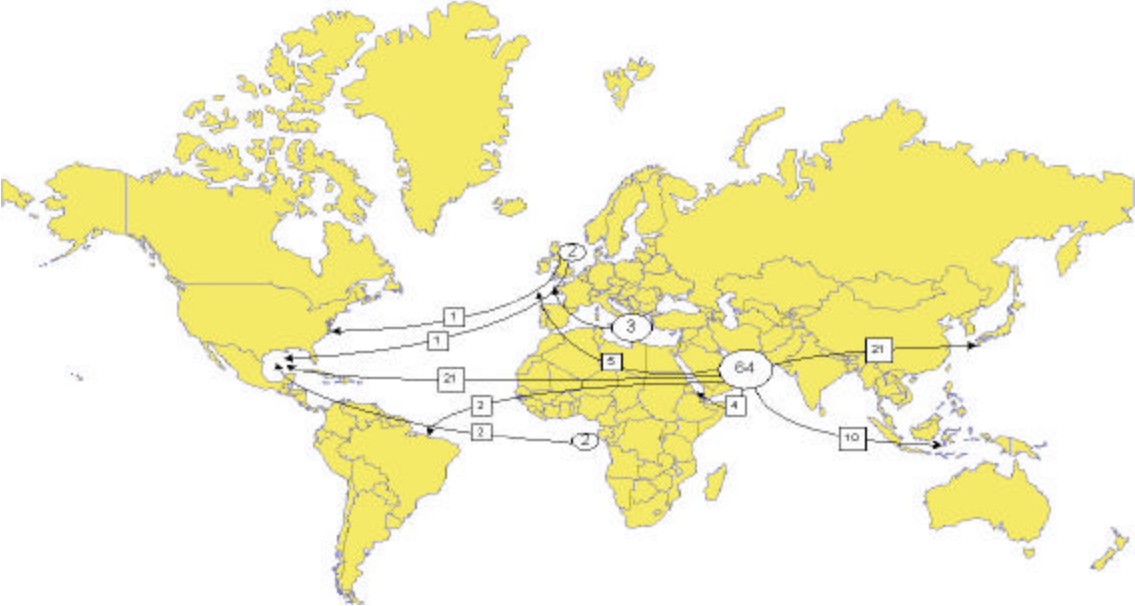
John Rose, General Manager Shipping of Shell Trading Company made introductory remarks that set the stage for the conference. He noted that the tanker industry finds itself in the middle of several emerging issues that call for the cooperation of the tanker industry, federal and state governments, and nongovernmental organizations that have a legitimate interest in the outcome of these issues.

Paul Markides, Director of Oil Companies International Marine Forum (OCIMF) spoke on the role of the OCIMF emphasizing OCIMF's efforts to continue to increase vessel safety standards and cooperative actions with other organizations for stricter enforcement of vetting and compliance to reduce pollution.

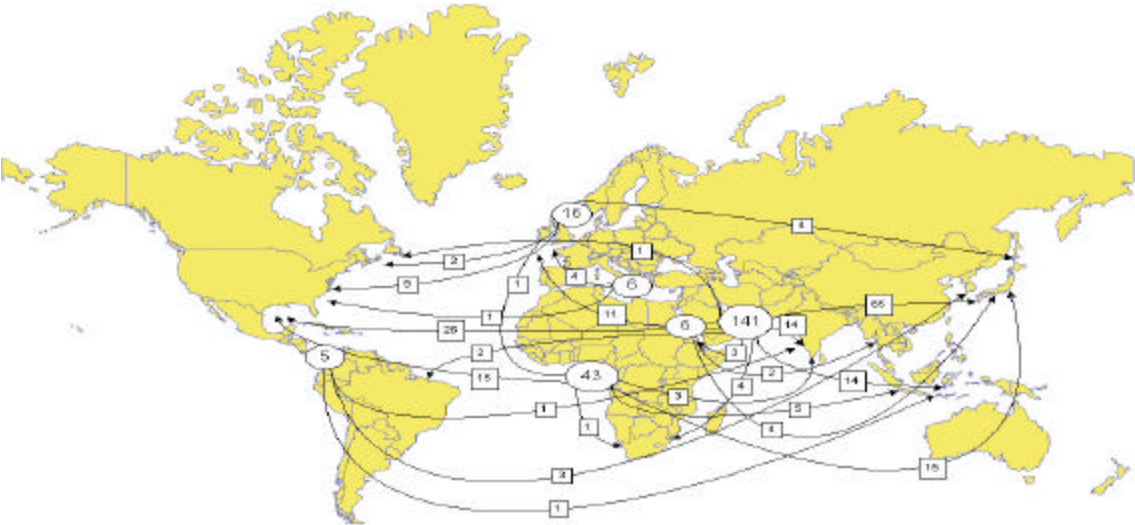
Will Jenkins, President of SeaRiver Maritime, presented a survey of ExxonMobil's energy outlook with emphasis on the oil and LNG situation for the United States. The demand outlook is quite strong, which will have a positive impact on tanker demand. The complete report on ExxonMobil's Report on Energy Trends can be obtained from the website:

www.exxonmobil.com/corporate/Newsroom/Publications/eTrendsSite/index.asp

Jeff Goetz of Poten & Partners discussed emerging shipping supply patterns. In his presentation, Jeff illustrated the changing nature of VLCC trading patterns referencing two particular months. In December 1989, VLCC trading patterns were relatively simple with 71 spot fixtures for the month with the U.S. being the destination for about 1/3 of VLCC cargoes with only two cargoes from West Africa.



The May 2004 picture is an entirely different one showing not only significantly increased volume (207 spot fixtures), but also more complex trading patterns with a significant Atlantic to Pacific backhaul movement. This trend is expected to continue, which is positive for tanker owners.



William Schubert, Maritime Administrator for MARAD, enthusiastically endorsed new U.S. proposals for supporting U.S. shipyards through construction and operating subsidies that echo the prior construction and operating differential subsidy programs. He also proposed that U.S. cadets and sailors be placed on foreign flag LNG carriers calling on LNG terminals at U.S. ports as a measure to help calm the public's perception of safety of LNG tankers. James MacHardy, General Manager of The Society of International Gas Tankers and Terminal Operators (SIGTTO) reviewed the current situation with regards to terminal construction in the United States.

Stephen Van Dyck, Chairman of the board of Maritrans and Intertanko, headed the session on seeking a balance on the cost of doing business in the United States with regard to different issues. Rear Admiral Thomas Gilmour of the Marine Safety, Security and Environmental Protection Division of the U.S. Coast Guard discussed current inspection measures that the Coast Guard has and is in the process of instituting. He also emphasized the delicate balance that has to be achieved between free trade and vessel security.

The session on Balancing Expectations was moderated by Dennis Bryant of Haight Gardner Holland & Knight. Kathy Metcalf of the Chamber of Shipping of America discussed environmental issues pertaining to ballast water, air emissions and ship recycling. Her presentation and that of Sally Lentz of Ocean Advocates on the environmentalist perspective of tankers showed the shift in attitudes from confrontation to open dialogue between environmentalists and the tanker industry. Dr. Henry Marcus of the Massachusetts Institute of Technology provided interesting insights on the causes of oil pollution.

The session on safe harbors and refuge, headed by Joseph Angelo of the U.S. Coast Guard, pointed out the challenges on identifying the ultimate authority between state and the federal government currently faced by a vessel in distress seeking refuge in a safe port. The conference ended with Joe Edwards, former NASA astronaut and chairman of the National Science Center, Inc. where he discussed the tough choices that had to be made by NASA during crisis situations. He related the Tailhook scandal and the Columbia tragedy to the challenges faced by the tanker industry.

We feel that API's tanker conferences provides an effective forum for discussing common problems facing the tanker industry that can be a positive influence on policy makers and help the industry to adopt a common approach to the challenges facing this industry. In other words, it is well worth attending and we look forward to the next one in 2006.