

Part II
"NAVEXCON" Standard Naval Exercise Contract

It is agreed between the party mentioned in Box 3 as Owners of the Vessel named in Box 5 with particulars stated in Box 6 in present position as stated in Box 7 and the party mentioned in Box 4 as Charterers, as follows:

1. Scope of the Contract

For the purpose of participating in an exercise as described in Annex 1 and in consideration of the remuneration stated in Box 16 and payable in accordance with Clause 17 the Owners let and the Charterers hire the Vessel for the number of days indicated in Box 8.

2. Delivery/Redelivery

The Vessel shall be delivered to the Charterers at the port or place stated in Box 9 on the date and at the time indicated in Box 10. The Vessel shall be redelivered at the port or place stated in Box 11 on the date and time stated in Box 12. All times indicated shall be UTC (Universal Time Coordinated).

3. Notices

The Owners shall give seven days and two days notice to the parties mentioned in Boxes 1 and 4 confirming the ability of the Vessel to be at the port or place of delivery stated in Box 9 at the date and time stated in Box 10.

4. Cancellation

If the Owners fail to confirm by the aforesaid notices that the Vessel will be delivered at the date and time stated in Box 10 or if, after confirmation, the Vessel is not delivered by the date and time stated in Box 10, the Charterers' sole remedy shall be the option to cancel this Contract. Such option shall be declared soonest but not later than three hours from receipt of the Owners'/ Master's notification of late arrival or upon arrival at the place of delivery, whichever is the earlier.

5. Agents

The Owners shall appoint their own agents when and where the services of an agent are required. On giving the seven days notice as stated in Clause 3 the Owners shall advise the Charterers of the name and full style of their agents.

6. Delivery/Redelivery Certificate

On delivery/redelivery a joint on/off-hire certificate shall be signed by the Master and the Charterers' Representative stating the actual date and hour of delivery/re-delivery of the Vessel. At delivery the following documents shall be attached to the on-hire certificate:

- a. A current Crew List.
- b. A list of hazardous cargo, if any, carried on board (see also Clause 15).

7. Vessel's Condition

The Owners shall deliver the Vessel fully fit and equipped for the voyage. All national and international certificates required for the voyage must be valid for the duration of the Contract and shall, on request, be presented to the Charterers' Representative for inspection at the time of delivery. During the period of the Contract the Vessel shall not exceed the maximum draft required by Charterers and stated in Box 14. The Owners shall also ensure that on delivery the Vessel has been provided with the exercise equipment stated in Annex 2.

8. Vessel's Flag

The Vessel shall remain under the same flag as stated in Box 6 for the duration of this Contract.

9. Fuel

The Vessel shall be delivered with sufficient fuel of suitable grades to perform the intended voyage at any speed which may be required within the range indicated in Box 13 and Clause 10.

10. Speed

The Vessel shall be able to perform the voyage at any speed between the minimum speed and the maximum speed stated in Box 13 in wind velocities and wave heights not exceeding those stated in Box 13. The Charterers' Representative may order the Vessel to proceed at any speed within the above range, weather permitting, however the Vessel shall not be required to steam within the critical range of revolutions per minute and corresponding speed stated in Box 13.

11. Charterers' Personnel

The Owners shall provide, free of expense to the Charterers, accommodation and victualling for the number of persons as

agreed and stated in Box 15 as well as space for Charterers' navigation, communication and administration purposes.

12. Master

The Master, Officers and crew shall co-operate fully with the Charterers' Representative and shall familiarise themselves to the extent possible with the written instructions for the exercise provided by the Charterers. The Owners shall assist the Charterers in furnishing the Master with the Charterers' written instructions and publications prior to the exercise. The Charterers shall furnish the Master with full and timely routing and operational instructions. At all times the Charterers' Representative may order the Vessel to move from one location to another within the operating area, however the actual courses steered shall be at the Master's sole discretion and he shall remain responsible for the safe navigation of the Vessel. The Master shall at all times remain responsible for the safety of the Vessel, crew and cargo, if any. The Master shall complete the forms provided by the Charterers for reporting on the exercise as and when required by the Charterers' Representative.

Nothing in this Contract shall be construed as a demise of the Vessel to the Charterers and the Owners shall remain at all times responsible for its navigation and for the due performance of the services related to this Contract.

13. Language

The Master, the Watch Officer and the Communications Officer shall be able to communicate effectively in the English language.

14. Communications

The Charterers' Representative shall have free use of the Vessel's communications facilities. Any expenses for communications via land lines shall be paid for by the Charterers at cost price.

15. Commercial Cargo

(1) The Charterers shall not load any commercial cargo. (2) The Owners shall be permitted to sail with commercial cargo on board, but at their sole risk and responsibility and without any liability whatsoever on the part of the Charterers. The Owners shall advise the Charterers of the quantity of cargo on board at delivery. The Owners shall ensure that cargo owners and their underwriters agree to deviate for the purpose of the intended exercise. No hazardous cargo shall be carried without prior approval of the Charterers and any accepted hazardous cargo shall be identified in accordance with Clause 6 (b).

16. Charterers' Equipment

Subject to suitable spaces being available the Charterers may load, secure, carry and discharge at their sole risk, expense and responsibility (including possible damage to the Vessel) their own equipment required for the exercise including portable accommodations. Large objects such as containers or portable accommodations shall only be loaded subject to the Owners' or Master's prior approval, which is not to be unreasonably withheld. Any equipment loaded on deck shall be at the discretion of the Master. Any Charterers' equipment remaining on board after redelivery shall be specified and shall remain in the custody of the Master until delivery of the equipment to the Charterers or their representative on the Vessel's first call at a port as may be agreed between the parties.

17. Remuneration

The Charterers shall pay a lump sum remuneration in the currency and the amount stated in Box 16 for the use of the Vessel. Such remuneration is inclusive of all expenses whatsoever, including but not limited to, all crew costs, fuel, insurance, Owners' agency fee, port and harbour dues and charges, accommodation and victualling of Charterers' personnel and all other operating expenses of the Vessel. If the redelivery time stated in Box 12 is exceeded by more than 12 hours, the Owners shall be entitled to a pro rata increase in the remuneration for the whole of the excess period, unless the extra time is due to the under-performance of the Vessel. Payment shall be made in full within the number of days after redelivery and in the manner stated in Box 17 to the Owners' bank account stated in Box 18.

18. Deficiency

In the event of any damage, defect, breakdown, deficiency of, or accident to the Vessel's hull or machinery or deficiency of men or Owners' stores or other accidents not caused by the Charterers,

either hindering or preventing the use of the Vessel or causing her to be no longer fit for the contracted voyage, this Contract may be terminated by a notice given by the Charterers' Representative. In such event no remuneration shall be payable for the remaining period the exercise would have lasted. The notice shall be given in writing, stating date, time and reason for the termination of the Contract.

19. Death and Personal Injury

The parties to this Contract accept responsibility and liability for the death or personal injury of their own personnel, irrespective of the cause of death or personal injury, and whether or not such may be caused by the negligence of the other party or their personnel. The parties further agree to hold each other harmless and indemnify each other, as regards both liability and legal costs, in the event that their personnel or their dependants pursue claims for death or personal injury against the other party or their personnel.

20. Ice

During the period of the Contract the Vessel shall not be obliged to force ice but, subject to the Master's prior approval, may follow ice-breakers when reasonably required, with due respect to the Vessel's size, construction and class.

21. War Clause ("Conwarime 1993")

(1) For the purpose of this Clause, the words:
(a) "Owners" shall include the shipowners, bareboat charterers, disponent owners, managers or other operators who are charged with the management of the Vessel, and the Master; and
(b) "War Risks" shall include any war (whether actual or threatened), act of war, civil war, hostilities, revolution, rebellion, civil commotion, warlike operations, the laying of mines (whether actual or reported), acts of piracy, acts of terrorists, acts of hostility or malicious damage, blockades (whether imposed against all vessels or imposed selectively against vessels of certain flags or ownership, or against certain cargoes or crews or otherwise howsoever), by any person, body, terrorist or political group, or the Government of any state whatsoever, which, in the reasonable judgement of the Master and/or the Owners, may be dangerous or are likely to be or to become dangerous to the Vessel, her cargo, crew or other persons on board the Vessel.
(2) The Vessel, unless the written consent of the Owners be first obtained, shall not be ordered to or required to continue to or through, any port, place, area or zone (whether of land or sea), or any waterway or canal, where it appears that the Vessel, her cargo, crew or other persons on board the Vessel, in the reasonable judgement of the Master and/or the Owners, may be, or are likely to be, exposed to War Risks. Should the Vessel be within any such place as aforesaid, which only becomes dangerous, or is likely to be or to become dangerous, after her entry into it, she shall be at liberty to leave it.
(3) The Vessel shall not be required to load contraband cargo, or to pass through any blockade, whether such blockade be imposed on all vessels, or is imposed selectively in any way whatsoever against vessels of certain flags or ownership, or against certain cargoes or crews or otherwise howsoever, or to proceed to an area where she shall be subject, or is likely to be subject to a belligerent's right of search and/or confiscation.
(4) (a) The Owners may effect war risks insurance in respect of the Hull and Machinery of the Vessel and their other interests (including, but not limited to, loss of earnings and detention, the crew and their Protection and Indemnity Risks), and the premiums and/or calls therefor shall be for their account.
(b) If the Underwriters of such insurance should require payment of premiums and/or calls because, pursuant to the Charterers' orders, the Vessel is within, or is due to enter and remain within, any area or areas which are specified by such Underwriters as being subject to additional premiums because of War Risks, then such premiums and/or calls shall be reimbursed by the Charterers to the Owners at the same time as the next payment of hire is due.
(5) If the Owners become liable under the terms of employment to pay to the crew any bonus or additional wages in respect of sailing into an area which is dangerous in the manner defined by the said terms, then such bonus or additional wages shall be reimbursed to the Owners by the Charterers at the same time as the next payment of hire is due.
(6) The Vessel shall have liberty:-
(a) to comply with all orders, directions, recommendations or advice as to departure, arrival, routes, sailing in convoy, ports of call, stoppages, destinations, discharge of cargo,

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delivery, or in any other way whatsoever, which are given by the Government of the Nation under whose flag the Vessel sails, or other Government to whose laws the Owners are subject, or any other Government, body or group whatsoever acting with the power to compel compliance with their orders or directions;	230	agreed place, subject to the procedures applicable there.	313
(b) to comply with the order, directions or recommendations of any war risks underwriters who have the authority to give the same under the terms of the war risks insurance;	231	(4) If Box 19 in Part I is not appropriately filled in, sub-clause (1) of this Clause shall apply.	314
(c) to comply with the terms of any resolution of the Security Council of the United Nations, any directives of the European Community, the effective orders of any other Supranational body which has the right to Issue and give the same, and with national laws aimed at enforcing the same to which the Owners are subject, and to obey the orders and directions of those who are charged with their enforcement;	232	<i>Note.</i> (1), (2) and (3) are alternatives; indicate alternative agreed in Box 19.	315
(d) to divert and discharge at any other port any cargo or part thereof which may render the Vessel liable to confiscation as a contraband carrier;	233		316
(e) to divert and call at any other port to change the crew or any part thereof or other persons on board the Vessel when there is reason to believe that they may be subject to internment, imprisonment or other sanctions.	234		317
(7) If, in compliance with any of the provisions of sub-clauses (2) to (6) of this Clause, anything is done or not done, such shall not be deemed a deviation, but shall be considered as due fulfilment of this Contract.	235		318
	236	23. Commission	318
	237	The Owners shall pay a commission at the rate stated in Box 20 to the party mentioned in Box 1 on any remuneration paid under this Contract.	319
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22. Law and Arbitration	257		
(1) This Contract shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Contract shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.	258		
The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.	259		
The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement.	260		
Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.	261		
In cases where neither the claim nor any counterclaim exceeds the sum of USD 50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.	262		
(2) This Contract shall be governed by and construed in accordance with Title 9 of the United States Code and the Maritime Law of the United States and any dispute arising out of or in connection with this Contract shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgement may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.	263		
In cases where neither the claim nor any counterclaim exceeds the sum of USD 50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc. current at the time when the arbitration proceedings are commenced.	264		
(3) This Contract shall be governed by and construed in accordance with the laws of the place mutually agreed by the parties and any dispute arising out of or in connection with this Contract shall be referred to arbitration at a mutually	265		
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