



COLONNA'S SHIPYARD, INC.

400 East Indian River Road
Norfolk, VA 23523

Richard Sobocinski
Vice President, Contracts
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April 11, 2011

Mills Marine & Ship Repair
211 Market Street
Suffolk, VA 23434

Attention: Mr. Donald Mills, President / General Manager
Mr. Phil Bess, Project Manager

Subject: Use of Colonna's Facilities

Thank you for visiting the shipyard and having the open and honest discussions on how Colonna's Shipyard and Mills Marine and Ship Repair can work together to generate additional business and help each other succeed.

In that light, Colonna's Shipyard is pleased to offer to Mills Marine the use of its extensive facilities and shops located at 400 East Indian River Road in Norfolk, VA. That use is extended for:

- Dockings and availabilities that are not readily available to Colonna's Shipyard because of Set Aside requirements.
- Any ships or vessels not normally serviced directly by Colonna's Shipyard, such as US Coast Guard vessels below 150 ft. in length.

Colonna's Shipyard further agrees to allow Mills Marine personnel to perform between 50% and 75% of the work in our facility subject to the following restrictions:

- All Mills Marine employees or its subcontractors must present certificates of Harbor Workers and Longshoreman's Insurance, proper Workmen's Compensation Insurance and have the proper safety equipment and training required by OSHA. Colonna's Shipyard will be named as the additionally insured on any Certificates provided.
- The Shipyard shall not be liable for any personal injury, including death, or for damage to property of third parties, unless the same is a result of the sole and gross negligence of our employees. Mills Marine, and all parties of interest, shall indemnify defend, and hold the Shipyard harmless from all liability arising under any air or water quality statute or regulation unless the same shall be caused by the sole negligence of our own employees. For those vessels required by size to have a valid FMC Certificate of Responsibility (Water Pollution), the owners and other parties in interest warrant that the Certificate will be kept in force at all times while the vessel is located in our yard or while we are performing work on it.
- All Mills Marine employees shall conform to OSHA and Shipyard safety Rules and Regulations.

Should you have any further questions regarding this matter, please contact the undersigned at (757) 545-2414 ext. 383.

Sincerely,

Richard Sobocinski