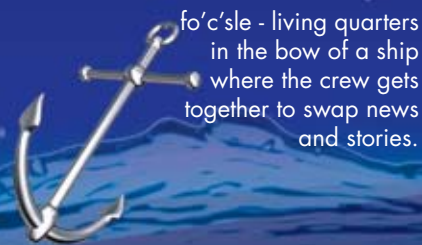




Fo'c'sle



fo'c'sle - living quarters in the bow of a ship where the crew gets together to swap news and stories.

Summer 2010

Worldwide Journal of Events and News from SPT



SPT HONORED WITH OSPRA SAFETY AWARD "Going the extra mile"

The OSPRA Award recognizes organizations that have excelled in their efforts to comply with the state's Oil Spill Prevention and Response Act (OSPRA).

SPT was recognized for going the "extra" mile to protect the natural resources of Texas with continued excellence in transferring and transporting crude with minimal environmental impacts. The recognition also includes tanker construction and design which takes into account enhanced environmental protection through 100% protectively located double bottoms, double-walled cargo transfer hoses, bow thrusters, high lift rudders and independent fender systems.

BE SAFE, LIGHTER RIGHT!

300

OVER 300 DAYS AND GOING STRONG WITHOUT LOSS OF TIME INJURIES!

A landmark safety record

Safety isn't just a concept that we throw around to impress the industry and general public. It's a reality that's borne-out through hard work, responsible people and ongoing planning. And now, we're so pleased to be able to say that we have passed 300 days without a single Loss of Time Injury (LTI). During this period we had over 280,000 man hours.

We keep detailed statistics on our safety record. Included in our reports are 10 years of history on:

- LTIs
- Spills to Water
- Pollution Incidents
- Near Miss Reports
- Steel to Steel Contact
- First Aid / Medical Cases

One major program that has had a positive impact on our safety record is our required simulator training for all Mooring Masters. The simulator creates conditions and operations in a virtual world, allowing our Mooring Masters to gain valuable experience without endangering personnel or ships. **Keep up the good, safe work!**

SPT OBTAINS ISM CERTIFICATION

Thanks to the great efforts of our entire team, we have received initial documentation recognizing us as meeting the objectives of the International Management Code for the Safe Operation of Ships and Pollution Prevention (ISM Code). The ISM Code sets a performance standard for safety of life and property and avoidance of damage to the environment.

Acquiring the ISM Certification is further testament to our safety-first culture and our drive to continuously improve operational performance. We are committed to safety in the marine industry to:

- Ensure safety at sea
- Prevent human injury or loss of life
- Avoid damage to the environment



SAFETY IS TOP PRIORITY Zero injuries, zero negative impacts to the environment, zero equipment damage

All SPT employees consider health, safety and environmental protection to be the highest priorities. The privilege of conducting business with our customers demands excellence in the safe execution of all tasks.

Our motto "Be Safe Lighter Right" exemplifies our employees' knowledge of and adherence to advanced safety policies and procedures.



A message from our President,
Simon M. Duncan

“Behind the success and growth of any company is a team of talented individuals”

Dear Colleagues:

Welcome to the first edition of the SPT newsletter designed to highlight and communicate key events and the efforts of our team members around the world. Behind the success and growth of any company is a team of talented individuals who are tasked with the many elements in the execution of our daily business activities. Our teams offshore and in our offices around the world have worked diligently to ensure that we exceed the expectations of our customers by delivering the safe and incident-free transfer of millions of barrels of oil and products each year. We have placed considerable time and attention to diversifying our revenue streams and continuing the expansion of our global support services. This has been in part due to the fact that many of our customers operate in the same areas where we offer services but also that we are able to deliver a consistent product with our service leadership position.

In the first five months of this year we have established new operating bases in Amsterdam and the United Arab Emirates. We have opened a regional office in Singapore to establish a foothold in Southeast Asia and development of markets in India, Vietnam and China. We expect to be fully operational by the end of June. We have also committed to further grow and develop our operations offshore West Africa with the redeployment of our *SPT Guardian*. Once on station, the commercial deployment of the vessel will be coordinated by our team in Sunderland. Our goal is to have the vessel fully operational in the region by the end of July.

The Americas market for both tankers and supports is extremely competitive. The market for full service lightering remains extremely competitive and continues to be negatively impacted by the continued weak refining market, continued weakness in tanker markets and slow economic growth prospects. However, we have been able to secure a new 2-year contract with Valero Refining and Marketing that extends our existing relationship to over 17 years. We are extremely proud of the close working relationship and trust that has been built between our respective organizations. We have also been able to conduct operations offshore Aruba for a new customer PetroChina and we believe that they will become a regular user of our services.

Our LNG team has also been very busy supporting existing projects but also in widening our existing customer base. We were selected by Kuwait National Petroleum Company to provide technical support services for their high pressure gas import terminal at their Mina Al-Ahmadi refinery complex for the 2010 season. Considerable time and effort is also being invested for the further development and refinement of the STS equipment that is used for LNG transfers. We hope to be in position to offer a complete solution (including the emergency release coupling) within the next 60 days.

The recent and tragic explosion and resultant oil spill from the loss of the drilling rig Deepwater Horizon illustrates the risk involved with the products that we transfer and transport on a daily basis. Our overall safety performance has been very good and reflects the efforts of each and every one of our employees. However, as recent events have shown, incidents can occur that impact many facets of the marine industry. It is therefore critical that we never lose sight of how important it is to operate safely and ensure that we follow all existing health, safety, security and environmental policies and procedures that we have in place.

In closing, I would like to thank everyone for their hard work, commitment and dedication to SPT – BE SAFE, LIGHTER RIGHT.



SPT Inc., headquartered in Houston, TX, is a jointly owned company of I.M. Skaugen and Teekay Shipping. SPT is a leading provider of marine transfer services for crude oil products and LNG. The company provides ship-to-ship transfers around the world from its bases in Europe, the United States of America, West Africa, Asia and the Middle East. At the same time, SPT has taken its considerable skills developed in the oil sector to commence LNG lightering and terminal management services. For more information about SPT, visit www.sptmts.com.

Contributors to our first newsletter:

Kevin S. Boyle, Sr.
Cal Hayden
Colin O'Leary

Contact us if you have an idea for our next newsletter. We would love to include you!

USA Contact info

SPT Inc.
909 Fannin St., Suite 3300
Houston, TX 77010 USA

Phone: 1.713.266.8000
Fax: 1.713.266.0319
Email: info@sptmts.com

UK Contact info

SPT Marine Services
4 Douro Terrace
Sunderland
Tyne and Wear
SR2 7DX U.K.

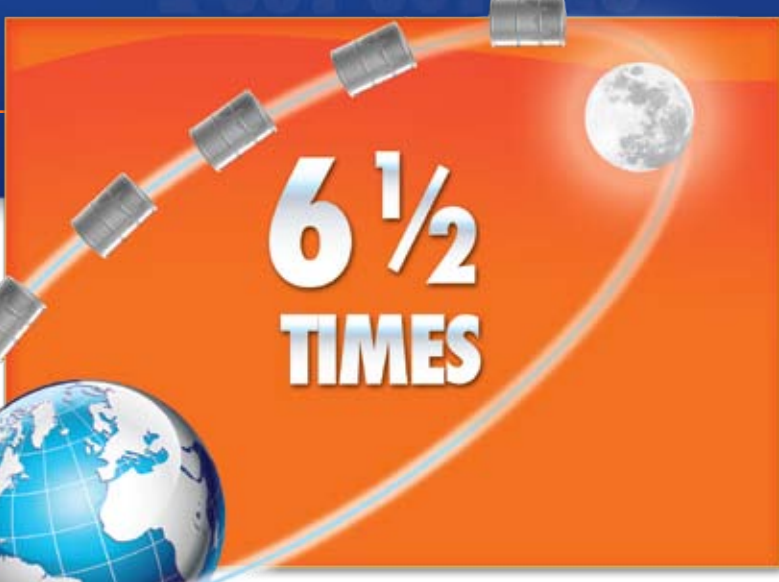
Phone: +1 44 (0) 191 568 1820
Fax: +1 44 (0) 191 568 1821
Email: enquiries@sptmarine.com

Singapore Contact info

SPT Marine Services
C/O Teekay Shipping Singapore Pte Ltd
8 Shenton Way
#41-01
Singapore 068811

Phone: +65 6559 6895
Fax: +65 6222 3338

Barrels Lightered
7,281,881,958
 Through May 2010



HEALTHY TIP
 A healthy and tasty recipe from Lori Burke, SPT Contoller

Texas Caviar
 2 cans black beans, rinsed and drained
 2 cans black eyed peas, rinsed and drained
 1 red pepper, chopped
 1 yellow pepper, chopped
 1 green pepper, chopped
 1 small red onion, chopped
 3 jalapeños, finely chopped
 1 c. cilantro, chopped
 1 bottle Kraft zesty fat free salad dressing
 Mix all ingredients and refrigerate 4 hours.

A stack of all the barrels we've lightered would run from the moon and back 6 1/2 times. Put into perspective, there were only 6 US Apollo moon missions which successfully put humans on the moon (not counting 3 missions that did not land humans on the moon).



SPT STATS

We've lightered 7,281,881,958 barrels of oil through May 2010. That's a big number, but did you know...

If you were to count to 7,281,881,958 at the rate of one barrel per second, it would take you:
1,214,698..... Hours
50,612..... Days
139..... Years!



Fender deployment operations in Malta

MALTA

Located In the middle of the Mediterranean, one of the main thoroughfares of the tanker trade, Malta is a convenient location where the weather is conducive to ship-to-ship transfers. STS operations are conducted 12-16 miles offshore at Hurd's Bank, just outside Malta's territorial waters. With over 20 tankers being used for floating storage, STS operations range from blending of cargoes to transfers from an Aframax to a smaller vessel which then distributes the product into a variety of Mediterranean ports.

Malta Equipment - Fenders

- 3 Standard sets: 3.3 m x 6.5 m
- 1 Jumbo set: 4.5 m x 9 m

Quick Stats on Malta

Valletta is the capital city of Malta and is officially recognized as a World Heritage Site by UNESCO.

Independence from the United Kingdom - September 1964

Area 316 km2
 121 sq. mi.

Population 2008 estimate
 413,609

EMPLOYEE RECOGNITION

Thanks for your great years of service!

○

Administrative

Name	Years of Service
Will Doolittle	13
Simon Duncan	13
Mike Graddy	12
Tricia Clark	11
Wilton Malone	10
Kevin Lenz	7
Gwen Cooper	6

○

Workboat Crew and Mooring Master

Assistants

Name	Years of Service
Crisencio Calalang	12
Roy Hamilton	12
Patrick Hinton	12
Yuriy Buchatsky	8
Efren Rosada	8
Daniel Perkins	8
Butch Alinsug	5

○

Mooring Masters

Name	Years of Service
Anderson Scott	22
Armstrong Hedgecock	11
Finn Aavik	11
Rajeev Khanna	9
Donald D'Souza	8
Dan Scroggie	7
Dick Berglund	6
Kari Laine	5



NEW LNG OPERATIONS IN KUWAIT SPT Named Technical Support Team for Kuwait National GasPort 2010

Excellent technical and operational knowledge is the key to success

During 2009, SPT worked alongside KNPC in a minor support role at the Mina Al-Ahmadi LNG Terminal. Less than a year later, KNPC was so impressed with our service level, safety record and efficient operations that they rewarded us as their full-service partner in the operations for 2010. Our employees' excellent technical and operational knowledge was the key to our success - thanks to all!

The 2010 season at the KNPC-operated Kuwait GasPort has begun as a resounding success. Stephen Davidson, Manager – LNG at SPT said "SPT is very happy to be working together with KNPC, supporting their operations at the LNG Terminal. Together, KNPC and SPT have made a number of operational improvements resulting in significant efficiency savings. The partnership between KNPC and SPT has proven to be very successful and SPT is looking forward to continuing the relationship with such an accomplished company."

Our ultimate aim is to provide the KNPC operations team with the detailed LNG and regas-specific knowledge and skills required to enable them to operate the facility to the highest LNG industry standards. These high standards are required to successfully gain approval during an audit by a gas major prior to one of their vessels trading at the facility.



EXPANSION EAST

Singapore office opens in May 2010

Martin Graaskov joined SPT in April as 'Regional Manager – Asia' based in Singapore. His previous job was at BP Singapore where he worked as a Safety and Quality Assurance Superintendent. A prior employer was a ship brokering company in Singapore in both tanker chartering and operations. Before coming ashore in 2003 he was a Chief Officer with BP Shipping. Martin is also a Master Mariner.

Martin has lived in Singapore for 15 years. When asked about his role with SPT, Martin writes: **"I am extremely excited about this opportunity to expand SPT's operations into Asia. I feel that my previous seagoing, commercial and safety background, together with my knowledge of the region will stand me in good stead for the challenges that lie ahead. There are many opportunities for the growth of SPT within Asia, and I look forward to being part of the company's continuing success story."**

RELOCATING SPT GUARDIAN TO WEST AFRICA

Our most comprehensive drydock operation

SPT will be sending an LSV to West Africa to participate in the high level of ship-to-ship transfers in that region. We will operate from the Ivory Coast to Nigeria. Significant modifications – over \$500,000 worth – are underway to the *SPT Guardian*. We will be upgrading the communications onboard and adding fixed fire fighting equipment. We will reflag the vessel to Marshall Islands and retain classification with the American Bureau of Shipping (ABS).

To position the vessel to the region, SPT is in the process of upgrading the 1980 lightering support vessel to be in full compliance with all applicable SOLAS and MARPOL regulations.

This project has been under way for a number of months and began with a thorough review of maritime regulation to determine the applicable regulations for the particular vessel and the intended service. To complete the review, SPT partnered with Elliott Bay Design Group in New Orleans, LA. This review identified a number of vessel modifications and programmatic enhancements that would be required by the Marshall Islands administration to properly classify and document the vessel for international operation.

All of the modifications and enhancements are designed to improve the safety, security and environmental performance of the vessel. The modifications included: installation of a fast rescue boat, installation of an oily bilge water separator, installation of a fresh water generator, installation of a fixed fire fighting system and a comprehensive upgrade to the navigation and communications suite. The programmatic enhancements included revisions to the safety management system, the garbage management system, oil pollution emergency management plan and the vessel security plan.

As of this writing, SPT is in the final stages of modification and the vessel is currently under survey by ABS to confirm the modifications are in accordance with the design package. We are also completing a number of programmatic audits to ensure our management systems meet the intent and requirements of the maritime regulations. All going well, the vessel will depart Freeport, TX in mid June.

Operating the vessel in the West African region will be a true global effort. Commercial operation of the vessel will be handled from the Sunderland office while technical operation will be handled from the Freeport office. As part of the technical management, SPT will partner with a local manning agent to provide highly qualified mariners to fill the ranks from Captain to Ordinary Seaman. SPT will service the vessel through a network of local vendor support.



SPT Guardian getting a face lift during drydock operations



SPT Guardian ready for service in West Africa



SPT Superintendent Mike Graddy directing vessel modifications

SPT is grateful to have worked with such a capable team of professionals on this project. The project team included a number of individuals from ABS, Marshall Islands Administration, Elliott Bay Design Group, Securewest International, Compass Marine and Telemar USA. The cooperation and support of these companies have ensured a successful project.

SPT GIVES BACK TO THE COMMUNITY



SPT volunteers, from left to right: Kevin S. Boyle, Sr., Tricia Clark, Charlotte Kula, Christy Wilson, Debra Wilson and Kristin Castille.

Food for
200+
FAMILIES

We were able to successfully fill seven pallets of boxes, enough food for over 200 families.

HOUSTON FOOD BANK VOLUNTEERING

SPT is committed to the community through volunteering and gift donation

On December 11, 2009, employees of SPT Inc. volunteered at the Houston Food Bank, a private non-profit organization that seeks food donations and distributes to local charitable programs. Through this charitable giving, the Houston Food Bank is able to provide food for 80,000 people each week.

To better help the Houston Food Bank deliver food to those in need, our team members volunteered their time in the central warehouse sorting and packaging donated food items into boxes that will feed a family of four for one week. During our time, we were able to successfully fill seven pallets of boxes, enough food for over 200 families. All of our participants expressed that they felt the warmth and satisfaction knowing they helped people in need.

For more information on the Houston Food Bank, visit www.houstonfoodbank.org.

ASSISTANCE FOR DISADVANTAGED CHILDREN

Salvation Army Angel Tree Program

SPT hosted an Angel Tree through the Salvation Army during the holiday season. The project provided Christmas assistance for disadvantaged children. When we learned that over 30,000 children in the greater Houston area were at risk of having no presents, we decided to take action and help.

Combined, the employees and the company donated \$1,500 in clothing and toys that brought joy to children and families during the holidays. It was a great experience to work with others sharing our same commitment. We look forward to continuing our giving in the coming year.



For more information on the Salvation Army in the greater Houston area, visit www.salvationarmyhouston.org.



VALERO TEXAS OPEN BENEFIT FOR CHILDREN

SPT has been a proud sponsor since 2002, supporting children

Since 2002 when the Benefit for Children Golf Classic became part of tournament week for the Valero Texas Open, the event has generated more than \$35 million for charity. The combined total of the Valero Texas Open and the Valero Texas Open Benefit for Children is an astonishing \$50.1 million. We're proud to be sponsors since the inception.

A wonderful company for growth. They promote self improvement and encourage everyone to take training to further their career and expand their knowledge.

When employees were asked: **What does this organization do that makes it a place where people would want to work? Here are just a few answers ...**

I am recognized for my efforts and feel that I make a difference when I go to work each day. The company strives to make its employees happy...

The compassion for other people when it is needed is above and beyond any other company I have ever worked with.

This organization is extremely family oriented. I find that to be a rarity and my family is absolutely my number one focus...

SPT NAMED ONE OF THE BEST COMPANIES TO WORK FOR IN TEXAS 2010

The Texas Association of Business Annual Conference honors the 85 best places of employment in Texas

"We are pleased to be recognized as one of the best companies to work for," said Simon M. Duncan, President. "Our goal is to be a leader in the marine industry, both to our customers and to our employees. We feel that this recognition reflects our ongoing commitment to our employees."

SPT Inc. was recognized and honored at the Best Companies to Work for in Texas awards ceremony on Thursday, January 28, 2010 at the Texas Association of Business 2010 Annual Conference. SPT was awarded the 18th ranking.

Companies from across the state were evaluated using a two-part process to determine the Best Companies to Work for in Texas. The first part consisted of evaluating each nominated company's workplace policies, practices and demographics. The second part consisted of an employee survey to measure the employee experience.



For more information on the Best Companies to Work for in Texas visit, BestCompaniesTX.com.



SPT HAS CFO OF THE YEAR

The *Houston Business Journal* named Kevin S. Boyle, Sr. as one of the top Chief Financial Officers in Houston. The announcement was made at the sold-out fourth annual Best CFOs of the Year event.

Kevin has been CFO of SPT Inc. since July 2008. He has 13 years of finance experience in the transportation and energy sectors.

"Kevin has been a wonderful addition to the SPT team," said Simon M. Duncan, President of SPT. "He led the transformation of the finance department by creating a best-in-class team. Implementing new forecasting and reporting tools has enabled the company to understand the steps needed to regain our profitability. He has helped me to lead the company through a dramatic turnaround, and I am proud to have him by my side."



Dave Ervin & Debra Wilson

We engaged in the "Building Blocks" exercise to practice our communication and listening skills. In the exercise, 2 participants with identical sets of blocks must construct the same structure, without looking at each other.

We all learned that we have to clarify our statements to communicate better.

ALL IT TAKES IS... *A little Magic* TO CREATE CUSTOMER SERVICE LEADERSHIP

MAGIC = Make A Great Impression on the Customer

SPT prides itself on Customer Service Leadership. As part of our ongoing commitment to provide customers with the highest level of customer service, we have resorted to MAGIC. MAGIC is a training program designed to help us create lasting and meaningful relationships with our customers. It differentiates us from our competition and gives us the edge in customer relationships.

The entire SPT office staff in Houston and Freeport participated in the event. MAGIC was both fun and enlightening, and we are already getting results with our customers. Be MAGIC, not TRAGIC.

Motivate them, train them, care about them and make winners out of them... we know that if we treat our employees correctly, they'll treat the customers right. And if customers are treated right, they'll come back.

– J. Marriott, Jr.



EMPLOYEE PROFILE

Anderson Scott



With over 20 years of service with Skaugen and now SPT, overcoming adverse weather and heavy swells have become commonplace for Anderson, especially on STS operations off the US west coast, where conditions are often rough.

MOORING MASTER, ANDERSON SCOTT

Anderson loves people, people love him too.

The first thing that strikes you about Anderson when you meet him is that he's an amusing and engaging speaker, immediately involving you and making you feel comfortable.

When he's not working, Anderson lives in both Miami and Grand Cayman Island. He's demonstrated his love of people through his efforts when he himself is under pressure. When hurricane Ivan devastated his island in 2004 with its 165 mph winds, Anderson acquired a generator from Skaugen to help over 500 people. The generator was used to refrigerate foods and to charge dozens of cell phones daily throughout the 2-month period when the island was without electricity.

Favorite meal: All seafood.

Favorite part of the world: USA, saying "we are blessed and privileged", outside of the USA, Singapore "for its friendly, efficient people."

Thing that keeps him going: Helping others.

When asked who in the world would he like to sit down and have lunch with, he brushed off the opportunity to meet "important" people, saying "Right now, I'm enjoying the company of Navy shipmen on my current assignment, from the lowest rank on up."

Career highlights

In 1996, Anderson was involved with a salvage job off Miami, Florida. A chemical tanker (Igloo Moon of 13,000 DWT) ran aground laden with chemicals. His job, maneuvering a small Danish tanker of 3,000 DWT alongside the disabled tanker. The Danish tanker transferred a portion of the cargo until such time that the Igloo Moon was refloated. Anderson is proud to say that incident, among others, has helped him make an impact, saving the environment.

Attributing his success to his mother and to his wife of 40 years, Daphnie, Anderson says "I wouldn't have enjoyed such blessings in my life if it wasn't for them pushing me so hard."

Anderson's Motto – Think Safe, Act Safe and Be Safe! Always! Safety is the No. 1 priority, protect lives and the environment, and always have a positive attitude, and treat others as you would expect them to treat you. (A good motto for us all!)



Anderson radios his instructions to operations partners.

**Saving OVER
110,000
gallons of fuel/year**

**Reducing emissions by
28.3 Tons**

Going
GREEN

ENVIRONMENTAL INITIATIVES

We're constantly looking for ways to identify and curtail our impact on the environment. The main areas we focus on include:

- Reduced emissions, CO₂, NO_x, SO_x
- Ballast water treatment
- Recycle waste
- Green recycling

Reduced emissions are achieved primarily through reduction in fuel consumption and is the primary focus of SPT actions.

For our LSV Fleet, we've completed a Freeport Shore Power Installation which will save 35 - 40,000 gallons of fuel annually. The resulting annual emissions reduction is estimated to be 12.5 tons.

We've also installed fuel meters on our LSVs. Estimated annual fuel savings is 75-100,000 gallons (15-20% of our usage)! Estimated annual emissions reduction add up to 15.8 tons.

For our Tanker Fleet, we've undertaken propeller polishing and hull scamping to minimize hull resistance and we've optimized vessel speed for efficient fuel usage.

Many other studies and initiatives are in progress. We'll let you know our progress in future newsletters.