SOUNDINGS

Safe ◆ Responsible ◆ Reliable ◆ Efficient

JULY HOLIDAYS

4th - Independence Day

(HMS offices will be closed on July 4th in observance of the holiday)

Another Successful Round of Audits at Harley Marine

During the month of June, Harley Marine has undergone an extensive period of audits including internal and external audits as well as our 5 Year Audit Renewal with ABS. The entire audit period was very successful and has given us a look into the effectiveness and efficiencies of our QSE department.

We are very pleased to announce that HMS passed our companywide ABS SQE renewal audit with **zero nonconformities**. We have been able to maintain a record of zero nonconformities since the program began in 2006.

Everyone has done a great job embracing the system. This has allowed us to improve year after year. Although our system is far from perfect, it is one of the best out there and we have the tools, support, and personnel to demonstrate Continual Improvement. Every employee at Harley Marine has worked hard to

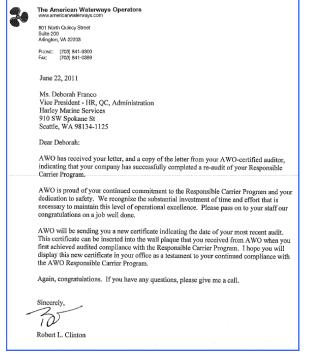
implement, support, utilize and demonstrate the system is in place and is working.

Richard Graham, Director of QSE, did a fantastic job with the audits and bringing the HMS family of companies to the forefront of QSE. Thank you to everyone for doing an outstanding job.

Additionally, the HMS Family of Companies has successfully completed a re-audit of the AWO Responsible Carrier Program, and we have been recertified. Thank you to all who participated in the audits. We had good reports back and you did a great job!

Deborah Franco

Vice President - HR, QSE, and Administration



Q Factor

By: Captain Richard Graham, Director of QSE

OPTIMIZING MARINE MANAGEMENT SYSTEMS

In previous months, summary descriptions of the various Quality, Safety and Environmental Codes and Standards have presented key notes from each system. At Harley Marine Services, we continuously strive for improvement to our management systems in order to become efficient, customer focused, and environmentally proficient operators of marine equipment. In May and June we completed our annual internal and external renewal audits of the management systems aboard our boats and in our offices. This process looks at the many facets of the ISM Code, ISO 9001 and ISO 14001 to determine our level of compliance with each. We partner with the USCG and American Bureau of Shipping (ABS) who oversee this process for the International Standards.

The output of these many audits allows HMS to continuously improve its management systems to a higher level of optimization. Thus, we are implementing a new process developed by ABS to pursue and demonstrate our commitment to excellence and continuous improvement. The HSQE Navigator is a web-based tool that provides practical guidance to implement and optimize marine health, safety, quality and environmental management systems. The HSQE Navigator was developed by ABS to complement the ABS Guide for Marine Health, Safety and Environmental Management. By performing customized queries, the HSQE Navigator highlights the variances between the requirements to obtain H, S, Q and E certifications from ABS. The HSQE Navigator is organized around three levels of management systems maturity.

Key Features & Benefits

- Provides guidance on achieving certifications for health, safety, quality or environmental management systems
- Conducts gap analyses among HSQE management systems
- Includes tips for optimizing the system and preparing for audits
- Highlights industry best practices
- Suggests systematic solutions for corrective action requests or incident root causes
- Offers select guidance for voluntary compliance

ISM Advanced Practices

ISM Advanced Practices provides suggestions for organizations who want to optimize their current Safety Management System (SMS). It includes an audit preparation feature with checklists of typical audit questions to help improve audit readiness. Harley Marine Services voluntarily implemented a SMS in order to enhance our operations and boost our commercial advantage.

HSQE Gap Analysis

The gap analysis identifies common requirements between current and desired certifications, thus facilitating the efficient implementation of a new management system. The HSQE Navigator provides direction on how to integrate the requirements for the desired certifications.

Integrated HSQE Advance Practices

Advanced practices provided in the HSQE Navigator are a source of ideas to enhance areas of the management system to reduce and eliminate deficiencies leading to incidents and corrective action requests. Tips and examples are also provided to illustrate steps often taken during the successful implementation of management systems.

HMS Safety Management System Certification Renewal

On June 23, 2011, Harley Marine Services successfully renewed its Voluntary Document of Compliance Certificate certifying its Safety Management System complies with the requirements of 33 CFR 96, Subpart B (ISM Code requirements) and received a renewal Certificate of Company Compliance certifying HMS complies with the Safety, Quality and Environmental requirements of the ABS Guide for Marine Health, Safety, Quality and Environmental Management, as applied to the operation of Tugs and Towing Vessels. This is an accomplishment that reflects the hard work and dedication of all men and women working at Harley Marine Services. It is through their understanding and daily application of the SMS that insures HMS is ready for the future. ♦

Gyrfalcon Dry Docking Dutch Harbor, AK May 17 – Jun 5

During the past two scheduled 5-year dry dockings of the Gyrfalcon, the vessel has been brought to the Seattle area and the Millennium Star has been sent north to stand in for the contracted work. However, this time we did it a little different in that Magone Marine, a Dutch Harbor salvor and shipyard, brought a dry dock to Dutch Harbor a couple of years ago. Previous, the nearest dry dock was in Seward, Alaska, some three day transit away.



Dry docking in Dutch Harbor was a calculated gamble. The workforce in Dutch
Harbor for laborers and welders is pretty transient. We held phone and face to face discussions with their shipyard supervising personnel and also Dan Magone, the owner, regarding the support needed to perform the scope of work we had outlined. We were assured that they could complete the task to our satisfaction.

The Millennium Star arrived on Saturday, May 14th, and we began the transferring of fuel, refrigerated stores, and crew from the Gyrfalcon to the Millennium Star. This was completed by Monday, May 16th, and the Gyrfalcon was moved to the shipyard.

The vessel went up on Tuesday, May 17th, and the work began. Gregg Nelsen sent Brian Appleton, HMS Port Engineer, to Dutch Harbor to supervise the shipyard work. Work was completed on schedule on Sunday, Jun 5th, and the vessel was brought dead ship to the nearby USCG dock. The mechanic from N.C. Machinery who had performed the top end on the starboard main engine, then came aboard to start the main engines and go to sea trials. Sea trials were not successful as it was found that two of the new injectors installed in the engine did not function properly.

These injectors were replaced and sea trials were conducted on late Monday afternoon and it was successful. During the day, the Millennium Star tied up next to the Gyrfalcon and the crews of both vessels transferred the gear back to the Gyrfalcon and also did a complete cleanup of the vessel, inside and out.

The Millennium Star performed the assist of the APL and Maersk vessels into port while the Gyrfalcon took on fuel. At noon, the Millennium Star departed for Alameda.

I want to thank the following:

- The assistance given to the delivery crew in Alameda on May 1-2 in getting the vessel ready to depart Alameda by the Starlight personnel. Capt. Hinman was very appreciative of your efforts.
- The delivery crew to Dutch Harbor consisting of Capt. Tim Hinman, Chief Mate Steve Osberg, Chief Engineer Daniel Porschien, and Deckhand Marek Kaszewicz.
- The assistance of Brian Appleton during the entire dry dock period in Dutch Harbor. His management of the project is a
 direct result of the successful completion of this project in a very remote area. His dedication and work ethic is to be
 commended.
- The re-delivery crew consisting of Capt. Tim Hinman, Chief Mate Steve Osberg, Chief Engineer Dennis Pinfold and Deckhand Rick Bostwick. This was an all PCM crew.
- Special thanks to Capt. Hinman, Chief Mate Steve Osberg, and Chief Engineer Dennis Pinfold who all gave up their time off to assist in the delivery/re-delivery. I know that after working 75 days in Dutch Harbor, time off with your families is precious. You guys went above and beyond to give up this time in the interest of the company and Harley Marine.
- To all of the Gyrfalcon crew who worked so hard before, during, and after the dry docking to make this event successful.
- To Gregg Nelsen for giving me Brian Appleton and for putting up with me on the issues surrounding the Millennium Star and Gyrfalcon during this period.

Jim Weimer, General Manager Pacific Coast Maritime, Inc.

Safety Corner

By: Andre Nault, Safety Manager - California

The Gauntlet



This morning coming to work was like running a gauntlet. Usually, if I leave for work before 0600 the traffic flow moves pretty well. The 405 is always a challenge, but this morning it was particularly jammed up; there must have been an accident that was backing up traffic. Where could "all these people" be going? Getting to the 110 is usually a relief because most of the traffic is going the opposite way, but this morning it seemed backed up too. And, on top of it all, everyone was driving like a lunatic. Next came the never ending construction zone (off-roading in the city at 25 miles per hour, never a cop when you need one).

These improvements, courtesy of the stimulus, have taken on a life and time frame of their own. Starting to sweat, a little swearing under the breath...I finally make the turn onto the only remaining open road that connects to Water Street-Broad Avenue. I am just a quarter mile from work, and it has only taken an hour in spite of the "gauntlet". That guy in the jacked-up macho truck doesn't seem to be bothered by it, he is tailgating the little Honda and he has gotten quite a bit more important during his drive. The next step is to get through the temporary makeshift stop signs where the trucks, seemingly hundreds of them, plow through after making the famous California stops (translated to mean, slow down then move forward in a threatening way) then it is home free.

Did I forget to mention the train? There seems to be neither rhyme nor reason to the timing of the trains. I'm sure they have a schedule but I still can't predict it. So, the train, all 47 cars of it usually gets about half way past the intersection, and then stops. It used to be that if you had to wait more than 10 minutes, you could spin a u turn and find an alternate route around the train, but with the construction, not so much now. But, people still try. There are a lot of black marks just before the tracks where countless drivers have spun their wheels in indignation as they burn rubber leaving for a better route.

I'm sure we have all experienced our own gauntlet on the road. The interesting thing about running the gauntlet is the behaviors you see from the normally cheerful people starting their mornings...you know it is bad when smoke starts coming out of people's ears. Road rage is an interesting phenomenon. Some people seem able to cope with their stress well and get there when they get there. Others have the attitude that "I'm in my car or truck, I'm in charge, and nobody's going to push me around. So, if you know what's good for you, you'd better stay out of my way." When this kind of attitude occurs on the road, whether it's yours or another driver's, it only makes sense to focus on managing your feelings rather than expressing them.

Ask yourself whether your goal is to win some sort of competition with other drivers on the road, to get where you're going a couple of minutes faster, or to get there in one piece by maintaining a cool head rather than by being a hothead. Assuming you arrive at the common sense answer to that question, then what? Then concentrate on not allowing the situation to escalate. Don't allow either your own anger or frustration or the other driver's actions to put your safety at risk. Yield the right-of-way even to someone who is obviously proceeding in an inappropriate way. Be smart enough to avoid a confrontation in what very likely could be a lose-lose situation.

Behaving sensibly may be easier said than done, but it will be well worth the effort. You'll know you've used mature, sound judgment. You'll have decreased your stress level and most important of all, you'll be safer for the rest of your drive. I'm looking forward to the drive home this evening. I heard they closed 2 lanes on the 405 for repairs. •



In 2010, IMO Member States agreed that the unique contribution made by seafarers from all over the world to international seaborne trade, the world economy and civil society as a whole, should be marked annually with a 'Day of the Seafarer'.

The date chosen was 25 June, the day on which milestone revisions to the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (the STCW Convention) and its associated Code were adopted at a Diplomatic Conference in Manila, the Philippines.



Millennium Maritime and Westoil Marine Services will soon be moving their office to LA Berth 301. The preliminary modular buildings were delivered in mid-June and will be move-in ready by mid-August. Once the building is completed, the equipment, the crew and the office staff will all be stationed at the same location, increasing the efficiency of both operations. Other new additions to LA301 include the Millennium Tender crew change boat and new gangway.





New Office in Los Angeles



Please welcome

Ashlon Brice Jones
to the Harley Marine Family!

Birthdate: June 27, 2011 Weight: 7lbs. And 6oz. Length: 20 ½ inches



Congratulations to proud parents, Stephen and Jolyne Jones.
Stephen works for Olympic Tug & Barge in Seattle
as an AB Deckhand.

Safety Incentive Program

Safety Tip of the Month

We can all do our part for the environment. Read the labels on soaps and chemicals that we use in the galleys and heads. If anything goes over the side, it should be in compliance with the Vessel General Permit (VGP). If it is not phosphate free, get it off of the vessel.

Joe Miranda, Tankerman, OTB

JULY BIRTHDAYS

Harley Marine Gulf Randall Baker	7/10
Harley Marine NY	-/22
Kenneth Shaw	7/28
Harley Marine Services Cheryl Domier	7/24
Derick Lillejord	7/29
Millennium Maritime	
Richard Jabuka Anthony Lobro	7/17 7/24
·	1/24
Olympic Tug & Barge Joseph Allnoch	7/2
Larry McCormick	7/2
Byron Peterson	7/2
Howard Frank	7/3
Mike Coleman	7/7
Daniel Baumfalk	7/7
Scott Coleman	7/8
Steven Boer	7/12
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 7/30
Stephen Jones	7/30
Pacific Coast Maritime Chris Iszler	7/2
CHIIS ISZIEI	112
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
Eric Vuoso	7/29
Westoil Marine Services	
Enrique Gomez	7/5
Daniel Seeley	7/9

David Holguin

7/17

HMS Human Resources Representatives

Harley Marine Services, Inc. would like to introduce the current Human Resources team and the companies they represent.

Deborah Franco, VP of HR, QSE & Administration

Deborah oversees all aspects of Human Resources.

Contact information:

dfranco@harleymarine.com or (310) 549-0300

Cheryl Domier, Human Resources Manager

Cheryl manages the day-to-day activities of the Human Resources department and her designated companies are: Olympic Tug & Barge, Pacific Coast Maritime, Millennium Maritime, Public Service Marine & Harley Marine Gulf.

Contact information:

cdomier@harleymarine.com or (206) 829-7505

Brenna Fitzsimmons, Human Resources Assistant Manager

Brenna works closely with the general managers in regards to recruitment efforts for all companies. Her designated companies are: Harley Marine Services, Harley Marine New York, Starlight Marine Services, Westoil Marine Services and Pacific Terminal Services.

Contact information:

bfitzsimmons@harleymarine.com or (206) 829-7508

Molly Hunsinger, Human Resources Generalist

Molly will handle employee relations and be the *first point of contact* for Olympic Tug & Barge, Pacific Coast Maritime, Millennium Maritime, Public Service Marine & Harley Marine Gulf.

Contact information:

mhunsinger@harleymarine.com or (206) 387-4545

Kelly Ostrem, Human Resources Generalist

Kelly will handle employee relations and be the *first point of contact* for Harley Marine Services, Harley Marine New York, Starlight Marine Services, Westoil Marine Services and Pacific Terminal Services.

Contact information:

kostrem@harleymarine.com or (206) 829-7517

Should you have questions or need assistance, please do not hesitate to contact the individuals listed above to help you with your needs. ◆

JULY ANNIVERSARIES

Harley Marine NY

Jose Panlilio Jr. - 4 years

Harley Marine Services

Pete Hofmann - 29 years Don Meberg - 17 years Heather Holmes - 5 years

Olympic Tug & Barge Bud Carley - 12 years Adam Churchill - 11 years Henry Torgramsen - 9 years Travis McGrath - 8 years Tim Kline - 7 years Zach Farmer - 6 years Ryan Gartner - 6 years Wojciech Satlawa - 6 years Keith Anderson - 5 years Russell Holmes - 5 years John Jensen - 4 years Leah Nelson - 4 years Patrick Harris - 3 years Jordan Phillip - 3 years Ivan Larson - 2 years Randall Reinders - 2 years Joel Russell - 2 years Bradley Kofstad - 1 year David Ponce - 1 year

Pacific Coast Maritime

Torey Sue - 1 year Samuel Williams - 1 year

Timothy Wright - 1 year

King Morris - 2 years

Starlight Marine Services

Elliott Talbot - 1 year Kyle Uhl - 1 year Robert Zidek - 1 year

Westoil Marine Services

Randy Atwood - 12 years Matthew Salceda - 1 year





401(k) Plan: The Value of the Employer Matching Contribution

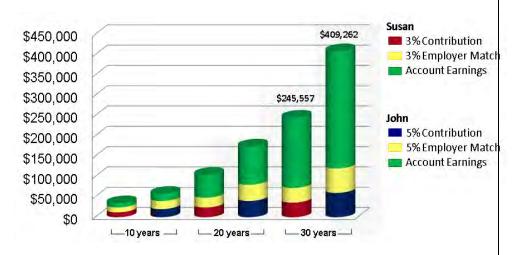
Harley Marine wants to do everything possible to help you save for retirement. That's why, based on what you contribute into your retirement plan, Harley Marine kicks in additional money to your account. (This article is applicable to employees eligible to participate in the Harley Marine 401(k) plan.)



To get the most for your money, try to contribute enough to receive the *full* match. If you don't, you'll be leaving free money on the table – and that's money that can help you get even closer to your savings goal.

Your employer, Harley Marine, currently matches 100% on the first 5% of your eligible compensation contributed into the plan. That's like getting a 100% return on your investment!!

The illustration below shows Susan who is only able to take partial advantage of her match, and John who takes full advantage of his match.



As you can see, John by contributing at the 5% level has an additional \$163,705 at retirement as he was able to take full advantage of his company match.

Make sure you're contributing at least 5% of your compensation into your plan. If not, it's like walking away from free money. ◆

* Values are for illustrative purposes only and do not reflect the results of any particular investment, which will fluctuate with market conditions. This illustration assumes a 7% average annual return, compounded every two weeks. It is based on the annual salary of \$40,000 and on contributions made semi-monthly. Regular investing does not ensure a profit or protect against loss in a declining period.

Administrative Questions

If you have questions regarding your quarterly statement, participant website, or plan provisions, please contact your plan administrator:

G. Russell Knobel & Associates 1-800-822-9205

Investment Questions

If you have questions or need guidance with the fund options in your retirement plan, please contact your plan education specialist:

Kibble & Prentice
Melody Prescott
1-206-676-7421
melody.prescott@kpcom.com

Plan Eligibility

You are eligible to enter your retirement plan if you are age 21 or older, and have completed 1 year of service.

Other Questions

For additional information or questions on the 401(k) program, please contact your HR Representative anytime at 206-628-0051.

Safety Incentive Program

Safety Article

Food in the Workplace

I was reading an MSDS and it reminded me of the importance of preventing hazardous substances from entering your blood stream. The MSDS said do not ingest. Hazardous substances can gain access to your internal organs through your mouth, breathing them in, through a mucus membrane or smoking. That means to me, the key is to wash your hands, frequently and completely. Never, pick-up food with dirty hands or allow



food to be left uncovered in a place where chemicals, solvents or degreasers are used. Any chemical like *Brake Klean*, that comes in an aerosol can should not be used anywhere near something you plan to eat or drink. Once it is airborne it can cover long distances and eventually settle on your lunch. Never eat or drink anything that has been left unattended and uncovered where there has been a chemical used or grinding done.

The same thing goes with painting. Always scrub yourself and change your clothes afterwards or use coveralls when painting. A little bit of paint over a long time adds up to a lot. Whenever using thinner, the use of gloves and eye protection is critical. It can be quickly absorbed into your blood stream. If you do get thinner on your skin, wash it off with soap and water.

It is easy to wash your hands and use Personal Protective Equipment!

Rob Sortor, Maintenance, OTB

HMNY Stomping Grounds

Harley Marine NY has been located up the East River in Brooklyn on Wallabout Bay at the historic Brooklyn Navy Yard (BNY) for one year. We secured a location on Pier C in June of 2010 with Circle Lines and have stayed on as a BNY tenant when Circle Lines left in December. HMNY provides support for our tugs and barges from this central facility on the water.

The Navy Yard is a not-for-profit corporation that manages the Yard for the City of New York. It was the preeminent naval military facility for more than 150 years, and was turned over to the City from the US Navy in 1966. It was originally established in 1801 to build ships through the Vietnam War. At its height of development, the Yard employed over 70,000 people on its 300 acres. The Yard built both the Battleships USS Arizona and the USS Missouri that are on exhibit in Pearl Harbor, HI as the symbols of the beginning and end of World War II.

Harley Marine is one of 230 private firms that occupy the facility which includes distribution warehouses, the GMD Shipyard, Steiner Movie Studios, and the NYFD Marine Training Center. HMNY is proud of its heritage at HMS and the location we occupy. We hope to become part of the history of NY Harbor as is the BNY.

John M. Walls General Manager - HMNY







Cooking with the Crew

Chris Starkenburg

"Mongolian Beef"

Ingredients:

3 lbs.	Thinly sliced steak (Rib Eye, New York, Top Sirloin)	1/2 tsp.	White Pepper
1 cup	Soy Sauce	2 tbls.	Corn Starch
2 tbls.	Dry Sherry Wine	1 cup	Cold Water
1 tbls.	Sesame Seed Oil	6-8	Whole Dried Red Chili's
2 cloves	Fresh Garlic, smashed	1 medium	Yellow Onion, Sliced Julianne
3 tbls.	Brown Sugar	2 cups	Carrots, thinly sliced and cut on a bias
1 tsp.	Fresh Ginger, Minced	12 each	Green Onions, cut in 2 inch lengths
1 tsp.	White Vinegar	1/2+ cups	Vegetable Oil
1 tsp.	Crushed Red Chili Flakes		

Directions:

- 1. In a mixing bowl, add soy sauce, sherry wine, sesame seed oil, garlic, sugar, ginger, vinegar, chili flakes, pepper, cornstarch and cold water. Mix until everything is well blended. Retain 3/4 cup and set aside.
- 2. Add the meat and red chili peppers.
- 3. Allow the meat to marinate for one hour before cooking.
- 4. In a Wok or large skillet, add 1-2 Tablespoons of olive oil over high heat. Add the carrots and stir-fry for about two minutes. Then add the yellow onions and stir-fry for another couple minutes.
- 5. Toss in the green onions and cook for one additional minute.
- 6. Transfer the vegetable mixture to a bowl and set aside.
- 7. Place the skillet back on high heat and add 2 Tablespoons of olive oil.
- 8. When the oil is hot, add one third of the meat (be sure to hand drain the meat before placing in the oil). Stir-fry very quickly until there is a good color on the meat. Just before it is finished, drizzle two Tablespoons of the retained sauce over the meat.
- 9. Remove the meat and set aside while you repeat the same process until all the meat is cooked.
- 10. When all the meat is cooked, place the meat, vegetables and red chili's back into the skillet including and stir-fry until heated through. You can also add whatever remaining sauce is left, but do not add the sauce the meat marinated in.
- 11. Transfer to a serving dish and garnish with a sprinkle of crushed red chili flakes.



Serves: 6 people

Harley Marine Services, Inc.

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Editor: Stephanie Gullickson sgullickson@harleymarine.com



Westoil Marine Services Lou Randazzo, Deckhand

Westoil Marine Services would like to recognize Lou Randazzo as June's Employee of the Month. Lou works as a deckhand for WMS. He is always available, and always has a great "can do" attitude. Lou takes great pride in his job and can always be found on the deck of one of the active barges making sure that the barge is clean, and in tip-top condition. He is a great mentor for the younger deckhands and is constantly giving them pointers from his life experiences. WMS is proud to have Lou on board, and greatly appreciative of all his actions. Keep up the good work Lou, your actions do not go unnoticed.

Olympic Tug & Barge Hugh Maffett, Mate Tankerman

Olympic Tug and Barge would like to recognize Hugh Maffett as June's Employee of the Month. As the Mate Tankerman onboard the tug Alyssa Ann and barge Shauna Kay, Hugh changed his normal rotation to respond to our urgent need for an experienced hand to train new PICs for the Shauna Kay. Due to his knowledge, guidance and expert training, we now have a new crew of qualified PICs on the Shauna Kay. His dedication to Olympic Tug and Barge and to our customer's needs is greatly appreciated. Thank you for stepping up Hugh.

HMNY EMPLOYEE OF THE QUARTER

Harley Marine NY

Brian Kelly, Operations Manager

Harley Marine NY would like to recognize Brian Kelly as the Employee of the Quarter. Brian Kelly has been the "heart beat" of our operations since the beginning in late 2006. With time, dedication, and professional efficiency, Brian has molded the tankermen of HMNY into a safe, efficient, and strong unit. We appreciate and value all of your efforts.

NEW HIRES IN JUNE

Harley Marine Services

Molly Hunsinger - HR Generalist Jeffrey Mustonen - Finance Manager



