

SECTION C Descriptions and Specifications

SECTION C - STATEMENT OF WORK

1. OBJECTIVE:

The objective of this contract is to provide the means to transfer people and equipment between land and vessels at sea and between vessels at sea and land, and to provide other vessel services in support of NSWC. The type and size of at-sea vessel for personnel and equipment to be transferred to and from will vary considerably and will include both surface and submarine type vessels. The secondary vessel will be used to maintain NSWC assets, and to transport equipment in support of NSWC Projects.

2. BACKGROUND:

Naval Surface Warfare Center, Carderock Division (NSWCCD) has been conducting acoustic testing in the Bahamas for over twenty-five years. The physical conditions, including average ambient condition, which exist at Tongue-of-the-Ocean and Exuma Sound are considered to be the most ideal large area acoustic test area in the world. The isolation of this test area and the absence of local interference from small boat traffic help make it an ideal test location. However, as a result of this isolation, there are no appropriately configured transfer vessels available locally, and the availability of deep-water harbors (over 12 feet) within a reasonable distance of the test area is also very limited.

3. SCOPE OF WORK:

NSWCCD conducts acoustic testing for both surface and submarine type vessels in Tongue-of-the-Ocean and Exuma Sound, Bahamas. Transfers, as described herein, are not limited to, but normally occur between a pier located at Site 1 of Atlantic Undersea Test and Evaluation Center (AUTEK) or Congo Town on Andros Island, Bahamas and a U. S. Navy deep sea moor located in the Tongue-of-the-Ocean. Because of the requirements of the tests and the scheduling of vessels being tested, at-sea transfers need to be conducted anytime of day or night, and in sea conditions up to and including Sea State 3 (Sea State is defined in Attachment J-4). In order to safely conduct transfers, among various type and size vessels, special tendering and brows are required for the transfer vessel. In addition to personnel transfers, other operations may be assigned by the Government. The vessels may be required to operate from other than the port specified in paragraph 3.1.11 of this Statement of Work. Any actual incurred additional costs resulting from operating from other than the specified port shall be reimbursed by the Government, as appropriate. The workboat (a steel USCG certified vessel of appx. 100 ft) can be expected to be in use for 20 days per year.

3.1. Technical Considerations for transfer vessel:

The transfer vessel shall be fully crewed, available, and in a Full Operational Status (FOS) about 75 days per year and in a Reduced Operational Status (ROS) for the remaining period. Typically, transfers occur less than ten days per month with more than one transfer occurring in anyone day.

3.1.1. Vessel Type and Availability: The transfer vessel shall be a steel or aluminum hull Crewboat or of equivalent type, with U. S. documentation, and be United States Coast Guard (USCG) certified. The transfer vessel shall have an enclosed pilothouse, personnel accommodations, and equipment storage as specified below.

3.1.2. Size: The transfer vessel shall be capable of transporting the required personnel and cargo at the speed and range listed below, and be capable of berthing the vessel's crew on-board while operating at locations other than homeport. For the purposes of this contract the homeport is AUTEK at Andros Islands. At those times the transfer vessel is docked at AUTEK, berthing for up to four (4) contractor personnel will be provided at the Bachelor Officer's Quarters (BOQ) at AUTEK.

3.1.3. Propulsion: The transfer vessel shall be powered by at least two diesel engines and with at least two counter rotating propellers. The vessel shall have manual engine shutdown capability at all helm stations. Full engine instrumentation at the main helm station shall include, as a minimum; tachometers, temperature gauges for water, engine lube oil, and transmission. In lieu of the above gauges, each remote helm station shall have a warning signal (light or audible alarm).

3.1.4. Speed: The transfer vessel shall be capable of at least fifteen (15) knots, in sea conditions up to and including sea state 3, when fully loaded with the personnel and cargo as specified in Section 3.1.6. and as allowed by USCG certification.

3.1.5. Range: The transfer vessel shall be capable of a minimum operating range of 400 nautical miles, on installed tankage and at twelve (12) knots ship speed, when fully loaded with personnel and cargo as described in Section, 3.1.6., and in sea state conditions up to and including sea state 3.

3.1.6. Cargo Capacity: The vessel shall be USCG certified for a minimum of forty-eight (48) personnel, not including the crew, plus 4,000 pounds of hand-carried equipment and luggage. Seating capacity must be for a minimum of 30 personnel.

3.1.7. Special Equipment and Rigging: The transfer vessel shall be equipped, rigged and capable of safely transferring personnel and equipment between the vessel and the deck of any U.S. Navy ship or vessel via a Contractor-furnished brow, in sea conditions up to and including sea state 3, and at vessel/ship speeds from 0 to 4 knots. The transfer vessel shall be sufficiently well fendered to permit going alongside of U.S. Navy ship/vessels, day or night, in sea conditions up to and including sea state 3, without risk of damage to either the Contractor or Navy vessel. It is important to note that the underwater hull structure of submarines is deceiving, and that some Navy ships have a rubberized coating that can be easily damaged. The transfer vessel shall be equipped with safety rails and/or lifelines around the perimeter of the vessel. The transfer vessel shall be equipped with suitable sound insulation and/or mufflers to maintain a noise level (generated by vessel machinery) which does not exceed the OSHA requirements (90dBA in all habitable spaces and 103dBA topside while operating at the speeds required by this contract). The transfer vessel shall be equipped with cushioned seating for a minimum of thirty (30) government personnel, and equipped with an air conditioning system(s) that is capable of cooling the habitable compartment(s) (i.e. head facilities, and seating compartments) at least 15 degrees Fahrenheit below the ambient temperature. The air within the enclosed areas of the transfer vessel will be free from smoke (tobacco) while the vessel is in service. The Vessel shall be equipped with a minimum of 100 gallons of Potable water, and equipped with at least two hundred (200) cubic feet for storage of the hand-carried equipment and luggage in an area which is easily accessible, enclosed, and water proof. The transfer vessel shall be equipped with head facilities, and equipped with a tender, (rigid or inflatable) capable of carrying up to four passengers and two crew members, to accomplish emergency transfers in conditions when the vessel can not safely perform the transfer. The transfer vessel shall be equipped with shore power connections sufficient to power normal ships loads while dockside, without operating the transfer vessel's generators.

3.1.8. Communications Equipment: In addition to equipment required by the USCG, the transfer vessel shall be equipped, upon acceptance in accordance with Section 4, and throughout the period of Contract, with the following minimum communications capability: one synthesized HF single sideband radio transceiver with a minimum power output of 150 watts, capable of communicating on the 2.5 to 14.0 MHz frequency band, and equipped with an appropriate antenna and coupler; one standard 88 channel marine VHF radio transceiver with two-channel scanner feature or two similar marine VHF radio transceivers without scanners, and appropriate antennas; and one 3 watt Cellular phone capable of receiving incoming and making outgoing calls between the Bahamas and the United States. The Contractor further agrees to install additional radio equipment as may later be required by and for the Government. The Government shall be responsible for the cost of acquiring and installing any additional radio equipment that the contractor has been directed to install. Access to the transfer vessel's communication equipment, which shall be listed by the government on a "non-interference" basis, must be allowed, or a dedicated set of equipment meeting the same minimum specifications must be provided for dedicated government use. The above requirements are not intended to restrict the utilization of the installed radio equipment for normal communication on other assigned or required frequencies. The Government agrees to reimburse the Contractor for all outgoing cellular toll charges made by non-contractor personnel. Any actual incurred cellular phone costs resulting from non-

contractor personnel use shall be reimbursed by the Government under specific contract CLIN's, as appropriate. All other associated communication expenses are the contractor's obligation.

3.1.9. Navigational Equipment: In addition to equipment required by the USCG, the transfer vessel shall be equipped, upon acceptance in accordance with Section 4 of the Statement of Work, and throughout the period of Contract, with the following navigational equipment:

- a. One radar with a minimum of 20 miles range and 2 KW minimum output power capability.
- b. A Global Positioning System (GPS) system that is capable of providing continuous positions.
- c. A fathometer capable of obtaining reliable soundings to 500 ft.

Government access to the transfer vessel's navigation equipment listed above must be allowed on a "noninterference" basis, or there must be a dedicated set of equipment meeting the same minimum specifications and provided for dedicated government use. The above requirements are not intended to restrict the utilization of the installed equipment for normal vessel operations or as required for safe vessel navigation.

3.1.10. Contractor Personnel:

- a. The Vessel Master and one licensed mate shall hold United State citizenship.
- b. All other crewmembers and deckhands shall be either United States citizens or Bahamian nationals.

3.1.11. Pier Space: The berth shall be provided by NSWC/CD at Site 1 of the AUTEK facility on Andros Island, Bahamas. Pier space availability shall be for the length of time of the contract, during FOS status.

3.1.12. Smoke Free Vessel: All enclosed spaces within the transfer vessel shall be a non-cigarette/pipe/cigar smoking environment whenever the vessel is in service.

3.2. Task for transfer vessel:

3.2.1. Full Operational Status: The vessel Master is to maintain a continuous high frequency radio communications guard of a Government selected frequency (normally 2716 KHz or 2820 KHz), and VHF Channels 13 and 16, while the vessel is in FOS' for communications with the on site Government Representative. Additionally, the vessel Master must be able to be contacted via telephone/ cellular telephone continuously during the FOS period.

3.2.2. Reduced Operational Status: While in ROS, the Contractor must maintain a Monday through Friday (0900-1700 Eastern Time) telephone/cellular telephone/pager for the purpose of providing FOS notice. (A phone answering machine is not acceptable.)

3.2.3. Contractor Support: Contractor personnel shall be responsible for passing hand-carried equipment and luggage between the Contractor's vessel and vessels alongside. When passengers are disembarking at AUTEK, the contractor is responsible for informing the appropriate AUTEK personnel of any change in the schedule that would affect the expected time of arrival of the transfer vessel at AUTEK. On those occasions when the passengers disembark at a location other than AUTEK, the contractor may be directed to arrange for ground transportation to the nearest airport. The cost of ground transportation shall be borne by the Government personnel.

3.2.4. Alterations: The Government shall be at liberty to require additional alterations to the transfer vessel be made beyond what is on board at the award of the Contract. Such work shall be done at Government's expense and on its time. The Government shall, during the period of this Contract, leave the vessel in its original or altered condition, as applicable, ordinary wear and tear excepted, provided that the Contracting Officer is notified in writing within 30 days of completion of any alteration that the Contractor requests such restoration or removal. The Government shall be at liberty to install any equipment or, to install any additional gear for loading, carrying or

discharging cargoes and to repaint the vessel. Such work shall be done at the Government's expense and on its time and shall not be such as to be in contravention of any applicable law of the United States or regulation made pursuant thereto. Such equipment, materials and gear so fitted are to be considered "Government Property" under the terms of GFP Clause incorporated by reference in Section I herein. The Government shall, during the period of the Contract remove the same, together with any alterations and additions thereto, at its expense and time and shall restore the vessel to her condition and color prior to such changes, ordinary wear and tear excepted. The Government shall have the right to abandon in place any alteration or Government-furnished property, unless the Contracting Officer is notified in writing within 30 days of completion of any alteration, that the Contractor requests such restoration or removal.

3.2.5. Standards of appearance: The transfer vessel operating under this Contract will operate in direct support of the U.S. Government and the Department of Defense. In this direct support role, the vessel is a representative of the U. S. Government and therefore it is important that the operation meets the highest possible standards of appearance and ship smartness. To this end, the Contractor will institute a continuous program of vessel maintenance. The hull, decks, deckhouse and all appurtenances shall be cleaned, preserved and painted as appropriate. The interior of the vessel's deckhouse shall be maintained in a clean and orderly state, with all equipages properly and securely stowed. The main and auxiliary machinery spaces will be kept clean and free of excessive accumulations of oil as defined by the COR during periodic inspections. All spaces will be lighted to allow safe operation and correct maintenance of machinery and equipment.

3.2.6. Machinery maintenance plan: All installed ships equipment, whether or not required by contract, shall be operational. A written preventive maintenance plan shall be implemented to help ensure vessel readiness. The plan, subject to Government approval, shall be submitted at acceptance trial and shall as a minimum include the following:

- a. Periodic (daily, weekly, monthly, etc.) list of vessel items to be inspected, tested, refurbished and or replaced. This list will contain at a minimum, all items listed by the on-service vessel survey, and will be updated as additional equipment is installed.
- b. The maintenance plan shall cover all main engines, power generators, electric motors and pumps, navigation and communication equipment and habitability items.
- c. Repair parts shall be maintained on-board for all items required to be inspected monthly or more frequently.
- d. Technical manuals, for all items listed in the maintenance plan, shall be maintained on-board.
- e. The maintenance plan shall incorporate all routine tests, inspections and procedures listed in the subject technical manuals
- f. A full inspection shall be conducted on all engines annually by a certified diesel mechanic, whose recommendations shall be implemented. In addition, monthly engine lube-oil samples shall be taken and analyzed by an engine oil analysis laboratory, which has been accepted by the engine manufacturer. The laboratory recommendations resulting from the analysis shall be considered required maintenance by the contractor.
- g. The actions and results of this plan shall be reported in the ship deck logs, which are to be forwarded to the government monthly with the invoice submission.

3.2.7. Drydock: The contractor, at its expense, shall drydock, clean and maintain the transfer vessel's bottom and propeller, and make all overhaul and other necessary repairs to properly maintain the vessel in accordance with Coast Guard requirements for certification, and to maintain the vessel in compliance with Section 3.2.5. (Standards of Appearance). When drydockage is required for the vessel, a full vessel survey is required. A copy of the survey finding and shipyard report, and a plan of action for repairs, shall be provided to the Contracting Officer or Contracting Officer's Representative (COR) within two (2) weeks. For drydock purposes, the Government shall allow the vessel to proceed to an appropriate port upon sixty days' prior notice to the Contracting Officer or COR,

schedule permitting. All towage, pilotage, fuel, gas-freeing if required, water and other expenses incurred while proceeding to and from drydock, shall also be borne by the Contractor.

3.2.8. Loading and Discharging: The whole reach and burthen of the transfer vessel shall be at the disposal of the Government, reserving only proper and sufficient space for vessel's Master, Officers, and crew, tackle, apparel, furniture, provisions, stores, and fuel. The Government shall have the use of the vessel's winches and other appropriate gear actually on board. The Contractor shall provide sufficient power to operate all the transfer vessel's equipment simultaneously. The vessel shall be capable of work both night and day, if required by the Government, while at or within the limits specified in USCG Certification. The Government shall have the use of any special gear or fittings actually aboard the vessel, although said gear or fittings are not required by this Contract.

3.2.9. Government Transportation of Contractor personnel and equipment: The contractor may request transportation of personnel and/or equipment on Government vessels or charter aircraft to support operations. The Government will provide requested transportation, as feasible, following receipt of request. (Request format provided as an attachment to the contract.) It is understood that the contractor maintains sole responsibility for the items being transported by the Government, and waives any claim of liability against the Government should any item be lost, damaged or confiscated. The contractor also affirms that no items are included in the shipment that are not listed on the shipment request, and that no items are being shipped in violation of the laws of the United States or the Bahamas.

4. ACCEPTANCE:

4.1. Acceptance Inspection: The transfer vessel and all associated equipment shall be delivered to Site 1 of the AUTECH facility, Andros Island, Bahamas, or to the NSWCCD South Florida Test Facility (SFTF) at Port Everglades, Florida; no later than 1600 hours local time on the established delivery date. The required delivery date to the Bahamas or SFTF, as established at the time of the award, shall not exceed two weeks after the date of award of the Contract. Government inspection of the vessel shall be completed within a reasonable amount of time thereafter, and shall not exceed five days after delivery to either the Bahamas or the SFTF. Hire shall commence upon acceptance of the vessel by the Government. The Government shall have the right to terminate this Contract, at no cost to the Government, should the vessel or associated equipment, listed in Paragraph 3 above, not be ready in accordance with the provisions herein, after forty-eight (48) hours following the completion of the Government inspection. Said termination shall be declared not later than five (5) working days after the completion of the Government inspection, should the vessel not be ready by that time. This Government right is in addition to, and shall not limit, any other Government rights under this contract, or under any other applicable law or regulation.

4.2. Vessel Acceptance Condition: The vessel and all associated equipment shall be seaworthy, properly manned, equipped, supplied, and in every way suitable and adequately fitted for and in all respects ready for the service contemplated under this Contract. Any associated equipment shall upon delivery be as described in this Contract and all vessel equipment shall be rigged, secured, and operable. The Contractor shall exercise due diligence to maintain the vessel and associated equipment in such state during the period of performance of the Contract.

5. RESPONSIBILITIES:

5.1. Vessel Condition: Contractor warrants that, from the date of delivery of the vessel and throughout the period of the vessel's service under this Contract, the transfer vessel shall be in a thoroughly seaworthy condition. Should actual performance or readiness condition of the vessel show any failure to satisfy one or more of such Contract requirements or Contractor representations, and not due to the fault of the Government, the hire may be unilaterally decreased by up to 10% of the applicable daily rate as determined by the Contracting Officer; the Contract may be terminated; or the vessel may be placed off-hire, at Government's option. This Government right is in addition to, and shall not limit, any other Government rights under this contract, or under any other applicable law or regulation.

5.2. Readiness: Readiness is a required service of the transfer vessel chartered herein. Readiness shall be defined as the ability of a vessel and associated equipment to perform the function for which designed, built, or chartered, including the ability to deploy without delays, whether or not so ordered to perform. Should actual performance or condition of the vessel or associated equipment show any failure to satisfy one or more of the Contract requirements

or Contractor representations, so as to render the vessel in less than a fully efficient state, the hire will be unilaterally decreased by up to 10% of the applicable daily rate as determined by the Contracting Officer. Nothing in this clause shall limit the rights of the Government to place the vessel off-hire pursuant to Section 5.3. This Government right is in addition to, and shall not limit, any other Government rights under this contract, or under any other applicable law or regulation.

5.3. Off Hire:

5.3.1. General: In the event of the loss of time resulting from deficiency and/or default of men including, but not limited to, misconduct, illness, injury, strikes, labor disruptions, lockouts; or deficiency of stores; fire; breakdown of, or damages to, hull, machinery, or equipment; collision; stranding; grounding; detention by authorities; average accidents to ship or cargo, unless resulting from inherent vice, quality, or defect of the cargo; repairs; inspections; drydocking for the purpose of examination or painting bottom; or deviation for the purpose of landing any ill or injured person on board other than any passenger, supercargo, or military personnel who may be carried at Government's request; or by any other cause whatsoever preventing the full working of the vessel; the payment of hire and overtime, if any, shall cease for all time lost until the vessel is again ready and in a fully efficient state to resume her service from a position not less favorable to the Government than that at which such loss of time commenced. Should the vessel deviate or put back during a voyage contrary to the orders or directions of the Government for any reason, the hire is to be suspended from the time of her deviating or putting back until she is again in the same or equidistant position from the destination and the voyage resumed therefrom. When the period of time lost to the Government on any one occasion is less than one (1) hour, the hire shall not be reduced for such period. For the purpose of computing the value of time lost and off-hire, the charter hire rate shall be paid on the basis of the Ros > 10 day rate that day.

5.3.2. Costs for Contractor: The cost of fuel consumed while the transfer vessel is in ROS or off-hire, as well as all port charges, pilotages, and other expenses incurred during such period and consequent upon the putting in to any port or place other than to which the vessel is bound shall be borne by the Contractor.

5.3.3. Delays and Excessive Fuel Consumption: If upon any passage the vessel fails to make the speed warranted in Section 3.1. of this Contract, or her fuel consumption becomes excessive, due to defect in or breakdown of any part of her hull, machinery, or equipment; casualty; or inefficiency of Master, Officers, or crew or their failure to proceed with utmost dispatch, the hire for the time lost (if the vessel is delayed more than one (1) hour) the payment rate shall be that of Ros > 10 and any cost of extra fuel consumed (if any) shall be borne by the Contractor.

5.3.4. Excessive Off-Hire: In the event the vessel is off-hire, and such off-hire was not caused by the Government, for more than fourteen (14) days in any given 180-day period, Government shall have the option to terminate the remaining period of this Contract with forty-eight (48) hours notice of intention to do so, with no further obligation on behalf of the Government. This termination shall not abrogate any other right or prejudice any claim of the Government. This Government right is in addition to, and shall not limit, any other Government rights under this contract, or under any other applicable law or regulation.

5.4. Time Lost: Any time lost by the transfer vessel during the period of performance of this Contract (including all options if exercised) due to breakdown of machinery, interference by authority, collision, stranding, fire or other accidents or damage to the vessel, or repairs, inspections, overhaul and alterations, preventing the work of the vessel, shall be added to the charter period at Government's option, declarable at least twenty-seven (27) days prior to the termination of the charter period. Hire for such additional declarable period shall be at the same rate as in effect as of the date said declaration was made.

5.5. Insurance:

5.5.1. General: During the full period of this Contract, owner shall maintain the customary full-form marine insurance coverage on the transfer vessel, including Hull and Machinery, Protection and Indemnity (P&I), War Risk Hull and Machinery including P&I and Second Seaman's War Risk Policy. Except as otherwise provided in this Contract, the expense for such insurance coverage shall be paid by the Contractor and shall be deemed to be included in the hire payable under this Contract.

5.5.2. Operating Limits: If vessel is sent beyond the limits of Continental U. S. or Commonwealth of the Bahamas under this Contract, the Government agrees to reimburse Contractor for the actual extra cost of additional premiums properly assessed by the vessel's marine insurance underwriters and payable by the Contractor, which extra cost is occasioned by the vessel's trading beyond such limits.

5.5.3. Notification to Government: Contractor shall, to the maximum extent practicable, keep the Government, through the Contracting Officer, currently informed in writing as to the potential vitiation, suspension, lapse, or termination of any of vessel's insurance policies as a consequence of this Contract.

5.5.4. Government Named assured: The Government shall be named as an assured, with waiver of subrogation noted, under the vessel's Hull and Machinery policy (and under the Increased Value policy if applicable), under the vessel's P&I entry, under the vessel's War Risk Hull and Machinery policy including P&I, and Second Seaman's War Risk policy.

5.6. Master Officers, and Crew:

5.6.1. General: The master, Officers and crew of this vessel shall be appointed or hired by the Contractor and shall be deemed to be the agents of the Contractor at all times except as otherwise specified in this Contract. The Master of the vessel shall be under the direction of the Senior Government Representative as regards the employment of the vessel, but shall not be under the Government's orders as regards navigation, care and custody of the vessel. The number of vessel crewmembers shall be at a minimum as specified on the vessel's USCG certificate of inspection. The Master, Officers and crew of the vessel(s) shall all possess the required USCG licenses for their respective position.

5.6.2. Instructions: The Senior Government Representative on site shall coordinate all necessary transfers verbally with the Master. The placement of the Contractor on FOS and/or ROS will be accomplished in writing (by FAX or E-MAIL). The Master shall observe all such orders and instructions of the Senior Government Representative in respect of the Government's employment of the vessel's services.

5.6.3. Conduct of Master Officers or Crew: If the Contracting Officer shall have reason to be dissatisfied with the conduct of the Master, Officers or crew, the Contractor shall, on receiving particulars of the complaint, investigate it, and if necessary make a change in personnel.

5.7. Passengers and Cargo:

5.7.1. General: If personnel are required to be accommodated onboard, or cargo transported, it will be at the Government's expense except as covered in Section 3 above.

5.8. Subcharter: The Government shall have the option, without the prior written consent of the Contractor, to subcharter or agree to subcharter the vessel under any form of time or voyage charter. If the Government shall enter into any such charter, the Contractor shall nevertheless remain liable for the due performance of this Contract. Any such subcharter shall include a provision that it is subject to the provisions of this Contract.

5.9. Inspection: The vessel and associated equipment shall be subject to the government's inspection as to suitability for the required service prior to delivery and to subsequent inspections at any time during the period of performance of this Contract to determine continuing suitability for the required service as well as to determine whether the material condition of the vessel and associated equipment will prevent effective operation during basic and optional periods (if any) of this Contract. During any inspection following contract award the vessel will be placed in a FOS status. Such inspection shall include but not be limited to:

a. Condition and operability of all handling gear including standing and running rigging, booms, and regulatory body inspections of same.

- b. Condition and operability of navigation and communication equipment and provision of appropriate technical manuals and onboard spares.
- c. Condition (tightness and preservation) of hull, deck plating superstructure, and the operability of ground tackle.
- d. General material condition and maintenance of the ship
- e. Condition, operability and certification of required safety and firefighting equipment.
- f. Operability and safety of engineering spaces and equipment.
- g. Fuel tankage

5.10. Survey: The Government further reserves the right to have the vessel surveyed at any time by an independent surveyor.

5.11. Notice for correction: If, in the opinion of the Government Inspector, deficiencies exist which would preclude the adequacy of the vessel for the assigned service, a notice for correction will be issued. In the event that the stated deficiencies are not corrected in a reasonable period of time and in the opinion of the Contracting Officer (based upon the recommendation of the Government Inspector and/or the independent surveyor) the vessel is inadequate for the intended service or unable to operate for the remaining period of the Contract as a result of these deficiencies, the Government reserves the right to terminate the vessel services at no cost to the Government at any time during its term, or take any other action available under this Contract or as authorized by law.

6. SCHEDULE:

6.1. Government's Option: The Government shall have the option to direct the Contractor to place the transfer vessel in a period of reduced operational status (ROS). During any such period the rate of hire shall be as stipulated in Section B. The following method will be used to determine ROS rates; ROS under 10 days is only paid if there are less than 10 days between FOS periods. If there are 10 days or over between FOS periods the whole ROS period is paid at the 10 days or greater ROS rate.

6.2. Notice to Contractor: The Government shall give the Contractor written (by FAX or E-MAIL) or telegraphic notice or, in the event notice is given by telephone, written or telegraphic confirmation of exercise of the option specified under clause for Government's Option in Section 6.1. above. Such notice shall specify the time at which the period of ROS is to commence, which time shall not be less than 48 hours subsequent to the receipt of such notice by the Contractor or his representative. The Government shall give the owner written or telegraphic notice or, in the event notice is given by telephone, written or telegraphic confirmation of termination of the period of ROS. Such notice shall specify the time at which such period shall terminate, which time shall be at least 72 hours (Saturdays, Sundays, and holidays included) subsequent to the receipt of said notice by the Contractor or its representatives; provided, however, that by agreement between the Contractor and the Government, the vessel may be returned to full operational status (FOS) before the time specified in the notice of termination of the reduced operational period.

7. DELIVERABLES:

7.1. General: The Contractor shall have maintained, on board the vessel, Deck and Engine Room Logs, true copies of which shall be retained by Contractor and copies provided to the Government with each invoice submission at no cost to the Government. Logs shall be provided for all FOS and ROS time periods. Log format will be provided by the Government and will be updated during the term of the Contract as required. A draft format is provided as an attachment to the contract. The Contractor shall maintain all logs for a period of ten (10) years after the expiration of this Contract.

7.2. Machinery Maintenance Plan Results: Results of maintenance conducted in accordance with maintenance plan (Section 3.2.6.) will be recorded in the ship log. These ship deck logs will be submitted with invoices.

8. INFORMATION REQUIREMENTS:

8.1. Communication Requirements for Full Operational Status: The vessel master is to maintain a continuous high frequency radio communications guard of a Government selected frequency (normally 2716 KHz or 2820 KHz) while the vessel is in FOS for communications with the on site Government Representative. Additionally the vessel master must be able to be contacted via phone/cellular telephone continuously during the FOS period.

8.2. Communication Requirements for Reduced Operational Status: While in ROS, the Contractor must maintain a daily (0900-1700 Eastern Time) telephone/pager for the purpose of providing FOS notices. (A phone answering machine is not acceptable.)

8.3. Substitution: The Contractor may, at any time, propose to substitute a vessel or vessels for that proposed or contracted for. The nominated vessel or vessels shall conform to the requirements of the contract. Such proposal or proposals shall always be subject to Government's sole discretion and approval and shall not result in increases in the charter rates specified.

8.4. Inoperable Vessel: If the vessel becomes inoperable (is unable to get underway due to mechanical faults) the Contractor must:

a. Notify the Government within 12 hours during ROS, or one hour during FOS, and; repair or replace the vessel within four (4) hours during FOS, or, 72 hours during ROS, as per clause on Substitution in Section 8.3. above.

8.5. Fuel:

8.5.1. Delivery Bunkers: Upon delivery of the vessel, the Contractor shall present to the Contracting Officer a statement certified by the Contractor or his authorized agent showing the amount and grade of fuel on board at the time of Acceptance Inspection with such additional verification as the Contracting Officer may require and the Government shall pay the Contractor for such fuel at the current market price at the port of delivery upon certification and verification of such statement by the Contracting Officer. The Government shall pay for the on-hire bunker survey, if performed by an independent surveyor and required by the Contracting Officer. The Contractor shall provide additional fuel as may be required by the Government prior to the acceptance of the vessel by the Government and the Government shall reimburse the Contractor all costs directly connected with the purchasing of the additional fuel.

8.5.2. Provision of Fuel: Diesel fuel (less lube oil) can be provided by the Government at Site 1 of AUTECH (Andros Island) or from Government ships during certain at sea transfers while the vessel is in FOS with advance request and on a not to interfere basis with ongoing trials. The grade of such fuel is to be specified by the Contractor, and the grade supplied shall be at least that grade unless otherwise mutually agreed. The Contractor shall be responsible for any fuel testing prior to fuel being delivered to the vessel. Delivery aboard the vessel shall constitute acceptance by the Contractor. If the Contractor loads fuel on the vessel at his own expense, the Government shall reimburse the Contractor the reasonable expenses of such loading.

8.5.3. Contractor's Purchase of Fuel: The Contractor shall, if directed by the Government, purchase fuel for the vessel, in which case the Government shall reimburse the Contractor the cost of all fuel (excluding lube oils) procured by the Contractor and loaded in the vessel during the period of this Contract. If the Contractor is required to incur costs under this article by the Government, the Government shall thereafter reimburse the Contractor for such costs upon presentation of properly certified vouchers, supporting receipts; and other documentation which justifies the charges as fair and reasonable in accordance with the clause on reimbursement under the Invoicing and Payment Section (Section G). The Contractor shall not, however, be reimbursed any amount in excess of the current market price of such fuel at the place of loading plus all reasonable expenses incurred by the Contractor in loading said fuel on board the vessel. The title to all fuel for the cost of which the Contractor is entitled to be reimbursed

hereunder shall automatically pass to and vest in the Government upon delivery to the Contractor or upon the occurrence of any other event by which title passes from the vendor or supplier thereof to the Contractor, in the case of any such fuel which is purchased for the performance of this Contract. The Government shall be afforded all benefits of Contractor's contracts for its fuel requirements, including but not limited to any savings due to refunds, rebates, credits, or discounts.

8.5.4. Fuel Usage During Off-Hire: If the vessel should go off-hire during the period of this Contract, the Contractor shall present to the Contracting Officer a statement certified by him or his authorized agent showing the amount of fuel on board at the time the off-hire period commenced and the amount of fuel on board when the off-hire period ended. The Government shall be credited for the cost of the fuel consumed during the off-hire period and also reasonable expenses incurred in loading such fuel, such costs to be based upon costs at the previous refueling point.

8.5.5. Redelivery Fuel Status: Upon redelivery of the vessel the Contractor shall present to the Contracting Officer a statement certified by the owner or his authorized agent showing the amount of fuel on board at the time of redelivery. A bunker survey conducted by an independent bunker surveyor approved by the Government shall be performed at the port of redelivery or such other place, as the Government shall direct, at Contractor's time and expense. The Government shall be credited with the value of fuel on board at the time of redelivery, computed at the current market price at the port of redelivery.

8.5.6. Reasonable Expenses: The term "reasonable expenses," as used in this Contract, shall mean all reasonable costs excluding crew overtime which are necessarily incurred in loading said fuel on board the vessel, such as expenses incurred at tanker terminal; loading fuel from lighters, barges, or other craft used as lighters, including lighterage, lighter demurrage, or detention incurred; cost of shifting lighters for the convenience of the vessel, handling lighter lines; and such similar expenses which the Government shall determine were necessarily incurred in the loading of fuel on the vessel during the period of this Contract.

9. PERSON-HOURS:

The vessel should be in a Full Operational Status (FOS) about seventy-five (75) days per year and in a Reduced Operational Status (ROS) for the remaining period. Typically, transfers occur less than ten (10) days per month with more than one transfer occurring in anyone day.