

Suenos Azules Marine Surveying and Consulting

REPORT OF MARINE SURVEY

Steel Hull Survey / Ultrasonic Testing of the Vessel

"New Smyrna Inlet"

1973 Diamond Manufacturing 42' Tug and Towing Vessel



PREPARED EXCLUSIVELY FOR:

**Big Boat Marine LLC
120 Leigh Mill Road
New Orleans, LA 70113**

CONDUCTED BY:

**Capt. John Banister, SA, Marine Surveyor
on
April 6, 2010**

**Suenos Azules Marine Surveying and Consulting
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Palm Beach Gardens, Florida 33410
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SURVEY REPORT TABLE OF CONTENTS

<u>Major Systems Surveyed</u>	<u>Page No.</u>
INTRODUCTION	3
SURVEY SCOPE & GENERAL INFORMATION	4
EXTERIOR HULL & BOTTOM INSPECTION	6
INTERIOR HULL & STRUCTURAL INSPECTION	10
TOP DECK & SUPERSTRUCTURE	10
ELECTRICAL SYSTEMS	11
INBOARD PROPULSION SYSTEM	11
TANKAGE	11
SAFETY EQUIPMENT	12
RECOMMENDATIONS SUMMARY	13
SUMMARY AND SURVEYOR'S CERTIFICATION	15

INTRODUCTION

REPORT INTRODUCTION COMMENTS:

At the request of Mr. Bob Berg (the representative of Big Boat Marine LLC), the prospective buyer of the vessel "New Smyrna Inlet" (a 1973 42.6 foot commercial tug and towing vessel), Mr. Berg specifically requested a 50 shot ultrasonic sound test on the steel hull of the M/V New Smyrna Inlet. This test would only include the stern, bow, topsides, chines, and bottom of the hull. I agreed to conduct the hull condition survey. The current vessel's owner's representative (Mr. Don Neats) was made aware of the time and date of my intended survey prior to arriving at the vessel's location. I arrived at the vessel's location on April 6, 2010 at 3:25 PM. The vessel was out of the water and blocked in the west yard of Cracker Boy Boat Works located at 1124 Avenue C, Riviera Beach, Florida 33404. The survey was conducted from 3:25 PM - 7:49 PM.

The weather on the day of the survey was partly cloudy with an average temperature of 76 degrees fahrenheit. Ultrasonic soundings were taken of the hull with a calibrated PosiTector UTG Std Ultrasonic Thickness Gage.

This survey was strictly limited to taking thickness soundings on the steel hull. There was no other testing of the vessels systems that were inspected. The hull condition survey is a snapshot of time. It is not intended to predict the remaining service life of the vessel. The steel hull thickness survey provided will outline the results of the survey, noting all deficiencies, recommended repairs, and a summary of corrective action that addresses the recommendations. The report will document the current condition of the vessel, but because of the nature of marine operating conditions and the variables that contribute to vessel condition and certification, it is not possible to provide how many years the steel hull will pass U.S. Coast Guard inspections and remain in safe operating condition.

During a vessel's survey the mandatory standards promulgated by the United States Coast Guard (USCG), under the authority of title 46 United States Code (USC), Title 33, and Title 46, Code of Federal Regulations (CFR), and the voluntary standards and recommended practices developed by the American Boat and Yacht Council (ABYC), and the National Fire Protection Association (NFPA) have been used as guidelines in the conduct of this survey. Findings in the summary pages of this survey reflect conditions observed at the time of survey.



SURVEY SCOPE & GENERAL INFORMATION

SCOPE OF SURVEY

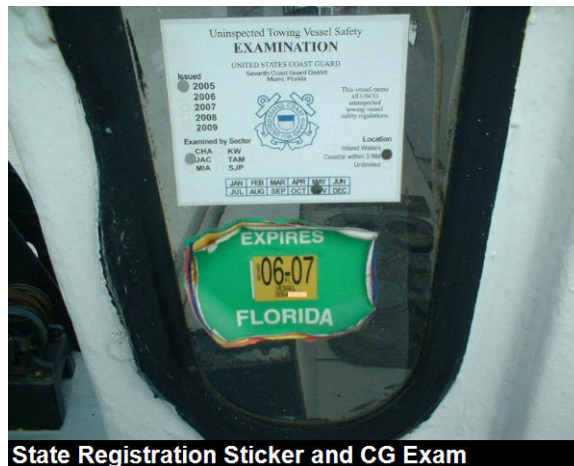
Report file no: 10-000103.
Inspection date(s): April 6, 2010.
Date of written report: April 7, 2010.
Conducted by: Capt. John Banister, SA.
Requested by: This survey was performed at the request of the purchaser, Bob Berg, a representative of Big Boat Marine LLC, who was not present at the time of the survey.
Purpose of survey: To assess a 50 point ultrasonic test and survey of the steel hull of the vessel.
Intended use: Commercial use.
Vessel surveyed at: Cracker Boy Boat Works, 1124 Avenue C, Riviera Beach, Florida 33404.
Weather conditions: Partly cloudy and dry, the temperature was 76 degrees.
How survey conducted: The vessel was surveyed out of the water only resting on wooden blocks and stored outside with no overhead protection for the vessel in the boat yard.
Sea trail: A sea trial was not conducted as a part of this survey.

SURVEY REQUESTED BY

Client name: Big Boat Marine LLC.
Street address: 120 Leigh Mill Road.
City/State/Zip: New Orleans, LA 70113.
Business phone: 337-357-0227.

VESSEL INFORMATION

Vessel Yr/Make/Model: 1973 Diamond Manufacturing Tug Boat.
Vessel name: New Smyrna Inlet.
Hailing port: Fort Lauderdale, Florida.
Hull ID number verification: No hull number sighted on the vessel.
State validation sticker:



State Registration Sticker and CG Exam

Florida 19017469 (Registration sticker sighted on the vessel expired in June, 2007).

Registration sighted: No.
Manufacturer/Builder: Diamond Manufacturing, Savannah, Georgia.
Vessel description: A 42.6 foot long steel hull tug boat which is powered by two Detroit Diesel engines that power two propellers to the stern. The vessel maneuvers on a twin rudder hydraulic system that are connected as one unit from the stern deck with thru hull shafts.

**U.S.C.G. Official
Documentation No:**



Documented use: 544748.
Documented home port: Coastwise unrestricted.
Documented length: Fort Lauderdale, Florida.
Documented breadth: 42.6.
Documented depth: 16.1.
Documented gross tons: 7.7.
Documented net tons: 45.
Documented gross tons: 31.

VESSEL SPECIFICATIONS

Type: Steel.

SURVEY STANDARDS

Standards followed: *This survey was completed using as reference the federal regulations and amendments issued and enforced by the United States Coast Guard under the authority of Title 33 and Title 46 of the United States Code of Federal Regulations (CFR's). In addition the American Boat and Yacht Council (ABYC) and National Fire Protection Association (NFPA-302) voluntary standards were used as reference during the survey. These ABYC and NFPA voluntary standard practices are generally followed by most vessel manufacturers today.*

SURVEY INSPECTION COMMENTS

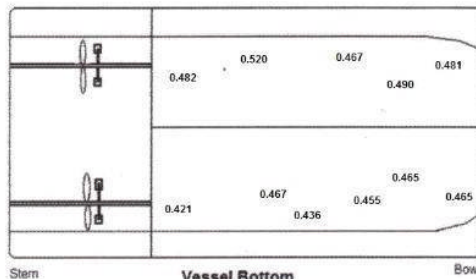
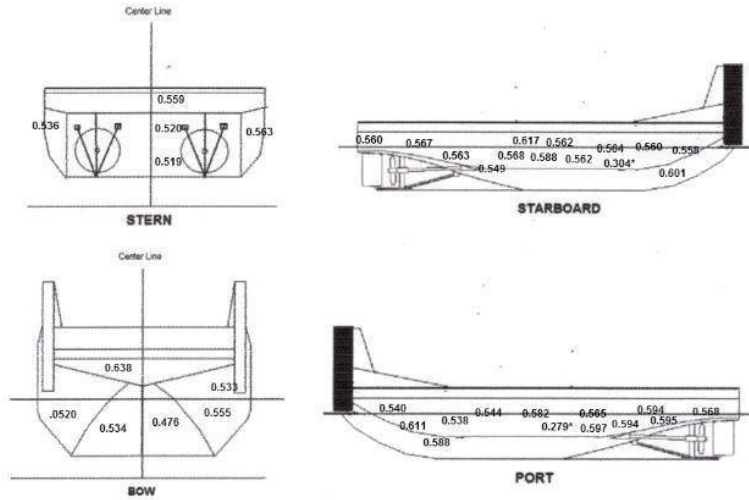
- Comments:**
- *All systems and components inspected and described herein are considered serviceable and/or functional except as indicated in the survey report and recommendations section. Electronic devices and instruments were checked for power up only - not for functionality. If a component is not identified in this report, it was not inspected.*
 - *"Priority I Recommendations" are related to Safety & Regulatory findings and are listed in **RED** in the report.*
 - *"Priority II Recommendations" are related to Maintenance & Standards findings and are listed in **GREEN** in the report.*
 - *"Other Recommendations" are findings that are relatively minor in nature and are listed in **BLUE** in the report.*
 - *It is the nature of marine vessels that deterioration, wear and accidents do occur and as such, this report therefore represents the condition of the vessel only at the time the survey was conducted.*

EXTERIOR HULL & BOTTOM INSPECTION

HULL EXTERIOR

Construction material:

Project / Survey	Type	Report File Number	Sheet Of
M/V New Smyrna Inlet	HULL PLATE SURVEY	10-000003	1 / 1



* READINGS OF 0.304 FROM STARBOARD AND 0.279 FROM PORT WERE TAKEN FROM STRAKE PLATES THAT WERE WELDED OVER THE SOLID HULL. ULTRASONIC READINGS IN BETWEEN STRAKE PLATES WERE AT LEAST 0.500 AROUND THOSE AREAS.

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SCALE: N/A	REV: 1
DRAWN BY: BANISTER	UNITS: INCHES
DATE: 4/7/2010	TYPE: UT
APPROVED BY: JB	SURVEY: HULL ONLY

Steel.

- Stem:** Solid, no excessive corrosion or cracks on external inspection.
- Stem thru hull fittings:** Some minor rust.
- Side thru hull fittings:** Some minor rust.
- Rub rail:** Intact, in fair condition. Small tires fastened to the port and starboard sheers of the vessel protect the sides. The tug appears to be specifically designed for pushing ahead as there are custom fabricated rub rails on the bow for that purpose. A stern rub rail is also attached to the stern just below the sheer.
- Engine vents:** Engine vents were sighted on the deck of the tug boat.
- Transom:** Appears to be in good condition. No excessive corrosion found in the interior or exterior of the transom.
- Aft deck:** A hydraulic steering arm system was sighted that was protected by removable steel deck plates on the aft main deck. The steering system was only sighted on this survey.
- Hull cosmetics:** Hull cosmetics were in good condition, some minor pitting in the steel plates. All

welds appeared to be sound with no cracks or intrusions sighted.

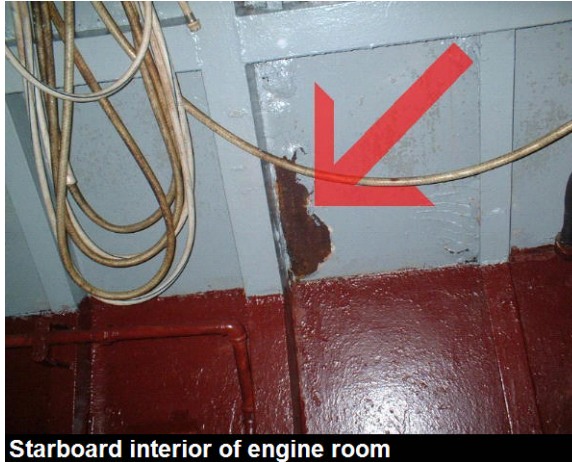
Other notes:

All hull sounding were taken with a calibrated PosiTector UTG Std Ultrasonic Thickness Gage.

Condition summary:

Interior of the vessel in the engine room was recently painted, some areas of corrosion were hard to sight because of the fresh paint.

Damage sighted:



There was an area of rust sighted on the interior port side of the vessel just forward of the sixth transverse frame from the transom. The rust was approximately 12 inches in height by five inches across. The rust appeared superficial but was coming through the paint. On the exterior of the hull an ultrasonic sounding was taken of this area which recorded a hull thickness of 0.597 inches. An overhead frame in the engine room just forward of the transom above the exhaust riser had excessive rust. **RECOMMENDATION:** Have a qualified corrosion technician inspect these locations to prevent further corrosion of the areas mentioned. Repair, replace, or renew if necessary. **NOTE:** Be sure to have a Coast Guard certified welder service the vessel if needed (See Title 46 CFR 91.50 and NFPA No. 306).



HULL BOTTOM

Construction material:	Steel.
Bottom paint:	Minor areas of flaking bottom paint noted in the bottom stern area near the chines. RECOMMENDATION: Remove loose flaking paint, spot sand areas, and touch up peeling/flaking areas prior to next launch.
Stress cracks:	None sighted.
Blister comments:	<i>Surveyor has no firsthand knowledge of the history of bottom maintenance, repairs, or prophylactic coatings on this vessel.</i>
Grounding damage:	Minor dents in the bottom of the vessel. Nothing that would compromise the

integrity of the hull.

Transducers:



Transducer on bottom port side

One transducer was sighted on the bottom exterior hull that was filled with sand. **RECOMMENDATION:** Clean out transducer, test, repair, or replace as needed by a qualified technician.

**Thru Hull fittings:
Condition summary:**

Steel and iron composite. in fair condition.



Port side strakes

The bottom was in good condition. Smaller ultrasonic soundings of 0.279 - 0.304 were taken of the exterior strakes that were welded on the port and starboard sides of the hulls. The strakes were welded on over the solid hull which measured at least 0.500 in between the strake areas.



Starboard side strakes



Port side strake with UT reading labeled

Damage sighted: No significant damage was sighted on the bottom.

PROPELLER(S)/SHAFT(S) / STRUT(S)

Prop(s) description:



Propeller and rudder system

Strut(s): Two propellers have three blades and are made of a steel and bronze. Two struts reinforcing each propeller shaft.
Condition summary: The propeller, shaft, strut, and rudder system appears to be in good condition. Only minor corrosion was sighted.
Damage sighted: None.

RUDDER(S)

Rudder type: Steel, full spade design.
Condition summary: Rudders are in good condition, no significant corrosion sighted.

ANODES

Hull mounted:



Sacrificial anodes on the stern

All anodes on the vessel appear to be approximately 50% worn. It is recommended they be replaced before the vessel is to be put back into the water for a long period of time.

Replacement required?:

Yes.

Other notes:

Monitor all anodes frequently and replace when they are no more than 50% wasted. Anodes are normal replacement items designed to protect the running gear from electrolysis. Keep spares aboard vessel.

INTERIOR HULL & STRUCTURAL INSPECTION

HULL INTERIOR & STRUCTURAL COMPONENTS

Hull to deck joint:	Welded on an internal set of frames. The deck is sealed by welding the sheer joint to the deck edges.
Bilge(s):	Approximately three inches of oily water in the bilge underneath the engine room deck plates near the stern. Keep bilge areas as dry as possible by identifying and eliminating the source of all water intrusion as soon as it is discovered (See ABYC H-22).
Stringers:	Hull stiffness provided by steel longitudinal frames butt welded into the transverse frames and run the length of the vessel. Much of the steel framing was painted for protection. The framing appeared sound overall and welded to the hull overhead, bottom, and sides. Complete inspection was not possible due to limited access. Additional framing sighted in the engine compartment for engine/generator mounts and under parts of cabin sole and foredeck are well secured. No severe rusting or separation or cracks sighted.
Bulkheads:	Steel transfer frames are securely welded in place and painted for protection. No visual evidence of movement in any bulkhead.
Stem:	Solid stem, no cracks or separation sighted from the exterior of the stem.
Inside of transom:	Reinforced. Secure-no cracks or separation sighted.
Condition summary:	Hull interior was in fair condition. Some superficial corrosion sighted.
Damage sighted:	None.

TOP DECK & SUPERSTRUCTURE

MAIN DECK & FITTINGS

Deck Surface:	Good condition. Deck is solid under foot, no significant soft spots discovered and no visible cracks or chips sighted in the welds.
Toe rail(s):	None sighted on this vessel.
Anchor platform:	Well secured. no cracks sighted.
Anchor/chain locker:	Yes accessed from top deck with hatch lock. Functional.

Bow pulpit/rail: Stainless steel, Well secured.
Stanchions/side rail(s): No stanchions on this vessel, just hand rails around the superstructure on the main deck.
Lifeline(s): Double lines vinyl covered in good condition.
Cleats & fairleads: Bits are all well secured to deck and functional.
Cabin (house) to deck joint: Molded in, no stress cracks noted.
Deck hatches: Yes, well secured, seals in good condition, support arm in place.
Condition summary:



Main deck at the stern with minor rust.

Damage sighted: Decks are in good condition. Only minor corrosion was sighted.
 No significant damage was sighted.

ELECTRICAL SYSTEMS

D.C. ELECTRICAL SYSTEMS

Other notes: *Note: For 12 volt systems, a fully charged battery reads 12.7 Volts, 75% charged battery reads 12.4 Volts, 50% charged battery reads 12.2 Volts, 25% charged battery reads 12.0 Volts and a discharged battery reads 11.9 Volts or less. Check battery condition frequently.*

INBOARD PROPULSION SYSTEM

MAIN ENGINE(S)

Other notes: *NOTE:*

- *It is good practice when buying a used vessel that all fluids (Engine and Outdrive) be changed and the raw water cooling impeller(s) also be changed.*
- *As stated in the Terms and Conditions agreement, It is understood that the attending surveyor is not an engine/transmission surveyor. As such, I recommend that all gasoline engines and transmissions be inspected by a qualified engine surveyor/mechanic to determine the internal condition of the engine(s), transmission gears, and pumps, heat exchangers, coolers, etc.*

TANKAGE

FUEL TANK(S)

Manufacturer' s label(s): N/A.
Fuel supply lines: *NOTE: Most fuel hose manufacturers now recommend fuel hoses be replaced every five years.(just like replacing older signal flares). This is more important with the introduction of ethanol into gasoline as hoses can and do deteriorate from the inside. The date of manufacture is imprinted on all USCG approved fuel hoses. Consider replacing all flexible fuel hoses every five years as a part of routine*

maintenance.

FRESH WATER TANK(S)

Shore fresh water inlet: *NOTE: Be sure that dockside water pressure is turned off when the boat is unoccupied for any length of time. A burst hose or other water system malfunction could cause serious damage to the vessel or possibly sink the vessel at its assigned slip.*

SAFETY EQUIPMENT

U.S.C.G. REQUIRED

Life Jackets(PFD's): N/A.
Visual Distress Signals: *NOTE: All visual distress signals have a printed expiration date of three years from date of manufacture. It is recommended that expired signals be retained for backup. You must have at least three aerial or three red hand held signals that are current.*

BILGE PUMPS

Bilge Pump Comments: *CAUTION: Bilge pumps are high maintenance items. Bilge pumps are only the initial part of a de-watering system, which may include a strum-box, check-valves or occasionally anti-siphon loops and valves, piping, a seacock if the exit is below waterline and a thru-hull tailpiece. This entire system must be understood and maintained. Bilge pumps may fail at any time. No warranty as to longevity can be expressed or implied at survey. Tapered wooden plugs tied to seacocks are an inexpensive safety item and highly recommended under current ABYC standards. Keeping bilges clean and free of debris is a vital part of insuring proper operation. It is also recommended that each bilge pump be periodically tested by filling the immediate bilge area with water, to ensure the pumps and float switches are operating as designed.*

AUXILIARY SAFETY EQUIPMENT

Carbon monoxide detectors: *NOTE: During the burning of any of fuels, Carbon Monoxide (CO) gas may be created due to incomplete combustion from propulsion systems, cabin heater or stove as well as nearby boats running generators. Adequate ventilation must be provided at all times while burning any of these fuels, but CO may also be drawn into the cabin through ventilation systems. This is especially true of boats running air conditioning. CO is a silent menace and kills without warning, Regular testing of installed CO detectors in any occupied spaces below decks is highly recommended.*

INSPECTION RECOMMENDATIONS SUMMARY

PRIORITY I - SAFETY & REGULATORY RECOMMENDATIONS:

(MAY BE MANDATORY)

The items listed are required by state laws or federal laws and U.S.C.G. regulations or are considered by the attending surveyor to represent unsafe operating conditions. Recommend these items be corrected before next use of vessel.

None.

PRIORITY II - MAINTENANCE & STANDARDS RELATED RECOMMENDATIONS:

(NOT NORMALLY MANDATORY)

These are important maintenance items sighted which in this firm's opinion should be performed. They may also include recommendations to conform to current ABYC and NFPA-302 voluntary standards which may not have been in effect or may not have been adhered to by the builder when the vessel was constructed. Some of these, if not addressed, could lead to a Priority I safety issue and/or may result in a reduced vessel market value.

EXTERIOR HULL & BOTTOM INSPECTION

HULL EXTERIOR

Damage sighted:

There was an area of rust sighted on the interior port side of the vessel just forward of the sixth transverse frame from the transom. The rust was approximately 12 inches in height by five inches across. The rust appeared superficial but was coming through the paint. On the exterior of the hull an ultrasonic sounding was taken of this area which recorded a hull thickness of 0.597 inches. An overhead frame in the engine room just forward of the transom above the exhaust riser had excessive rust. RECOMMENDATION: Have a qualified corrosion technician inspect these locations to prevent further corrosion of the areas mentioned. Repair, replace, or renew if necessary. NOTE: Be sure to have a Coast Guard certified welder service the vessel if needed (See Title 46 CFR 91.50 and NFPA No. 306).

OTHER OBSERVATIONS:

These are other less significant maintenance items or observations that if not addressed, could lead to more important priority issues and/or could lead to a reduced vessel market value. The cost of addressing these recommendations is generally minimal.

EXTERIOR HULL & BOTTOM INSPECTION

HULL BOTTOM

Bottom paint:

Minor areas of flaking bottom paint noted in the bottom stern area near the chines. RECOMMENDATION: Remove loose flaking paint, spot sand areas and touch up peeling/flaking areas prior to next launch.

Transducers:

One transducer was sighted on the bottom exterior hull that was filled with sand. RECOMMENDATION: Clean out transducer, test, repair, or replace as needed by a qualified technician.

ANODES

Hull mounted:

All anodes on the vessel appear to be approximately 50% worn. It is recommended they be replaced before the vessel is to be put back into the water for a long period of time.

INTERIOR HULL & STRUCTURAL INSPECTION

HULL INTERIOR & STRUCTURAL COMPONENTS

Bilge(s):

Approximately three inches of oily water in the bilge underneath the engine room deck plates near the stern. Keep bilge areas as dry as possible by identifying and eliminating the source of all water intrusion as soon as it is discovered (See ABYC H-22).

SUMMARY AND SURVEYOR'S CERTIFICATION

CLOSING STATEMENT & SIGNATURE:

SUMMARY:

In accordance with the request for a marine survey of the vessel "New Smyrna Inlet," for the purpose of evaluating its present condition on the date of the survey. I herewith submit my assessment based on the preceding report. The vessel was personally inspected by me (the undersigned) on April 6, 2010. Subject to the correction of the deficiencies listed in the red and green summary page, the vessel will be considered to be suitable for its intended use. Other deficiencies listed in the blue findings should be attended to in a timely fashion.

SURVEYOR'S CERTIFICATION

I certify that, to the best of my knowledge and belief:

The statements contained in this report are true and correct.

The reported analysis, opinions, and conclusions are limited only by the reported findings, but may also extend to the statements of the owner, captain, or representative of the vessel. My report may also be limiting based upon the conditions that the survey may bring. My findings and conclusions are from my best efforts from professional analysis, opinions, and conclusions which are based upon my experience and training.

I have no present or prospective interest in the vessel that is the subject of this report, and I have no personal interest or bias to the parties involved.

My compensation is not contingent upon the reporting of a predetermined value from any party, nor the direction in value or direction in a value assessment that favors the cause of the client. My compensation is not contingent upon the amount of the value estimate, the attainment of a desired result, or the occurrence of a subsequent event.

I have made a personal inspection of the vessel that is the subject of this report.

This survey is submitted in confidence for the exclusive use of Mr. Bob Berg, the representative of Big Boat Marine LLC without prejudice to the rights and / or interests of any other concerned parties and may not be used for any other purpose or relied upon by any other person.



ATTENDING SURVEYOR _____
Capt. John Banister, SA, Marine Surveyor