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August 5, 2008

Greger Pacific Marine Inc.
4225 Solano Ave. Suite 562
Napa California 94558
Attention: Mr. Ronald Greger

RE: T/V "NOELANI" Loadline and USCG Inspection Requirements

Dear Mr. Greger:

We are providing this letter to explain why the tug "NOELANI" is not required to carry a Load Line, nor a United States Coast Guard Certificate of Inspection.

SUBJECT VESSEL

Vessel Name: "NOE LANI"
Official Number: 1186783
Owner: Greger Leasing Corp.
Address: 4225 Solano Ave Ste 562, Napa, CA 94558
Home Port: Honolulu, HI
Gross Tons: 142
Net Tons: 96
Builder: Marionette Marine
Year Built: 1966

LOAD LINE REQUIREMENTS FOR TOWING VESSELS

The requirements for Load Lines are based upon United States Code of Federal Regulations (CFR) 46 CFR 42.03-5, which states:

U.S.-flag vessels subject to the requirements of this subchapter.

(a) Vessels engaged in foreign voyages or international voyages other than solely Great Lakes voyages. (1) All U.S. flag vessels which engage in foreign voyages or international voyages by sea (other than solely in Great Lakes voyages) are subject to this part; except the following:

- (i) Ships of war;
- (ii) New vessels of less than 79 feet in length;
- (iii) Existing vessels of less than 150 gross tons;

(b) Vessels engaged in domestic voyages by sea. (1) All U.S.-flag vessels which engage in domestic voyages by sea (coastwise and intercoastal voyages) shall be subject to the applicable provisions of this part except the following:

- (i) Merchant vessels of less than 150 gross tons.

TEICHEIRA MARITIME SURVEYORS, INC.
LETTER TO GREGER PACIFIC MARINE, INC.
PAGE 2

Since the Tug "NOELANI" is 142 gross tons there is no requirement for the vessel to carry a load line.

USCG INSPECTION REQUIREMENTS FOR TOWING VESSELS

Currently towing vessels are considered to be uninspected vessels by the United States Coast Guard, subject to 46 CFR Subchapter C regulations, and therefore do not carry Certificates of Inspection (COI). The United States Coast Guard is proposing new Towing Vessel Inspections to be phased in between 2011 to 2015. The only exception to this would be a seagoing towing vessel greater than 300 gross tons.

The regulations are contained in 46 CFR 90.05, which we have attached as enclosure 2.

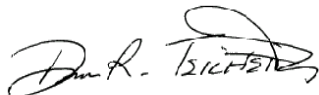
CLOSING COMMENTS

In closing, the subject vessel "NOELANI" is not required to carry a load line because the vessel is less than 150 gross tons. The vessel is an uninspected vessel, and as such does not have a COI, and is subject to 46 CFR Subchapter C regulations (Uninspected Vessels).

The vessel does have ABS Certifications for the main tow wire and pennant tow wire, and various other miscellaneous tow line parts.

Please contact me if you have any questions regarding this matter.

Sincerely yours,



Dana R. Teicheira
NAMS Certified Marine Surveyor