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DAMAGE REPORT

To: Jack Tar
Seward Group, LTD
3000 World Trade Center
Wilmington, NC 23510

Office: (910) 625-0938
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Vessel Name: FISH HAWK Hailing Port: Hampton, VA

Date of Survey: 14JUL03 Surveyed at: Davis Boat Works, Newport News, VA

USCG Documentation Number: 603390 Hull Number: 66

Customer Number: 07141103 Attending Survey: Capt Trey Philips

Type: Power LOA*: 90 ft Principal use: Commercial Fishing Vessel

Owner: Fish Hawk Associates, LLC
1234 Lapland Court
Virginia Beach, VA 23451

Builder: Sturdy Marine Inc. Place of Construction: Bayou La Batre, Al

Year Built: 1979 Hull material: Steel Fuel Type: Diesel

State of vessel at time of survey: Hauled and blocked at Davis Boat Works.

Surveyed at request of client: Jack Tar

* As provided by published specifications. The surveyor has performed neither weight calculations nor measurements.

Capt Frank Lanier

I. DAMAGE REPORT

This is to certify that on July 14, 2003 I personally attended FISH HAWK, a 1979 90 ft commercial fishing vessel of steel construction built by Sturdy Marine of Bayou La Batre, Alabama. The vessel was inspected while hauled at Davis Boat Works, Newport News, Virginia. Present during the entire inspection of the vessel was Captain Trey Philips, her master.

The purpose for attending the vessel was to conduct an inspection of damage resulting from a collision on July 7th, 2003 between the vessel and an a unmanned length of new, modular causeway units moored and awaiting delivery to the US Army. Present during the inspection of the causeway units was the yard manager, Fred Bodden, of Davis Boat Works.

It is the intent of this damage report to provide an unbiased evaluation of the vessel's damage as a result of the above incident on the date and time of inspection, not prior to or subsequent to that date and time. A conscientious effort was made to inspect the entire affected area, however since this report is based only on visual examination of the vessel by non-invasive and non-destructive methods of inspection and diagnosis, this inspection and all contents of this report are not rendered or represented as a warranty or a guarantee of the performance or condition of this vessel, or of any of her machinery, equipment, or systems. Defects not readily visible and not reasonably accessible for inspection or discovery without removal of structure, sheathing, liners, joinery, fittings, tanks, machinery and equipment, especially without disassembling or removing those and any other barriers preventing inspection, are not and can not be covered by this report.

The observations, opinions, and recommendations contained in this report constitute the entire written report as of its date and are intended to supplement and incorporate all prior oral or written comments and communications. If anything in this report is, in the opinion of the above named client, inconsistent with any prior communications from the undersigned, then the client must request clarification as soon as possible or else proceed at his own risk.

This report represents the honest and unbiased opinion of the surveyor and neither the surveyor nor his agents are to be held responsible for any inaccuracies, omissions, errors in judgment, or negligence. It is submitted in good faith and in no way offers, expressly or implied, any form of warranty or guarantee concerning the condition of the above mentioned vessel.

All of the provisions of this report are not transferable, except for the above named client's purposes of assessing damage sustained by the vessel due to this incident.

II. DESIGN AND CONSTRUCTION

The vessel is a 1979, 90 ft side trawler currently engaged in the East Coast sea scallop fishing industry. Hull, decks, and superstructure are constructed of welded steel plate. Power is provided by a single Caterpillar D 348 diesel engine, located forward of the main hold and on centerline, driving a 63" bronze propeller with nozzle.

The layout of the vessel is of the standard work boat type and incorporates both watertight and non-watertight doors, bulkheads, and decks to separate the various internal spaces. These are wielded and where accessible show no evidence of separation or

fracture. The vessel has four watertight bulkheads with watertight doors or hatches providing necessary access.

The catch hold is located below the work deck and has a raised, covered access. The pilothouse is located forward and above, with galley and crew berthing located on the main deck level beneath. Forward and below the main deck is additional crew berthing, followed aft by the engine room.

III. SCOPE OF INSPECTION

The outside portion of the FISH HAWK's hull in the area of impact was visually inspected for impact damage and other defects directly related to this incident. The hull was inspected at the hauling facility and areas of the hull obscured by the stands were not visually or otherwise inspected. No sea trial was conducted.

During the interior portion of the inspection all loose floorboards were lifted, drawers removed, lockers opened and all accessible interior spaces inspected. Due to the nature of the incident, the concentration of both exterior and interior inspections were in the area of impact.

IV. ACCIDENT SUMMARY

The incident occurred as the FISH HAWK was turning in preparation to be hauled at Davis Boat Works.

The following is transcribed from a written statement provided the surveyor by Captain Trey Philips, master of the FISH HAWK.

"On July 07, 2003 at about 9:00 A.M. I left Chesapeake Bay Packing. I turned the boat in the middle of Small Boat Harbor. When I got the boat turned, I bumped into what looked like mini-barges. They turned out to be locking floats that the Army uses to form a bridge. The wind being out of the Northwest and pushed me toward them. I just brushed them with the stern of the vessel."

Additional statements from employees of Davis Boat Works who witnessed the incident (but were not present on the day of the survey) were to be provided by the yard, but have not been received to date.

V. COMMENTS

Damage sustained by the FISH HAWK appears to be limited to a small, vertical scrape roughly 6 inches in length located on the port quarter or stern area. Although there are approximately three other light horizontal scratches roughly 3 to 5 inches in length forward along the hull that could also have been caused during the incident, their variations in height above the vessel's waterline suggest this is not the case. In either event, the mark at the stern quarter is the most significant and was specifically pointed out by the captain as where he struck the units.

Aside from this, there is no noticeable hull damage and the scrape itself appears to be superficial in nature. In fact, as shown by pictures A-1, A-2, and A-3 of the appendix, the scrape itself is not actually located on the hull proper, but rather on a vertical rub-rail of flat iron stock welded to the hull.

Damage to the modular causeway appears to be limited to five of the interlocking mechanisms and one "end eye," all of which are located on the two outboard units (top left) as seen in picture A-4 of the units in question. The units themselves are approximately eight feet wide and are manufactured in both 20 foot and 40 foot sections (as per the yard manager). The configuration shown is three sections in width, with alternating sections of 20-40-20-40 and so on.

There is no apparent damage to the hull integrity of the two units themselves. The damage that is visible occurred to the outboard corners of the locking mechanisms. These protrude slightly from the units and were apparently the actual points of contact with the FISH HAWK's hull (see pictures A-7 through A-12). Picture A-6 is provided for scale, while A-5 shows an undamaged unit out of the water for comparison.

The portion of the locking units damaged are formed into the hull, and although the damage to each appears minor in nature, there are two reasons this may not be an accurate assumption. One is the close manufacturing tolerances involved for proper interlocking of the units, which could conceivably have been damaged to the point they no longer operate properly. The other, more likely problem lies with the fact that the units are awaiting delivery to the Army, but have not yet been accepted. As the units are contracted to be delivered in "new" condition as per the yard manager, any repairs (however slight) may cause the two units in question to be rejected by the Army.

As per Fred Bodden, a manufacturer's representative is scheduled to inspect the damaged units on July 24th, 2003, while an Army representative would be inspecting them on the 29th or 30th of July, 2003.

VI. FINDINGS AND RECOMMENDATIONS

Based on the inspection of the FISH HAWK, the following findings and recommendations are made

1. **Finding**: Damage sustained by the FISH HAWK appears to be limited to a small, vertical scrape roughly 6 inches in length located on the port quarter or stern area. **Recommendation:** Expose area around the scrape by grinding or other suitable means to facilitate further inspection. Repair as necessary, prime, and paint to match hull.

CONCLUSION

As previously noted, the damage to FISH HAWK appears minimal and repairs should take no more than two hours (depending on the drying time required for primer and paint). Given the above, the total cost of repair for damage to the FISH HAWK is estimated to be between $100.00 and $150.00 so long as no additional damage is discovered during repair.

Damage to the barges is unable to be ascertained at this time and will primarily be based on the outcome of the Army and manufacturer meeting.

Captain Frank K. Lanier
Capt. F.K. Lanier & Associates. LLC