

## In Loving Memory of our Dear Friend and Crewmate, Dan Nystrom

As many of you already know, we recently lost one of our own. Captain Dan Nystrom passed away on June 7<sup>th</sup>, 2010. Dan joined the Harley Marine family on December 8, 2008 and was a Captain at Olympic Tug & Barge. Dan worked mainly in the coastwise trade for OTB and was an excellent boat handler and Captain. Dan was one of the rare breed of Mariner who was able to go anywhere and do anything. He was proficient on Z-drive tugs and conventional tugs. He could do ship assist, coastal towing, inside towing, log towing, and ocean towing. Dan had an excellent knowledge of the west coast, as well as all over Alaska.

I first met Dan at Dunlap Towing 17 years ago. I was actually working at another company when Dunlap called me and asked if I could make a run to Coos Bay with a couple of chip barges for them. They were in a bind, so I agreed to help them out on the condition they relieve me in Coos Bay, as my wife was pregnant and due any time. I made the trip to Coos Bay, secured the barges, and there came my relief down the dock. Captain Dan Nystrom came on board, gave me a warm greeting with his big Dan Nystrom signature grin, and thanked me for making the trip so that he could take his family to Disneyland. Dan was a real family man, they had planned a vacation to Disneyland and there was no way he was going to disappoint his two young daughters by cancelling their vacation. He flew straight from California to Coos Bay to relieve me. I have many more Dan stories, but suffice it to say, Dan always tried to put family before work. I was Dan's boss at Dunlap for three years and could always count on Dan to come through for the tough jobs. For those of you who knew Dan, you know he could be difficult at times, especially when it came to his family time or his Bristol Bay fishing time, but he always came through in a pinch.



Dan lived in Skagit County out at Big Lake with his wife Doreen of 32 years. They have two daughters, Erica and Melissa. Dan loved his job as a Tugboat Captain and also loved to fish in his gillnet boat in Bristol Bay every summer with his daughter Erica. Dan was always working some angle to get some venture going; from herring fishing, to gillnetting in Bristol Bay, to assist work in Adak, or cod fishing with his gillnet boat out of Dutch Harbor. He loved the sea and loved his family very much. I learned a lot from Dan and returned some knowledge to him as well. He was an excellent boat handler, all around mariner, husband and father.

Dan's time at OTB was short, but he made a lot of friends in his time here. After the news of Dan's death, I received many calls from crew members and office personnel that had known Dan. I attended Dan's Memorial Service along with about 200 other people. Cheryl Domier, Courtney Wickens, Matt Hammond, and Sean O'Connell, also attended.

Dan made many friends throughout his life and at HMS. He will be missed professionally, socially, and in all ways. Dan died doing what he loved to do. He was a friend, a mentor, and a true professional mariner. He was one of the best Tugboat Captains I have ever had the pleasure of knowing and working with. Dan was a go to guy at Dunlap and at OTB. May you always have fair winds and following seas, Captain Dan.

Captain Scott Manley  
Director of Marine Operations

## TESORO PRESENTS SAFETY & ENVIRONMENTAL AWARDS TO OLYMPIC TUG & BARGE

On Monday the 21<sup>st</sup> of June, Olympic Tug & Barge received a visit from Tesoro's Charlie Parks and Sean Venables. The purpose of Charlie's visit was to hand out 2009 Safety and Environmental Awards to the Seattle based barge *Shauna Kay*, and the Portland based barge *Investigator*. Bryon Fletcher, Portland Operations Manager, and the crew of the tug *Alyssa Ann*, which is assigned to the *Shauna Kay*, were both on hand to receive the awards. This is the third consecutive year the *Investigator* has been awarded the Tesoro Safety and Environmental Award, and the first year the *Shauna Kay* has received this recognition.

Tesoro awards those time chartered vessels that are free from spills or safety violations for an entire calendar year. The Olympic Tug & Barge management team made a commitment to Tesoro to have all Tesoro time chartered vessels receive this distinction for 2010. To achieve this goal we must always focus on safety for yourselves as well as our fellow crew members. We must always maintain focus on safety of the operation; take the time to slow an operation down to ensure that it is completed safely and professionally.

Special thanks to the entire Portland staff and vessel crews for completing a third year of being incident free on the barge *Investigator*. Congratulations! Thank you to the crews of the *Alyssa Ann/Shauna Kay* for completing 2009 incident free as well. Each vessel has been given a plaque to display onboard; the office received plaques as well, which are displayed in the WHQ conference room.

Let's all work hard to have every Tesoro time chartered vessel walk away with a Safety and Environmental Award in 2010!



Pictured: (with Alyssa Ann crew)  
Sean Venables, Sven Christensen, Charlie Parks, Bud Carley,  
Brandon Chafe, Todd Johnston and Keith Barnes



Pictured: (with Portland representative)  
Sean Venables, Sven Christensen, Charlie Parks, Bryon  
Fletcher and Keith Barnes

## Q-Factor

### #7 Safety Tenet - Perform Routine Inspections and Audits

By: Captain Mike Curry

For the next several months we will be reviewing each one of our Safety Tenets - Top 10 Things I Can Do for Safety to achieve: Zero Spills, Zero Incidents. The seventh safety tenet is - Perform Routine Inspections and Audits.

#### The Audit Process:

**AUDIT – A systematic, independent and documented process for obtaining evidence and evaluating it objectively to determine the extent to which criteria are fulfilled.**

An important part of the Harley Marine Services, ISO /ISM and American Waterway Operators Responsible Carrier Program (RCP) Certifications is the Internal and External Audit process.

Auditing is one tool we use to determine whether our Operations, both in the field and shore-side, conform to HMS Policies and Procedures, the ISM Code and RCP as well as State and Federal codes and regulations. Since Continual Improvement is the battle cry of the HMS Quality, Safety and Environmental programs we must take an objective look at the successes of our program as well areas that can be improved upon.



There are two types of Audits to help us look for evidence of conformance in both vessel and shore-side operations:

**INTERNAL:** In the Internal Audit program the Director of Quality, Safety and Environmental Protection assigns individuals from within the company or a contractor to perform annual vessel and office audits. Internal Audits are usually conducted in advance of External Audits.

**EXTERNAL:** These audits are conducted on an annual or semi-annual basis by an auditor contracted by the Certification Authority. Currently the American Bureau of Shipping (ABS) Inspectors fulfill this role for our ISO/ISM Certification and for the AWO RCP Certification we rely on AWO Certified auditors.

These audits provide a “snap shot” of our operations as a whole. The Audit Process is designed to show where our operations could use some improvement as well as where they excel.

When a deficiency is found the company must line out a Corrective Action Plan defining the actions the company will take to resolve the problem. Once the certifying body is satisfied with the Corrective Action Plan the result will likely take the form of a new or revised policy or procedure.

## Q-Factor

### VESSEL INSPECTIONS:

Another important tool available to help crews and HMS as a whole achieve success through Safe Operations and Continual Improvement is by conducting thorough and detailed Vessel Inspections. On HMS vessels the Master is responsible for ensuring that a thorough Vessel Inspection is performed each month and entered into the Wheelhouse Management System.

Management Personnel are responsible for review of the Inspection Report to look for trends, as well as performing semi-annual Vessel Inspections themselves with the crew onboard.

The Inspection process coupled with the Internal and External Audit program works exceptionally well to keep more than just “one set of eyes” on our equipment. It is all too easy for crews who spend long periods of time on the same vessel to glaze over the many details of the vessel in which they serve.

A tip for providing the company with useful Inspection Reports is to alternate the task between you and your relieving crew. One Capt does the Inspection one month and the other does the next. More eyes!

The completion of a thorough inspection is not the end of the process. There is still another very important task to perform. All discrepancies found during your inspection must be addressed.

There are several ways to accomplish this:

**Work Requests:** A great tool to get the ball rolling through the eMaint System to alert shore-side engineering of issues the crew cannot remedy onboard and to generate a Work Order. Work Requests can also be used to alert management of recertification that may be coming up for renewal.



**Material Requisitions:** Submitted through the Wheelhouse Management System to secure the parts needed for the issues the crew can address themselves.

**Review the Inspection Report** with all hands during Safety Meetings and at Crew Change with oncoming crew. Formulate a plan to correct all discrepancies that you can remedy onboard. Use the report as a checklist to ensure all items are addressed.

Vessel Inspections are extremely important to your safety and that of your ship-mates as well as the continued success of Harley Marine Services.

It is your duty to take this task seriously; our lives and our livelihoods depend on it.

## SAFETY CORNER

### Powered Abrasive Wheel Tools

Powered abrasive grinding, cutting, polishing, and wire buffing wheels create special safety problems because they may throw off flying fragments.

Before an abrasive wheel is mounted, it should be inspected closely and sound or ring tested to be sure that it is free from cracks or defects. To test, wheels should be tapped gently with a light non-metallic implement. If they sound cracked or dead, they could fly apart in operation and so must not be used. A sound and undamaged wheel will give a clear metallic tone or "ring."



To prevent the wheel from cracking, the user should be sure it fits freely on the spindle. The spindle nut must be tightened enough to hold the wheel in place, but not tight enough to distort the flange. Follow the manufacturer's recommendations. Care must be taken to assure that the spindle wheel will not exceed the abrasive wheel specifications.

Due to the possibility of a wheel disintegrating (exploding) during start-up, the employee should never stand directly in front of the wheel as it accelerates to full operating speed.

Portable grinding tools need to be equipped with safety guards to protect workers, not only from the moving wheel surface, but also from flying fragments in case of breakage.

In addition, when using a powered grinder:

- ◆ Always use eye protection.
- ◆ Turn off the power when not in use.
- ◆ Never clamp a hand-held grinder in a vise.

Tim Kline

Safety Manager, Pacific Northwest and New York

## CHABRIA SEA ON DRYDOCK

Harley Marine NY's double hull barge, CHABRIA SEA was recently drydocked for its five year Coast Guard inspection at Derecktor Shipyard of Bridgeport, CT. This was the first heavy lift for this drydock. Gavin Higgins, Director of Business Development for Derecktor Shipyard, requested HMNY to use the new drydock to verify its capacity of 2500 tons to their insurance carrier prior to a lifting of 278 ft. (\$185M) motor yacht "Cakewalk" at the yard.

The CHABRIA SEA was brought to the yard by the HMS LIBERTY. It was maneuvered into the dock, where water was pumped out, and pivoted onto the shipyard sea wall. The yard pressure washed the hull with water, sand blasted the sides and bottom, painted the hull, and repaired the frames.

An interesting tidbit about the drydock is that it was once an ore carrying cargo vessel that worked the Great Lakes. Derecktor Shipyard obtained a federal grant to buy the ship, cut it in half, widen the beam, and re-assemble the steel structure into a drydock configuration with sea pumps and controls. The interesting item is that the former hull was the sister ship to the famous MV EDMOND FITZGERALD that sank in a legendary story on Lake Michigan.

HMNY enjoyed working with Derecktor Shipyard on this project and looks forward to working on other projects in the future.

John M. Walls  
 General Manager  
 Harley Marine NY, Inc.



## JULY HOLIDAYS

### 4TH - INDEPENDENCE DAY

*(HMS OFFICES WILL BE CLOSED  
 ON 7/5 IN OBSERVANCE)*

## THUMBS UP

- ◆ Thumbs up to SoCal Port Mechanics Jesse Houghton, Justin Houghton and Michael Rose for your efforts to successfully install a new auxiliary engine on the John Quigg. This was accomplished within a tight deadline set by the Air Quality Management District and resulted in a more environmentally friendly tug.
- ◆ Thumbs up to SMS and MMI for helping OTB by providing Z Drive Captains Pat Lopez, Josiah Layfield and Jordan May for the Millennium Star while OTB was short handed on operators. Thank you, thank you, thank you!

## Roots of Stress

Feeling physically and mentally uncomfortable are signs of stress. Symptoms can include stomach aches, twitches, sleeplessness, mood changes, headaches, forgetfulness and mistakes. The irony is that you have control about how you react to stressful situations.

Stress-causing Behaviors:

- ◆ **Fear** - Blocking real or imagined fears creates more stress than dealing with them head on.
- ◆ **Feeling Helpless** - Ride through what could be a temporary feeling. Surrender to what you truly have no control over.
- ◆ **Negative Thinking** - If you constantly expect the worst, this will cause wear and tear on your mental and physical health.
- ◆ **Over-Demanding Expectations** - Realistically look at the demands on your time and energy. If you can't keep up and find yourself constantly running, you may be surprised at what you can eliminate from your schedule, and how slowing down can really benefit you and those around you!
- ◆ **Closed-mindedness** - The more rigid your expectations of yourself and others, the more disappointed you will be. Breathe and allow yourself to take each situation as it comes.

Ways to help yourself:

- ◆ **Eat right** - Balanced nutritional meals can be a great start for minimizing stress.
- ◆ **Relax** - Plan quiet time to rest.
- ◆ **Exercise** - Helps reduce tension and can provide a time to connect with friends.
- ◆ **Have Fun** - There is more to life than work!

Trusted Plans Service Corporation

## July Anniversaries

### *Harley Marine NY*

Jose Panlilio Jr. - 3 years

### *Harley Marine Services*

Pete Hofmann - 28 years

Don Meberg - 16 years

Heather Holmes - 4 years

### *Millennium Maritime*

Jay Carlin - 11 years

### *Olympic Tug & Barge*

Bud Carley - 11 years

Adam Churchill - 10 years

Henry Torgramsen - 8 years

Travis McGrath - 7 years

Zach Farmer - 5 years

Ryan Gartner - 5 years

Wojciech Satlawa - 5 years

Keith Anderson - 4 years

Stuart Gonder - 4 years

Russell Holmes - 4 years

Brent Starheim - 4 years

John Jensen - 3 years

Leah Nelson - 3 years

Patrick Harris - 2 years

Phillip Jordan - 2 years

Ivan Larson - 1 year

Randall Reinders - 1 year

### *Pacific Coast Maritime*

Nathan Goode - 3 years

King Morris - 1 year

### *Westoil Marine Services*

Randy Atwood - 11 years

Marvin Munoz - 5 years



## July Birthdays

### Harley Marine NY

Kenneth Shaw 7/28

### Harley Marine Services

Christie Lui 7/8

### Millennium Maritime

Richard Jabuka 7/17

Anthony Lobro 7/24

### Olympic Tug & Barge

Joseph Allnoch 7/2

Larry McCormick 7/2

Byron Peterson 7/2

Howard Frank 7/3

Tom Appleton 7/16

Daniel Baumfalk 7/7

Michael Coleman 7/7

Scott Coleman 7/8

Shawn O'Connor 7/10

Brandon Chafe 7/19

Ryan Gartner 7/21

David Alexander 7/24

Andrew O'Donnell 7/24

Michael Harley 7/25

Vincent Kucera 7/25

Daniel Hanson 7/26

Cory Verbeck 7/28

### Pacific Coast Maritime

Chris Iszler 7/2

### Pacific Terminal Services

John Overly 7/7

### Starlight Marine Services

Anthony Atthowe 7/5

Michael Price 7/9

Jonathan Willingham 7/12

Marc Douville 7/24

### Westoil Marine Services

Cesare Bristol 7/2

Enrique Gomez 7/5

Nicholas Buzard 7/9

David Holguin 7/17

## Starlight Marine Performs Rescue Tow on R/P FLIP

The Millennium Falcon assisted the 355 foot *R/P FLIP*, a research platform owned by Scripps Institution of Oceanography after it had broken loose from its moorings off of Bodega Bay.

FLIP is ingeniously designed with hinged equipment that can be used with the vessel in either its horizontal or vertical position. To switch to the vertical position, FLIP is towed to a research site where ballast tanks are flooded with 1,500 tons of sea water to "flip" it (while scientists and crew literally "walk up the walls" to stay upright). With only 55 feet of the vessel above the surface and the remaining 300 feet extending into the stable water column, scientists can continue with their research with minimal surface motion disruption. This unique positioning of FLIP allows scientists to make measurements that would otherwise be difficult or impossible to make from a conventional research vessel. At the end of the experiment, which may last up to 35 days, compressed air is blown into the ballast tanks, and the vessel returns to its horizontal position.

Special thanks to Travis McGrath for providing these photos of the vessel flipping back to horizontal before the Millennium Falcon made up the tow.







## Review Your Account

TAKE A FRESH LOOK AT YOUR 401K RETIREMENT PLAN

During the past 10 years, investors have endured extreme volatility, with 2008 and 2009 providing a dramatic end to a tumultuous decade.

But after hitting bottom in March 2009, the U.S. market reversed direction, registering one of the strongest advances from a low on record. For the year ended December 31, 2009 the Dow gain was nearly 19% and the S&P 500 advanced 26.5%.

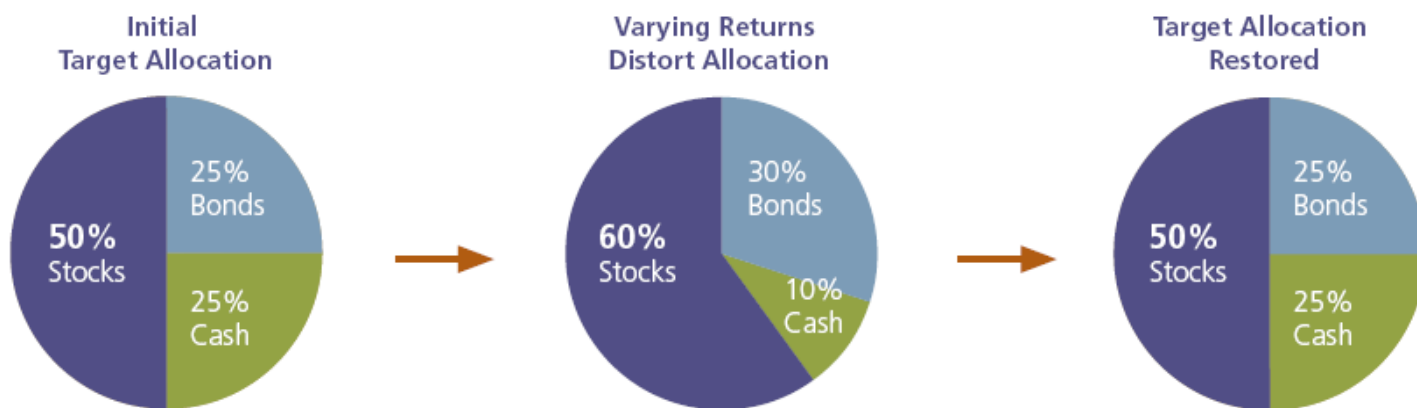
Now is the time to review your retirement account. Make sure you're contributing the proper amount to obtain a comfortable retirement, review your investments, and rebalance your account.

### **Contribution Amount**

Experts say you need to save at least 10% to 15% of your annual salary each year to have enough to live on in retirement. One of the fastest ways to get there is by taking advantage of your company match. Harley Marine will make a matching contribution equal to **100%** of what you contribute, up to **5%** of your pay. That's like getting a 100% return on your investment! If you're not contributing at least 5% of your pay into your retirement plan, it's like walking away from "free money".

### **Rebalance Your Account**

Stock and bond values don't move in a straight line. Left alone, your portfolio can stray far from your original asset allocation. By regularly "rebalancing" or shifting your money among investments in order to maintain your target allocations, your portfolio is more likely to maintain a consistent risk profile. This strategy may provide attractive returns over time and reduce the overall volatility of your portfolio. The chart below is an example of rebalancing:



### **Questions?**

As a reminder, you can always contact an advisor if you have questions or need investment advice. Please contact our Participant Service Center weekdays between 8:00am and 5:00pm (PST). A representative can be reached at 1-888-438-4015, then press \*0. They can connect you with your plan's advisor. You can also email us at [GET401k@kpc.com](mailto:GET401k@kpc.com).

Join us in Welcoming

*Violet Virginia Sappington*

to the Harley Marine Family

Birth date: June 14th 2010 at 07:51AM  
Weight: 8lbs 10oz.  
Length: 19 1/4 inches  
Proud Parents: Bart and Christen Sappington  
along with big sister Lilly.



## Summer Maintenance Begins

With the beginning of summer finally upon us in the Northwest, the Olympic Tug & Barge shore side crews have commenced periodical maintenance on the barges in Seattle and Portland. Needle gunning, scraping, and painting have all begun on the barge Dottie at Pier 23, Seattle. The barge looks really great. All of the barges will be rotated in to the home terminal throughout the summer for scheduled topside maintenance. Tug crews will begin lay time maintenance on their vessels during the same time. Special thanks to all the crews that have been working so hard onboard, your efforts are greatly appreciated.



*Crew spotted several bald eagles onboard the Shauna Kay while doing rounds at the West Seattle Buoy.*

**85<sup>th</sup> Veteran Steamboatmen & Rivermen of the West  
& 50<sup>th</sup> Marine Transportation Picnic**

**August 1, 2010**

**Frenchman's Bar Regional Park  
9612 NW Lower River Road, Vancouver WA. 98660**

**10am – 6pm**

**Memorial service @ 1200hrs**

**Adult & kids games – Raffle – Door Prizes – Silent Auction  
Clown – Food – Adult Bingo – Waterside activities  
Family and Business Fun!**



**A memory is a terrible thing to waste  
Come and learn more about this year's Honored Vessel from 1912**



***Our Portland based vessel, Willamette Champion, proudly working on the Columbia River***



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***JUNE EMPLOYEE OF THE MONTH***

**Westoil Marine Services**

**John Costello, Tankerman**

Westoil Marine Services would like to honor John Costello as the June Employee of the Month. John started out as a Deckhand, and progressed to the rank of Tankerman. He has been a great addition to the WMS tank barge fleet, and has shown great professionalism and dedication to his job. He is always willing to go out of his way to ensure jobs are completed safely and efficiently. His good attitude, and willingness to work are greatly appreciated by the WMS team. We have received great feedback from our customers on John's performance. Thanks John for all your efforts. Keep up the good work.

**Starlight Marine Services**

**Martin Miller, Captain**

Starlight Marine Services would like to honor Captain Martin Miller as the June Employee of the Month. He has helped out when we have really needed him by working on his days off and responding to calls from dispatch without any warning. He has also helped out Olympic Tug & Barge when they have needed Captains and most recently towed back the research vessel FLIP to San Francisco Bay. Thanks Martin for helping out when we needed you.

**Olympic Tug & Barge**

**Wojciech Satlawa, Deckhand Tankerman**

Olympic Tug & Barge would like to honor Wojciech Satlawa as the June Employee of the Month. He has been employed with OTB for nearly 5 years when he came to us as an OS. During this time he has taken pride in his growth as a seaman and in his work. He has completed the required training for both AB and Tankerman qualification. Wojciech has been nominated by multiple crew members for this acknowledgment for his work ethic and ability to be an excellent crew member. He is always found to be on task and the quality of his work is what should be expected from a seasoned deckhand. Thank you for the hard work!

***JUNE NEW HIRES***

**Harley Marine Services**

Michelle Leano-Aguinaldo, Accounts Receivable Lead  
Christie Lui, Billing Specialist

**Olympic Tug & Barge**

Austen Brown, Engineer

