

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE
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2. AMENDMENT/MODIFICATION NO. 0001
3. EFFECTIVE DATE 03/29/2007
4. REQUISITION/PURCHASE REQ. NO. See Lines
5. PROJECT NO. (If applicable)

6. ISSUED BY DOT/Maritime Administration, MAR-380
400 Seventh Street, SW., Room 7310
Washington, DC 20590
CODE 00091
7. ADMINISTERED BY (If other than Item 6) DOT/Maritime Administration, MAR-380
400 Seventh Street, SW., Room 7310
Washington, DC 20590
CODE 00091

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and Zip Code)
Esco Marine Inc.
16200 Joe Garza Sr Rd
Brownsville, TX 78521-1920
9A. AMENDMENT OF SOLICITATION NO.
9B. DATED (SEE ITEM 11)
10A. MODIFICATION OF CONTRACT/ORDER NO. DTMA1P07006
10B. DATED (SEE ITEM 13) 10/23/2006

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended, is not extended

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:
(a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)
See Line Item Detail

**13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS
IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14**

CHECK ONE
 A THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
 B THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b)
 C THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
FAR 52.212-4--Contract Terms and Conditions--Commercial Items.
 D. OTHER (Specify type of modification and authority)

E IMPORTANT: Contractor is not, is required to sign this document and return 2 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)
The purpose of this modification is to equitably adjust the contract price for hull cleaning the QUEENS VICTORY while it was under tow and post cleaning sampling upon arrival at Brownsville, TX. This hull cleaning was performed in accordance with the statement of work included in this modification.

- A. The contract requirements have been changed from performing hull cleaning before the departure of Queens Victory from California to performing hull cleaning and sampling after the vessels departure and prior to arrival in TX. The contract price is increased by \$288,791 from \$1,180,000 to read \$1,468,791.00, by reason of this modification.
- B. This modification does not include any adjustment related to deleting the hull cleaning requirement in Alameda prior to commencing the tow and the initial hull sampling performed at Alameda, CA.
- C. The commitment numbers for the modification is PRHQ1P07006 for \$75,000, and PRHQ1P07006MA for \$213,791.
- D. There is no change in the contract's Period of Performance.
- E. See summary of Changes for additional information.
- F. All other terms and conditions remain unchanged.

Except as provided herein, all terms and conditions of the document referenced in item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)
Richard J. Sorrells, President
15B. CONTRACTOR/OFFEROR
(Signature of person authorized to sign)
15C. DATE SIGNED
3/30/07
16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)
Benedict J. Burnowski
16B. United States of America
BY
(Signature of Contracting Officer)
16C. DATE SIGNED
4/18/07

Line Item Summary	Document Number DTMA IP07006/0001	Title QUEENS VICTORY	Page 2 of 19
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Total Funding: \$1,468,791.00

FYs	Fund	Budget Org	Sub	Object Class	Sub	Program	Cost Org	Sub	Proj/Job No.	Sub	Reporting Category
See Line Item(s)											
Division	Closed FYs	Cancelled Fund									

Line Item Number	Description	Delivery Date (Start date to End date)	Quantity	Unit of Issue	Unit Price	Total Cost
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This is a firm fixed-price contract. Provide services to make all tow preparations, and tow the vessel QUEENS VICTORY from the Suisun Bay Reserve Fleet to the contractor's facility in Brownsville Texas to completely dismantle, recycle and remediate all materials and components of the entire vessel.

0002	QUEEN VICTORY Hull Cleaning Update		1.00	NTE	\$288,791.00	\$288,791.00
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This is a New Line

Increase the obligation to conduct underwater hull cleaning to the vessel QUEEN VICTORY IAW contract provisions after the vessel clears the Panama Canal and prior to the vessel's entry into the territorial waters of the United States.

Ref Req No: PR600070031

Funding Information

- 69 - x4768 - 1 - 07 - SD - - SDSCPO - 160000 - - 254T - -

288,791.00

Previous Total: \$1,180,000.00
Modification Total: \$288,791.00
Grand Total: \$1,468,791.00
 (Includes Discounts)

Address DetailTitle
QUEENS VICTORYDocument Number
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Code	Detail	Code	Detail
0001	Org: DOT/ Maritime Administration, MAR-610 Addr: 400 Seventh Street, SW., Room 2122 Washington DC 20590 Attn: Shaun Ireland, Program Analyst Phone: (202) 366-5787 ext. Fax: (202) 366-3954 ext.	0002	Org: DOT/ Maritime Administration, MAR-610 Addr: 400 Seventh Street, SW., Room 2122 Washington DC 20590 Attn: Curt Michalczyk, Program Manager Phone: (202) 366-6467 ext Fax: () - ext.

Invoice Addresses

Code	Detail	Code	Detail
0001	Org: DOT/ Maritime Administration, MAR-330 Addr: 400 Seventh Street, SW., Room 7325 Washington DC 20590 Attn: Ruby P. McPhaul Phone: (202) 366-5088 ext. Fax: (202) 366-8558 ext.	0002	Org: DOT/ Maritime Administration, MAR-330 Addr: 400 Seventh Street, SW., Room 7325 Washington DC 20590 Attn: John G. Hoban, Director, Office of Accounting Phone: (202) 366-5852 ext. Fax: () - ext.

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SECTION A -- SOLICITATION/CONTRACT FORM

A.1 SUMMARY OF CHANGES

The free form item 'Statement of Work' has been edited.

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SECTION C -- DESCRIPTIONS AND SPECIFICATIONS

C.1 STATEMENT OF WORK

DESCRIPTIONS AND SPECIFICATIONS C.1 WORK STATEMENT

The Contractor shall furnish the supplies or services specified in the Line Item Summary of the contract.

GENERAL INFORMATION C1-1 SCOPE OF WORK.

The Contractor shall provide all personnel, insurance, equipment, tools, vehicles, labor, materials, facilities, supervision and any other items and services necessary to dismantle and dispose of the ship in a manner which is safe for workers and the environment. Compliance with all contractual requirements which are consistent with U.S. statutory and regulatory requirements including, but not limited to, the Toxic Substances Control Act (TSCA), the Resource Conservation and Recovery Act (RCRA), Occupational Safety and Health Act (OSHA), as well as international laws, treaties, conventions and agreements, as appropriate, is the responsibility of the Contractor.

This contract is a firm-fixed price commercial item service contract. The Government intends to pay a fixed price amount for the dismantlement, recycling and disposal of the obsolete vessel based on the Contractor's offer for the vessel "AS IS WHERE IS". The Government may provide an estimate of hazardous material/waste quantities if available, but does not guarantee the accuracy of amounts of hazardous material/waste provided in any Government furnished information in the course of bid preparation, proposal submittal, ship checks or award for this disposal project. The Government estimate of hazardous materials/wastes is provided for guidance purposes only as to the types and quantities of hazardous materials typically found on vessels of the size, age and type as vessels included in the contract. The Government will not be responsible for or reimburse the contractor for any hazardous materials/wastes resulting from Contractor generated vessel tank or material/waste inventory. The Government will also not be responsible for or reimburse the Contractor for any hazardous materials/wastes generated as a result of Contractor remediation, dismantling or recycling processes or procedures. The Government will deliver to the Contractor or its agent the obsolete vessel "AS IS WHERE IS" afloat and free of moorings at the fleet and shall convey custody of the vessel for towing to the Contractor's facility for dismantlement. The Contractor agrees to accept delivery and custody of the obsolete vessel "AS IS WHERE IS" for the purpose of dismantlement. The Government will not reimburse the Contractor for actual quantities of hazardous materials remediated, transported and disposed. The Contractor agrees not to make or assert any claim against the Government on account of any agreements, representations or warranties, expressed or implied, with respect to the "AS IS WHERE IS" condition of the obsolete vessel or from drawings, reports, surveys or estimates provided by the Government to the Contractor.

The following are the vessel characteristics for the QUEENS VICTORY.

Official No: 247952
Hull Type: Breakbuk
Design: VC2-S-AP2
Year Built: 1945
LOA: 455
Beam: 62
Draft: Unknown
Light Ship Displacement: 4,566 tons

All personnel provided by the Contractor to support the performance of the work defined in this Contract shall have appropriate training and/or, as required, certification. The Contractor shall use industry best practices and its MARAD accepted Technical Compliance Plan (TCP) to prepare and tow the ship to the Contractor's ship dismantling facility there to remediate all hazardous materials and completely dismantle the vessel by recycling and properly disposing of all materials and wastes generated as part of the dismantling process in a timely and cost effective manner. The Contractor at all times shall comply with the TCP included in Proposal 338, which demonstrates his/her knowledge and understanding of all applicable Federal, State and local laws. The Contractor shall maximize scrap and salvage equipment/material proceeds.

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The Contractor shall, as part of the scope of work for dismantling and disposal of the ships:

1. Implement a Government accepted Technical Compliance Plan (TCP), which will consist of the following four components: an Environmental Compliance Plan, an Operational Plan, a Business Plan, and a Health & Safety Plan. The TCP shall demonstrate the contractor's knowledge of and ability to apply all applicable Safety and Environmental Regulations.
2. Present as part of the technical compliance plan all training Certificates, Licenses and Certifications for personnel performing work requiring such training, licenses, and/or certifications
3. Obtain all necessary insurance and bonding prior to the commencement of the work.
4. Establish a task oriented performance schedule for the abatement and remediation of all regulated and waste materials and the structural dismantlement of the vessel(s).
5. Prepare the vessel for towing as required by MARAD/USCG and the contractor's towing company insurance underwriter's marine surveyor.
6. Take delivery of vessel and tow the vessel(s) from the location indicated to the contractor's ship dismantling facility NOT LATER THAN 45 days* after a Notice to Proceed is issued or other date specified within the Notice to proceed

* Unless otherwise stated 'days' refers to 'calendar days'. Due dates that fall on a weekend or holiday are moved to the next business day

7. Identify, sample, analyze, abate, handle, store, transport and dispose of all hazardous materials/wastes onboard the vessel(s). Laboratory results will be provided to the COTR in writing prior to the start of work unless there is a presumption that materials are hazardous. The materials presumed to be hazardous, specific to location on the vessel, will be identified in writing to the COTR and approved by the COTR in writing prior to the start of work in those areas.
8. Remove and properly manage (recycle/dispose) of all structural components above the main deck and all equipment, machinery and other components installed on or contained in the structure.
9. Remove and appropriately manage (recycle/dispose) of all structural components from and including the main deck to the keel and all equipment, machinery and other components installed on or contained in the structure.
10. Remove and appropriately manage (recycle/dispose) all salvageable or recyclable equipment, components, and scrap materials. The contractor and all subcontractors must have all valid permits, licenses and insurance necessary prior to performing the associated scope of work. The contractor and all subcontractors must maintain valid permits, licenses and insurance throughout the period of performance of this contract. Subcontractor compliance with these requirements shall be the responsibility of the Contractor.
11. The Contracting Officer reserves the right to provide third party Environmental Health and Safety (EHS&H) monitoring for the on-site project performance with regard to hazardous material remediation activities, production methodologies and compliance with the Contractor's accepted Technical Compliance Plan. The Contractor shall allow the EHS&H monitor reasonable access, to the facility and all records relating to the Contract, as determined by the Government.

C1-2 TOWING VESSEL.

Where towing services are subcontracted activity:

Whenever possible, towing subcontracts shall be awarded to towing companies whose towing vessels have a safety management certification from an industry-recognized certification program*. Where international tows are concerned, towing contracts shall be awarded to towing companies that comply with the ISM Code

* Such as International Standards Organization (ISO) 9000 series certification, or the American Waterways Operators (AWO) Responsible Carrier Program, or any other safety management system recognized by the U.S. Coast Guard

The Contractor bears all responsibility and costs associated with preparing the vessel for tow and MARAD will not reimburse the Contractor for expenses incurred prior to issuance of a Notice to Proceed (NTP). At no time prior to vessel departure from the fleet shall any materials, components or artifacts be removed from the vessel by the Contractor. The Contractor is advised that MARAD fleet sites will not allow the Contractor access to the vessel to perform Marine Surveyor required tow preparations prior to Contracting Officer's issuance of NTP

The Contractor is responsible for ensuring all United States Coast Guard, (U.S.C.G.) towing and transfer requirements including, but not limited to, towing preparations, notifications, inspections, insurance, emergency response and procedures are met for the obsolete vessel upon departure from the fleet. See Clause 13, SAFETY REGULATIONS for reserve fleet safety rules and required personal protective equipment. See Clause 12, TOWING PREPARATIONS, for obsolete vessels. Towing plans and submittals must be in compliance with all United States Federal requirements. The Contractor is responsible to ensure all tow surveys, insurance surveys, and any other inspections have commenced not later than 5 calendar days after contract start date so as to not delay the towing of the obsolete vessels or impact the operations of the reserve fleet. The Contractor is responsible for all tow preparations required by

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U.S.C.G. and Independent and/or Insurance Surveyors. The Contractor is required to meet with the Fleet Superintendent upon completion of all required surveys and inspections to discuss actions and plans resulting from surveys and inspections. (See Clause 12 for obsolete vessel tow preparation responsibility.) The Contractor shall provide a liquid loading plan that will cover the transfer of any liquids on board the obsolete vessel and or ballasting the obsolete vessel to the required trim and stability resulting from an authorized Marine Surveyor's trip and tow survey. The liquid loading plan shall be submitted to the COFR, with a copy to the Fleet Superintendent. The liquid loading plan shall provide the methodology to transfer liquids on board the obsolete vessel and or ballast the obsolete vessel to the trim and stability requirements of the attending Marine Surveyor's trip and tow survey. The liquid loading plan shall be submitted prior to commencement of the transfer of liquids on the obsolete vessel and or ballasting of the obsolete vessel for trim and stability. The liquid loading plan shall address all aspects of liquid transfer on board the obsolete vessel and or ballasting the obsolete vessel, in detail, including electrical power requirements, pumps, tank opening and closing plan, liquid transfer plan and emergency response actions. The liquid loading plan must be compliant with the trip and tow survey and shall include the appropriate safety requirements necessary to secure the obsolete vessel as the end of each work shift. The transfer of all liquids on board the obsolete vessel, regardless of the source and the destination shall be part of the liquid loading plan. Under no circumstances will liquids be discharged overboard from the obsolete vessels(s) without first consulting with the Fleet Superintendent and obtaining all required approvals.

The Contractor shall provide a performance schedule for the preparation and towing for the obsolete vessel listed in this Contract. The Contractor is responsible for arranging and bearing the expense for all of the required obsolete vessel tow preparations including but not limited to the following activities related to preparing the obsolete vessel for tow to the Contractor's dismantlement facility.

1. The hiring of a qualified Marine Surveyor to survey the obsolete vessel and provide requisite trip and tow preparations in accordance with applicable U.S.C.G. requirements and accepted marine practice for dead ship tows. The Contractor shall submit a copy of the Marine Surveyor's initial trip in tow recommendation report within 5 days after the issuance of the official notice to proceed. The following are known U.S.C.G. towing requirements that may be in force for the towing of the obsolete vessel. These requirements are subject to change by the U.S.C.G. without notice and may be project specific. MARAD does not guarantee that these are all the requirements the U.S.C.G. may require. The responsibility for determining the exact U.S.C.G. towing requirements rests with the Contractor.

(a) U.S.C.G. Towing Requirements

- (1) Completion of the standard Dead-Ship Proposal Form including tank lay-out with hazardous material type, amount and location on board. A liquid loading report will be provided by MARAD.
- (2) Completion of the standard Tug Escort Proposal Form
- (3) Comprehensive discussion of pilotage and docking issues: specifically who will have operational control of the evolution during all phases of transit and where those persons will be stationed. (The U.S.C.G. may require this plan to be in writing)
- (4) Complete description of the proposed towing configurations through all phases of the transit
- (5) A spill contingency plan including 24 hour contact information for a qualified individual and a description of pre-positioned spill response equipment.
- (6) Discussions of weather conditions and operational limitations.
- (7) The number of individuals who will remain on the obsolete vessel during the towing evolution
- (8) The names and official numbers of any foreign flagged vessels involved in the operation.
- (9) A communication plan and/or schedule
- (10) A timeline of events for the overall operation
- (11) Evaluation for the obsolete vessel for issuance of a Loadline Exemption Certificate. This certificate is based on a current material condition survey of the obsolete vessel. The survey shall be delivered to the assigned Marine Inspector for review prior to the issuance of the certificate, if necessary. A possibility exists that the Marine Inspector may require a Marine Chemist Certificate declaring a space "safe for entry" if the inspector determines that access to a confined space is necessary during the examination.

2. The hiring of the Contractor's Insurance Underwriting Company surveyor to accomplish the Insurance Company surveys related to insuring the obsolete vessel for tow. The Contractor will coordinate all surveys and resulting tow preparation efforts so as to minimize the impact upon any Reserve Fleet operations and support required. Obsolete vessel tow preparations shall begin only after all regulatory body surveys have been accomplished and one final listing of tow preparations has been published and the required meeting with the Fleet Superintendent has taken place.

3. The Contractor shall be responsible for having an Emergency Oil Spill response plan or obtain the services of a SMC (Spill Management Company) for all phases of the towing evolution. This plan shall have available, during all obsolete vessel towing operations a Qualified Individual (QI) who shall be available 24 hours a day, 7 days a week to act on the Contractor's behalf to provide contingency planning and organized response in case of an oil spill during tow operations. The Contractor shall provide the COFR the name of the SMC and the QI not later than 10 days after contract start date. The Contractor's responsibility will start the moment the Contractor's tugs accept and have operational control of the obsolete vessel for tow.

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4 The Contractor shall provide the COTR, a daily situation report for each tow that will identify the date, report time, location of the tow (Latitude and Longitude), current and forecasted weather and sea conditions, ETA, a brief description of the tow situation and proposed action in the face of inclement weather.

5 Obsolete Vessel Afloat Monitoring Plan - Upon arrival at the Contractor's dismantlement facility the obsolete vessel will be safely moored and continuously monitored by the Contractor while afloat and prior to being moored in the dismantling slip and during the dismantling process if the obsolete vessel remains afloat. The safe mooring of the obsolete vessel shall include provisions for heavy weather protection and containment equipment in the event of oil discharging from the obsolete vessels. Monitoring shall include local and remote audible and visual alarms in the event of flooding and on-site security watches to monitor for oil discharges, mooring security and obsolete vessel trim and stability. The Contractor shall provide to the COTR an obsolete vessel Afloat Monitoring Plan that addresses details of the above requirements including discharge, flooding and mooring response plans. The Plan must be comprehensive enough to provide summary information encompassing systematic mooring and monitoring operation for obsolete vessels being dismantled. Each obsolete vessel shall have an individual afloat monitoring plan that shall be incorporated into the master obsolete vessel Afloat Monitoring plan. The Obsolete vessel Afloat Monitoring Plan shall be submitted to the COTR within 10 days after contract start date but no later than 3 days prior to the departure of the obsolete vessel from the fleet

6. Underwater Hull Cleaning Prior to Vessel Arrival. - The Contractor shall conduct a full in water hull cleaning and reporting action as described in Section 2.2 and 2.3 of DEFINED ACTIONS, in the USCG INTERIM CRITERIA FOR CLEANING HULL OF MARAD VESSEL PRIOR TO RELOCATION and clean the entire underwater hull surface, (i.e. painted surfaces), including the flat bottom, appendages, struts, shafts, propellers, and rudders for the obsolete vessel prior to the arrival of the vessel in Brownsville, TX. The underwater hull cleaning shall be conducted approximately 20 miles east of Brownsville, TX outside the jurisdictional waters of the state of TX at

26.00.0 N Lat / 96.45.0 W Long. It is recognized the hull cleaning process will not remove the hard calcified hull fouling. The hull cleaning process is intended to prevent the removal of hull coatings or scale from the vessels underwater hull and appendages. The Contractor shall coordinate the activities of a suitable marine diving company to accomplish the in water hull cleaning process. The Contractor shall coordinate with the hull cleaning company to verify the proposed cleaning method and location for the in water cleaning of the vessel is applicable for completion of the hull cleaning in accordance with the Interim Hull Cleaning Criteria while maintaining appropriate diver safety, water depth, and water current and hull accessibility

In addition the Contractor shall provide diver support to assist the on-site scientists in obtaining approximately 20 biological samples from the vessels underwater hull prior to the commencement of and approximately 20 samples after the completion of the underwater hull cleaning activity. Divers, at the direction of the attending scientists, shall survey the biofouling community associated with the hull and underwater appendages of the obsolete vessel QUEENS VICTORY prior to the commencement of the underwater hull cleaning activities. The survey will contain two main components: 1) An image library (video and still images) of the hull, propeller, rudder, stern tube and gratings, 2) Samples of biota shall be collected from the areas surveyed by camera at the direction of the attending scientists. The scientists will guide the divers through surveys via live video and direct communication from the dive boat, aboard the QUEENS VICTORY or an adjacent vessel. Divers shall provide surface air, surface audio and visual communications and have access to the use of a clearwater box during the survey and collection activities. Biological samples are to be taken from transverse transects from bow to stern at three depths; waterline (just below), mid depth and flat bottom at approximately 30 foot intervals. Biological samples shall be taken from the rudder, propeller, any recessed areas/sea chests, appurtenances, and any other areas of interest to the attending scientists. Sea chests and internal piping will only be examined if readily accessible. Hull blanks covering the sea chests will not be removed. Divers, at the direction of the attending scientists, shall collect samples of biota from the vessels hull after completion of the underwater hull cleaning activity and prior to the vessels arrival in the Port of Brownsville using the above listed methodology as guidance. Once the biological sampling and hull cleaning activities have been completed the vessel may proceed into the Port of Brownsville upon receipt by MARAD of USCG clearance. MARAD will notify the USCG that the hull cleaning operation has been completed and will notify the Contractor of the USCG acceptance of the notification

The Procedures and Equipment as outlined in the Section 3 of the USCG INTERIM CRITERIA shall be utilized when performing the in water hull cleaning operations. The Contractor shall immediately notify the MARAD COTR if they encounter any constraints or delays such as diver safety issues, water clarity, water currents or weather conditions in performing the in water hull cleaning to the vessels. The Contractor shall deliver to the MARAD COTR the following documentation.

1. Three copies of before and after in water hull cleaning color video/photographic survey of the locations described in Section 3.6 of the USCG INTERIM CRITERIA. Submittals shall be in digital format on CD-ROM or DVD as appropriate.
2. An Inspection and Cleaning report signed by the lead diver, that documents the pre-cleaning and post cleaning inspections of the underwater hull as described in Section 3.4 and 3.5 of the USCG INTERIM CRITERIA. Required prior to vessel's entry into the Port of Brownsville.
3. A report which provides concise technical description of cleaning operations performed and describes in detail constraints to hull accessibility encountered when performing cleaning operations. Required prior to vessel's entry into the Port of Brownsville

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4 Daily Dive Team logs as described in Section 3.9 of the USCG INTERIM CRITERIA signed by the lead diver and a representative of MARAD. Required prior to vessel's entry into the Port of Brownsville, TX. All signed reports shall be digitally scanned onto a CD-ROM and three copies of the CD and the original report shall be submitted to the MARAD COTR. Unless otherwise directed MARAD will make the required report submittals to the USCG.

C1-3 DISMANTLING OF THE VESSEL

The Contractor shall completely dismantle the vessel so that no part of the ship is left intact or undisturbed to the extent that it can be reconstructed or readily identified as an existing portion of the original hull or superstructure. Dismantling is defined as reducing the property such that it has no value except for its basic material content.

NOTE: All vessels covered by this Contract and the equipment contained onboard these vessels are obsolete and in a deteriorated condition. Due to the deteriorated condition of the ships/ship equipment, fixtures/systems and gear, the ships/equipment may NOT be safe and may not be suitable for their original/intended use/purpose. For example, ladders and rails may NOT be suitable for use. Contractors should use extreme caution prior to any usage by personnel. Contractors are cautioned that many upper compartments of these ships contain substantial quantities of pigeon/bird wastes, which are potentially hazardous to human beings. Appropriate personal protective equipment (PPE) shall be utilized when working in these areas.

C1-3.1. Notice to Proceed (NTP). The Contractor shall remove the vessel from the Suisun Bay Reserve Fleet only after issuance of the official NTP, but not later than 45 days after issuance of the official NTP. Failure to provide the following items by the Notice to Proceed date may be reason to terminate the contract for cause, reduce the contract price or reduce the liquidation rate for any contract financing payments.

- 1) Workers Compensation, Including Longshoremen and Harbor Workers Act coverage.
- 2) Employers Liability coverage
- 3) Comprehensive General Liability insurance coverage.
- 4) Maritime Employers Liability (Jones Act) insurance coverage
- 5) Asbestos Abatement Liability Insurance coverage
- 6) Performance surety

The contractor bears all risks and costs associated with performing work on the vessel prior to the NTP issuance. MARAD will not be liable for any costs arising from Contractor performance prior to the issuance of Notice to Proceed for any reason including non issuance of the Notice to Proceed, and or termination of the contract. Inspection by a Marine Surveyor for the purpose of developing the Trip in Tow survey will be the only activity allowed aboard the Obsolete Vessel(s) prior to the issuance of the NTP. The Contractor shall submit a copy of the Marine Surveyors initial trip in tow recommendation report within 5 days after the issuance of the official notice to proceed.

C1-3.2 Schedule: The Contractor shall develop and implement for each vessel a performance schedule, inclusive of all work identified in the Contract, including subcontract work, all required milestones, and schedule activities including, but not limited to the following:

- a. acquiring of necessary specific permits, licenses, certificates
- b. acquiring of appropriate bonding and insurance
- c. Towing and insurance surveys, vessel tow preparations, and towing of the vessel to the contractors dismantlement facility.
- d. arrival survey and tank sounding verification.
- e. identification, sampling and safe removal and disposal of hazardous materials/wastes
- f. ship dismantling
- g. stripping of Government property if required
- h. sale of reusable/recyclable materials and equipment
- i. submission of required reports.

Schedules shall be consistent with all Contract requirements. Seasonal weather patterns and conditions shall be considered and included in the planning and scheduling of all work to ensure completion of the total work package within the Contract performance period. Seasonal weather patterns and conditions shall be determined by an assessment of average historical climatic conditions based upon the preceding ten (10) year records published by the National Oceanic and Atmospheric Administration (NOAA) for the locality nearest to the project site, unless agreed otherwise. The performance schedule shall incorporate the following initial surveys, inspections, activities and report requirements:

1. Upon arrival of the vessel and prior to the start of work identify and analyze locations and types of hazardous material and wastes, for verification of contractor's estimated quantities. Produce and deliver a report listing the results of the hazardous materials and wastes inventory and analysis. During all phases of dismantling utilize best work practices to minimize waste generation and to appropriately manage remove, handle, store, transport and dispose of all regulated materials and wastes. Wastes generated as a by

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product of a Contractor utilized production processes, i.e. gas freeing, fire watch, hazardous material remediation, shall not be included in any Contractor hazardous material and waste inventory report or invoice and proper disposal shall be the responsibility of the Contractor. Rain water introduced by failure of the Contractor to cover or secure an area of the vessel during dismantlement shall likewise not be included in any contractor inventory report or invoice and proper disposal shall be the responsibility of the Contractor.

2. Upon arrival of the vessel and prior to start of work analyze, as necessary, the residual fuel and other residual petroleum products (including but not limited to fuel oil, diesel oil, hydraulic oil, lubricants, greases, sludge, oily bilge water, and sump oil) All fuel transfers, petroleum product handling, and removals must be performed in accordance with all Federal, State, and Local regulations including NFPA, OSHA requirements, etc. Produce and deliver a report listing the quantities removed by location and from each tank. Within 7 days after contract start, the Contractor shall prepare and submit an updated performance schedule for the vessel awarded. The updated performance schedule shall incorporate the latest revisions to all tasks and shall take into account all other work in the Contractor's facility or scheduled to arrive at the facility that directly impacts the vessel's performance schedule. The Contractor shall include a narrative report addressing all constraints to the vessel's performance schedule incurred as a direct result of all other work in the Contractor's facility. Upon written acceptance by the COFR, the performance schedule shall be incorporated as the baseline project schedule and the Contractor shall manage the project to the accepted schedule. The baseline schedule, once established shall not be altered and shall be used for the development of the required reports, progressing methodology and determining contract financing payments. All performance schedules shall be delivered to the COFR

The Performance Schedule shall be comprised of:

A. A time-sequenced Critical Path Method (CPM) generated Gantt Chart that contains the following:

1. Scheduled key events, milestones, tasks, activities, and items as listed above
2. Critical path and controlling work items clearly indicated with interdependent relationships to other critical path tasks clearly defined.
3. Schedule start and completion date of the production work for each activity
4. The original schedule baseline shall be retained and progress shall be shown on the Schedule as completed activities and shall be comparable to the baseline schedule.
5. Activity duration shall be in working days, unless another time measurement unit is first reviewed and accepted by the COFR. Identify all activities not on a 5-day workweek calendar, and all planned holidays and other periods of shutdown. Identify overtime and multiple shift work.
6. Linked items and activities shall be used to show the sequence and interdependence of the items and activities and the effects thereof, including Work Items that interrelate with Controlling Work Items that are on the Critical Path.
7. Each scheduled activity shall be total cost loaded for both Contractor and subcontractor costs
8. Activities shall include actual start and completion dates, the remaining duration, the percentage of physical work complete. This percentage will be used to calculate the "earned value" progress for each activity. For the measure of percentage complete, standardized percentages may be used for each step of routine evolutions, however, separate activities for each specified step shall appear as a schedule activity. The Contractor shall clearly identify the unit of measure, tons, dollars and vessel work zones used to develop the earned value. The Contractor shall not use workdays as the unit of measure.
9. The following data shall also be included in tabular format with the Gantt chart for each activity of Critical Path activities:
 - Original duration in calendar days
 - Remaining duration in calendar days
 - Percent (%) complete
 - Total float based on a five day work week
 - Original start date
 - Original finish date
 - Revised start date
 - Revised finish date
 - Actual start date
 - Actual finish date
10. All Schedules prepared by the Contractor can not contain logic that has been overridden (and thus not identified) by time, sequence, or resource constraints. If constraints exist, the Contractor shall identify them by type of constraint

B. Schedule Progressing. - The contractor shall prepare an activity weighted average report that apportions a contractor determined dollar amount to each activity in the performance schedule. A performance schedule activity weighted average report shall be prepared by the contractor and submitted to the COFR in conjunction with the Performance Schedule 7 days after contract start date. The apportioned dollar amount for each activity shall be divided into the total contract amount to determine the weighted dollar amount for each activity and the weighted average percentage for each activity in the performance schedule. The performance schedule shall be progressed by measuring the physical accomplishment of each activity as identified in the performance schedule

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through on-site BS&H monitoring, dismantlement inspections, bi-weekly reports and meetings all of which shall determine the actual percentage complete for each activity.

C. Earned Value: - Physical progress completed for each activity shall be reported by percentage at each bi-weekly meeting and shall be the basis for calculating the earned value for actual work completed. Monthly invoices shall identify by each activity the percentage complete for each activity, the earned value billed for this period, the amount of retainage for this invoice, the cumulative earned value billed and the cumulative amount of retainage. The earned value for each activity shall be calculated by multiplying the percent complete by the weighted dollar amount for that activity, less any previous earned amounts.

D. A Performance Schedule Impact Analysis shall be provided, for all changes that affect the schedule in a narrative format that comprises the following:

1. The Contractor shall provide ongoing Schedule analyses by comparing actual progress to planned progress as identified by the original baseline production schedule and shall report in the Summary Status Report the percentage ahead or slippage of his to date progress.
2. The Schedule Impact Analysis shall demonstrate how the Contractor proposes to incorporate the changes into the Schedule and shall explain the affect if any, on milestone accomplishment, Schedule Critical Path, Schedule logic, resources, and costs and completion date.
3. Any changes and events which the Contractor does not indicate in the Schedule and Schedule Impact Analysis is assumed to have no affect on the Production Schedule.
4. Failure by the Contractor to include any element of work required for performance of the Contract shall not excuse the Contractor from completing all work within the Contract performance period and/or in accordance with any Contract-required Milestone Date(s).

E. Recovery Plan. If slippage has occurred from the Contractor's original accepted baseline performance schedule, or any previously revised/accepted Performance Schedule, the Contractor shall provide a written analysis, in narrative format, that identifies the cause of the slippage and proposes a plan of corrective action that will be taken to complete the remaining work within the contract performance period.

F. Late Completion Notification. If at any time, the updated Critical Path of the Performance Schedule indicates a late delivery or late completion date, notify the COTR in writing the next working day, and/or prior to the beginning of any period when no work will occur, such as a holiday period. This notification shall include identification of the problem and shall propose corrective actions for schedule recovery.

G. The Performance Schedule and required reports shall be delivered to the COTR for review and acceptance within (7) seven days after Contract award. Status reports shall be prepared bi-weekly and submitted one day prior to the next scheduled progress meeting, to reflect the addition, deletion, or modification of Work Items, and changes made by the Contractor.

1. Upon acceptance of the Schedule by the COTR, the Contractor shall proceed in accordance with the reviewed and accepted plan and shall not modify the Schedule without the prior approval of the COTR. Modifications to the Schedule do not constitute a modification to the Contract.
2. Any changes in the Schedule desired by the Contractor in the job approach as reflected by the network logic, activity duration, and resource loading shall be submitted in writing to the COTR and reviewed and accepted by the COTR.
3. Any changes in the Schedule resulting in an extension of the Contract performance period shall be submitted for review and approval of the Contracting Officer.

H. The contractor shall manage and schedule all subcontractors' production work and progress, material procurement, and interface control to support the overall Performance Schedule.

1. Provide and Maintain a Subcontractor Listing on file beginning within (3) three days after the Contract Start Date. A revised list is to be updated whenever changes occur to the list. The subcontractor list shall include:
 - a. The Subcontractor's business address, telephone number and point of contact.
 - b. All Work Item(s) and scheduled activity(s) number and a brief description of the specific work to be accomplished.

C1-3.3 Performance Schedule Milestones. The Contractor shall incorporate into the performance schedule the following major contract milestones and their required due dates as listed. Milestone Due Date

Milestones	Due Date
Deliver Sub-Contractor Listing	3 days after Contract Start Date.

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Deliver Key Personnel Roster	3 days after Contract Start Date.
Deliver Certificates of Company Insurance	5 days after Contract Start Date.
Deliver Certificate of Asbestos Abatement Liability	5 days after Contract Start Date.
Deliver Performance Bond	10 days after Contract Start Date.
Deliver Initial Performance Schedule	7 days after Contract Start Date.
Deliver Tug Safety Management Certificate	10 days after Contract Start Date
Deliver Performance Schedule Activity	7 days after Contract Start Date
Weighted Average Breakdown	
Deliver Surveyor's Trip in Tow Recommendation Report.	Not later than 5 days after NTP.
Deliver Liquid Load /Ballast Plan for towing.	Not later than 7 days prior to tow.
Deliver Vessel Afloat Monitoring Plan	10 days after Contract Start Date, but not later than 3 days prior to the vessel departure from the fleet
Deliver Towers Insurance not later than:	3 days prior to vessel departure from the fleet.
Deliver Facilities Pollution Insurance	3 days prior to vessel departure from the fleet.
Deliver Pre-Cleaning and Post Cleaning Divers Report and Logs	Prior to the vessel departure for tow.
Deliver U.S.C.G. Load line Exemption /Order for Departure	Prior to the vessel departure from the fleet.
Remove Vessel from Fleet	NLT 45 days after the issuance of NTP.
Deliver Pre-Arrival/Arrival Reports	4 days after vessel arrival.
Deliver Hazardous Materials/Wastes Inventory/Contractor Estimate	10 days after vessel arrival.
Deliver Tank Content Verification Report	10 days after vessel arrival.
Deliver Validation of Contractor HIM/HW estimates by sampling and analytical results	20 days after vessel arrival.
Complete PCB Abatement	TBD by contractors performance schedule.
Complete Asbestos Abatement	TBD by contractors performance schedule.
Complete all Hazmat Removal/Disposal	TBD by contractors performance schedule.
Begin Vessel Dismantling	TBD by contractors performance schedule.
Remove Last Structural Piece from Slip	TBD by contractors performance schedule.
Complete Vessel Dismantling	TBD by contractors performance schedule.
Complete all Material Sales and Recycling	30 days after removal of last structural piece from the slip.
Complete Facility Cleaning and Restoration	30 days after removal of last structural piece from the slip.
Deliver Certificate of Destruction	30 days after removal of last structural piece from the slip.
Deliver Closeout-Report and Final Schedule	30 days after removal of last structural piece from the slip.

FAILURE TO MAINTAIN PROPER SCHEDULES:

- 1 Schedules required by this item will be used to determine earned value for calculating contract financing payments. Failure to submit updated and timely schedules will result in a lack of basis for determining contract financing payments and could delay payment to the contractor.
2. Acceptance by the COFR of submitted schedules and associated reports does not relieve the Contractor of performance to the requirements of the Contract. Nor does acceptance serve to approve, warrant, or indicate agreement by the COFR as to the accuracy of the Contractor's schedules.
- 3 Extension of the delivery date will be granted only to the extent the equitable time adjustments to the activity affected by the Change Order, Delivery Order, or delay, exceeds the total (positive or zero) float of a critical activity and extends the delivery date.

C1-4 HAZARDOUS MATERIAL/HAZARDOUS WASTE REMOVAL AND DISPOSAL.

The Contractor is responsible for all steps necessary to remove and dispose of all hazardous materials/hazardous regulated wastes in compliance with all contract requirements which are consistent with U.S. statutory and regulatory requirements including, but not limited to, the Toxic Substances Control Act (TSCA), the Resource Conservation and Recovery Act (RCRA), Occupational Safety and Health Act (OSHA) as well as international laws, treaties, conventions, and agreements as applicable. Additionally, the Contractor is required to implement an effective Environmental Management Plan (EMP) described in the Contractor's TCP and incorporated as part of the Contract upon award. The Contractor shall provide the Government with completed copies of all hazardous material/waste manifests, tanker truck receipts, and all other waste shipment records. The contractor shall certify that any large

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structural sections, equipment such as boilers, turbines and pumps are hazard free prior to their sale and disposition for reuse or recycling prior to the closeout of this contract. Certification shall encompass but not be limited to the following examples:

1. Large structural sections must be free of any solid PCB's such as paint, electrical cable or gasket materials. In addition all asbestos and insulation materials shall have been removed and remediated.
2. Large pieces of equipment such as boilers must be free of asbestos materials.

Upon completion of vessel dismantlement, the Contractor shall certify, in writing, that the Contractor has accomplished all hazardous material/waste removal and disposal in compliance with all stipulated contract requirements and all applicable Federal, State and local statutes, U.S. statutory and regulatory requirements including, but not limited to, the Toxic Substances Control Act (TSCA), the Resource Conservation and Recovery Act (RCRA), Occupational Safety and Health Act (OSHA) as well as international laws, treaties, conventions and agreements, as applicable

CI-5 SALE OF RECYCLABLE/REUSABLE EQUIPMENT/ SCRAP MATERIAL:

Notwithstanding the fact that the Government will retain title to the vessel(s), the Contractor shall be entitled to retain the sales proceeds, sell and/or dispose of the scrap and reusable equipment/material generated as a result of dismantling the ship. The Government shall not be responsible for the condition of, or any loss or damage to, the property. The Contractor shall report for each vessel individual material/scrap/equipment type, the quantity and value of scrap and reusable equipment/material recovered for resale. The Contractor shall incorporate into the vessel performance schedule the date of the final disposal of all recyclable materials. The Contractor shall sell and/or dispose of, the scrap and reusable equipment/material generated in accordance with all applicable Safety and Environmental standards and associated disclosure requirements.

CI-6 CONTRACTOR PERSONNEL:

Contractor personnel shall be sufficient to accomplish the scope of work, including key personnel

CI-6.1 Key Personnel The Contractor shall provide key management personnel to adequately manage and oversee the below list of ship dismantling functions. The contractor shall provide a description of the facility's management and organization including names and resumes of all Corporate and Key Personnel. Key Personnel shall have the appropriate level of skill and experience sufficient to accomplish the scope of work. The Contractor shall provide resumes, and descriptions of the experience including certifications as appropriate for the individuals submitted as Key Personnel. Key Personnel shall have the appropriate level of skill and experience sufficient to accomplish the scope of work. The Contractor shall provide resumes, and descriptions of the experience including certifications as appropriate for the individuals submitted as Key Personnel. The Key personnel identified by the Contractor shall remain in their positions for the duration of the contract. Changes to the Key personnel cannot be made without a minimum of 2 weeks notification and MARAD approval. The contractor shall provide the COTR, in writing no later than the Notice to Proceed date, the name, address and a 24-hour telephone number of the "Primary Point of Contact (POC)" and the organization that will take initial action to mitigate and contain a petroleum or other hazardous discharge, should one occur.

CI-6.1.1 Project Management: The Project Manager is a full-time on-site person responsible for the performance of all work required under this Contract. The Project Manager shall be responsible for submitting status reports in accordance with the reporting requirements contained in the Contract. The Project manager shall be the primary point of contact with the MARAD COTR and shall be knowledgeable about the activities and status of all aspects of the project. The Project Manager shall be an employee of the Contractor or a subcontractor hired by the Contractor to perform the Project Manager function. At no time shall the Project Manager be an employee of, or subcontractor to any company hired by the Contractor to perform hazardous waste remediation, disposal and/or ship dismantlement activities. The Project Manager shall have decision making authority for all issues related to the remediation of hazardous materials and physical dismantlement of the vessel and shall be in attendance at all bi-weekly meetings and teleconferences with the Government COTR.

CI-6.1.2 Environmental, Safety & Health Management: The ES&H Manager is responsible for all environmental and safety matters relating to the ship dismantlement Contract. The ES&H manager shall be the primary point of contact with the MARAD COTR and shall be knowledgeable about the activities and status of all ES&H aspects of the project. The ES&H Manager shall be an employee of the Contractor or a subcontractor hired by the Contractor to perform the ES&H Manager function. At no time shall the ES&H Manager be an employee of, or subcontractor to any company hired by the Contractor to perform hazardous waste remediation, disposal and/or ship dismantlement activities. The ES&H Manager shall be in attendance at all bi-weekly meetings and teleconferences with the Government COTR.

CI-6.1.3 Contracting Official - The Contracting Official is responsible for all contract administration activities related to the management and oversight of the MARAD ship dismantling contracts. A primary point of contact with MARAD that is knowledgeable about the activities and status of all contractual aspects of the project shall be identified. The Contracting Official need only participate in those meetings and teleconferences as requested by MARAD. At no time shall the Contracting Official be an

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employee of, or subcontractor to any company hired by the Contractor to perform hazardous waste remediation, disposal and/or ship dismantlement activities.

C1-6.2 Contractor/Subcontractor Employees. The Contractor shall ensure that all employees and subcontract employees have current and valid professional certifications before starting work under this contract. Certifications shall be maintained by the Contractor

C1-6.3 Employee Training and Certification The Contractor shall provide all necessary classroom and on-the-job training required to prepare and document employees as trained and ready for duty prior to assignment to abatement or dismantling work on the ship. Training records shall be maintained on site by the Contractor.

C1-7 ENVIRONMENTAL CONTROLS:

The Contractor shall operate and maintain its facility(s) in a manner that complies with all contract requirements which are consistent with U.S. statutory and regulatory requirements including, but not limited to, the Toxic Substances Control Act (TSCA), the Resource Conservation and Recovery Act (RCRA), Occupational Safety and Health Act (OSHA), throughout the project. It shall also operate and maintain its facility(s) in a manner that complies with all international laws, treaties, conventions and agreements, and other Federal, State, and local statutes, throughout the project as applicable. The Contractor shall be responsible for obtaining all necessary licenses and permits, accomplishing all notification and manifesting requirements, complying with all applicable laws and regulations, and taking any necessary corrective actions resulting from work performed under this contract. Upon the Government's request, the Contractor shall provide copies of all licenses and permits to the Government. The Contractor shall use only subcontractors, transporters and treatment, storage, and disposal facilities holding valid permits. The Government will not be a co-permittee on any permit obtained by the Contractor. In addition, MARAD will not be named as a co-generator of waste, resulting from the dismantling of these ships. The Contractor shall also provide the Government copies of all correspondence with any and all regulatory agencies that, while not directly related to this contract, may affect the progress or completion of this or future MARAD contracts. Examples of such correspondence include, but are not limited to, correspondence relating to leases, licenses, permits and certifications.

C1-7.1 Environmental Inspections. The Contractor's workspace may be inspected periodically by MARAD, other government agencies, or their agents, for regulatory compliance. Correction of violations will be the responsibility of the contractor. The Contractor will provide assistance to any and all regulatory inspectors.

C1-8 SAFETY AND HEALTH PROGRAM:

All work shall be conducted in a safe manner and shall comply with all requirements specified throughout the contract which are consistent with U.S. statutory and regulatory requirements including, but not limited to, the Toxic Substances Control Act (TSCA), the Resource Conservation and Recovery Act (RCRA), Occupational Safety and Health Act (OSHA) as well as international laws, treaties, conventions and agreements, as applicable. The contractor shall furnish all safety equipment. The Contractor shall implement the Safety and Health Management Plan, described in the Contractor's TCP, in compliance with all contract requirements which are consistent with U.S. statutory and regulatory requirements including, but not limited to, the Toxic Substances Control Act (TSCA), the Resource Conservation and Recovery Act (RCRA), Occupational Safety and Health Act (OSHA) as well as international laws, treaties, conventions and agreements, as applicable. The TCP is incorporated into the contract. The plan shall provide for the safe work environment of Contractor personnel and ensure protection of Government property. All subcontractors shall comply with the Contractor's Safety and Health Management Plan. In the event of an accident/mishap, the Contractor shall take reasonable and prudent action to establish control of the accident/mishap scene, prevent further damage to persons or property, and preserve evidence until released by the accident/mishap investigative authority. The Contractor shall also provide the Government copies of all correspondence with any and all regulatory agencies that, while not directly related to this contract, may affect the progress or completion of this or future MARAD contracts. For example, correspondence relating to leases, licenses, permits and certifications.

C1-8.1 Safety Administration. Prior to commencing work, the Contractor shall meet in conference with the contracting officer's technical representative (COTR) to discuss and develop an understanding of the administration of their Safety and Health Management Plan

C1-8.2 Safety Inspections. The Contractor's workspace may be inspected periodically for regulatory compliance. Correction of violations will be the responsibility of the contractor. The Contractor will provide assistance to any and all regulatory inspectors.

C1-8.3 Accident and Injury Reporting. The Contractor shall record and immediately report to the COTR, all available facts relating to injury to either Contractor or Government personnel or each instance of damage to Government property. The Contractor shall provide the Government with a copy of any report to a regulatory agency of accidents or incidents that occur during the performance of this contract.

C1-9 REPORTING:

All required reports are to be electronically prepared and formatted for acceptance by MS Office 2003 including, Word, Excel, Access, and PowerPoint. All project schedules shall be prepared and formatted for acceptance in MS Project 2000. All reports are to be copied on to CD-ROM and three copies shall be delivered to the COTR and one copy to the MARAD ES&H representative during

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the appropriate submittal period. The first summary status report shall be submitted to the Contracting Officer within 15 calendar days after the contract start date. This report listing is representative of the type of reports necessary to actively manage production progress. It is not a definitive listing of all contract required reports. It is the Contractors responsibility to submit any and all reports required by the contract.

C1-9.1 Baseline/Pre-Arrival/Arrival:

The contractor shall deliver the following reports to the COTR within the time frame indicated:

A. Not later than 4 calendar days after the vessel's arrival at the Contractor's dismantling facility:

1. Copies of all notifications made, as required, to Federal, State and local regulatory agencies.
2. A report of the location and inventory of all hazardous materials/wastes on-site at the Contractor's facility at the time of the vessel's arrival (to prevent co-mingling with other vessel wastes).
3. An inspection report of the condition of the facility at the beginning of the project.

B. Not later than 10 days after the vessel's arrival at the Contractor's facility at the beginning of the project:

1. A verification report of the contents of all tanks on the ship, conducted on the vessel's arrival at the Contractor's facility, compared to the Government furnished vessel tank sounding report provided prior to the vessel's departure.
2. Contractor estimates of quantities of hazardous materials/hazardous wastes onboard the vessel at the time of arrival. Areas where presumption of hazardous/regulated materials is made shall be identified in the report and provided to and approved by the COTR prior to the beginning of work and then work shall be permitted in those areas.

C. The contractor shall submit not later than 20 days after the vessel's arrival at the contractor's facility and prior to the start of work a verification of hazardous materials/wastes inclusive of sampling and analytical results so that areas containing or contaminated with hazardous or regulated substances are identified to enable safe work practices and applicable environmental regulations to be identified and implemented. Areas where presumption of hazardous/regulated materials is made shall be identified in the report submitted as C1-9.1.B.2. above and accepted by the COTR prior to the beginning of work then work shall be permitted in those areas.

C1-9.2 Bi-Weekly Status Reports: The Contractor shall prepare technical status report to be submitted bi-weekly summarizing the previous two weeks performance. The report shall be submitted to the COTR at least 24 hours prior to the scheduled bi-weekly meeting. The purpose of this report is to apprise MARAD of the project status and to identify any departures from the approved management and work plans. The report shall consist of three parts.

Part 1 shall consist of a concise, executive level progress summary of all technical activities performed under the contract during the reporting period. Actual physical progress reporting shall be an approximate percentage of actual work completed derived from the monitoring of the work schedule. Part 1 shall discuss the following topics;

1. A table, listing the project milestones, shall be presented with columns noting the scheduled, actual and revised dates indicated for each milestone.
2. Any changes of key personnel concerned with the project.
3. Project Progress since the previous progress report defined as work accomplished vs. planned work. Approximate overall percentage of project completion with accompanying breakdowns of the percentage of completion for hazardous material removal and disposal and for the structural dismantling of the vessel.
4. Difficulties encountered during the reporting period and corrective actions taken.
5. Notification of any regulatory agency inspection conducted, or any Notices of Violation, citations, or cautionary notices received from regulators during the reporting period relating to the performance of this Contract. Also, notification of any other documentation relating to Federal, state or local administrative or legal actions arising under or relating to the Contract. The contractor shall supply MARAD with copies of all correspondence associated with regulatory agencies relating to the performance of this contract.
6. Progress on any deficiencies identified by regulatory inspection.
7. Status of outstanding permits/licenses required for performance of this Contract, and status of any existing permits/licenses due to expire within ninety (90) days of the Progress Report.
8. Advance notice of commencement of project activities that will require notification to any regulatory agency by Contractor or any of its subcontractors.
9. Contractor plan to respond to any discrepancies noted or questions asked in writing by the Government.
10. Assessment of risks relating to timely completion of this Contract.

Part 2 shall consist of specific areas of interest relating to the progress and documentation of the project. Quantities for materials/wastes shall be reported for the previous two-week reporting period, cumulatively to date with a comparison to Contractor estimated quantities invoiced so as to be traceable to contractor arrival estimates.

1. Performance Schedule

- a. The Contractor shall prepare and submit an updated performance schedule, which clearly compares actual progress against the baseline performance schedule.

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- b. An updated ship profile drawing color coded and integrated to the performance schedule, which clearly displays, by location, the level of progress associated with hazmat remediation and structural dismantling.
- c. Identification of the deck to which the ship has been dismantled.
- d. Narrative of Contractors proposed recovery plan and schedule to regain planned schedule performance

2. Hazardous Materials/Wastes

a. Status of hazardous material/waste abatement and disposal including copies of all required manifests and other shipping documents or hazardous property disposal documents.

- 1. Quantity of each type of hazardous material/waste removed from the ship, in storage and shipped for recycling/disposal during the reporting period
- 2. Quantity of each type of hazardous material/waste forecasted to be removed from the ship, placed in storage, or shipped for disposal in the next two-week reporting period
- 3. Copies of chain of custody forms for all samples and copies of the results of sampling obtained during the previous two-week reporting period.

3. Recyclable Materials

a. Status of recyclable equipment and materials disposal including copies of all required property transfer documents.

- 1. Tonnage of recyclable ferrous and non-ferrous metals and equipment removed, in storage and shipped during the previous two-week reporting period
- 2. Cumulative totals of recyclable ferrous and non-ferrous metals and equipment removed, in storage and shipped.
- 3. Forecasted tonnage of recyclable ferrous and non-ferrous metals and equipment to be removed, placed in storage and shipped in the next two-week reporting period

4. Health and Safety/Regulatory Inspections

a. Copies of notification of any regulatory agency inspection conducted, or any Notices of Violation, citations, or cautionary notices received from regulators during the previous two-week reporting period. Status of the Contractors worker health and safety program including copies of all required health and safety documentation.

- 1. Status of any safety deficiencies found during on-site inspections by the Contractor or any Federal, State or local regulatory agency and Contractors expected timetable for completing corrective action.
- 2. Copies of worker exposure monitoring data.
- 3. Copies of asbestos enclosure clearance sampling results.
- 4. Copies of Marine Chemists gas free certifications.

b. Copies of notification of any other documentation relating to Federal, state or local administrative or legal actions arising under or relating to the Contract. The contractor shall supply MARAD with copies of all correspondence associated with regulatory agencies relating to the performance of this contract.

c. Copies of any accident, incident and injury reports generated by the Contractor and required for submittal to any regulatory agency during the previous two-week reporting period.

d. Summary totals of worker injuries, incidents and lost labor days for the previous two-week reporting period including cumulative totals and a summary of causes

e. Copies of outstanding permits/licenses required for performance of this contract and any existing permits/license due to expire within 90 days for the reporting date.

f. Status of advance notice of commencement, submitted by the Contractor or its subcontractors, of project activities requiring notification to any regulatory agency.

Part 3 shall consist of financial reporting requirements and shall consist of the following:

- a. A list of each contract financing payment submitted with cumulative totals
- b. Performance schedule cumulative earned value report.
- c. Estimated costs to complete the project based on the performance schedule
- d. Estimated budget variances and a plan for corrective action, if applicable.
- e. Cost savings initiative implemented during the reporting period.
- f. Performance-based contract financing payment calculations.

The Contractor shall require the subcontractor/approved scrapping facility to maintain all books and records detailing contract expenses and revenue, and other documents used to perform the contract/subcontracts, and make such documents available for government review and audit purposes. The Contractor and its subcontractor must further maintain such records for a period of 3 years after contract completion, or for such a time as the Contractor or subcontractor, for its own purposes, retains such books, records and other documents, whichever is longer

C1-9.3 Final Close Out Report: Upon completion of this contract, the Contractor shall completely dismantle the vessel so that no part of the ship is left intact or undisturbed to the extent that it can be reconstructed or readily identified as an existing portion of the original hull or superstructure. Dismantling shall be defined as reducing the property such that it has no value except for its basic

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material content Upon completion of the contract performance, the Contractor shall provide a final closeout report to include the requirements list above, as well as the following additional requirements: The final close out report is a milestone activity and shall be scheduled in the performance plan. The report shall be submitted to MARAD within thirty (30) calendar days after the last structural piece is removed from the slip.

The vessel shall be defined as completely dismantled after the last structural piece of the vessel has been removed from the slip, and all structural components have been reduced in sizes suitable for sale.

The Final Closeout Report shall contain the following:

- a. A final performance schedule updated to show actual events of the project including the actual duration of the scheduled activities compared to the established baseline schedule.
- b. A comparison report, which shows actual quantities of all materials, abated, disposed or recycled compared to the offerer's original bid form.
- c. Total dismantling labor hours by hazmat quantities and dismantling activities
- d. Total abatement labor hours by hazmat quantities and dismantling activities.
- e. A comparison report, which reports actual costs, compared to estimated contract financing tasks, for all tasks listed in the Contractors Estimated Cost/Revenue Breakdown Sheet.
- f. The quantity of wastes disposed by element
- g. The quantity of scrap recovered for resale to include, but not be limited to, ferrous, non-ferrous, and equipment including revenue received for each type of recyclable material. The seller shall provide the figures for the actual revenue received for sold recyclable materials. For materials stock piled after the closeout date, the seller shall provide the estimated revenue for each type of recyclable material based on the anticipated revenue calculated at the time of submission of the Final Close Out Report. The figures shall be totaled to arrive at the final revenue amounts received for each type of recyclable material.
- h. A written certificate attesting that on said date all materials associated with the Obsolete Vessel(s) have been disposed of in accordance with the applicable regulatory and Contract requirements. The contractor shall identify the types and quantities of recyclable material and equipment retained for recycling.
- i. A written certificate attesting that any large structural sections, and/or pieces of equipment such as boilers, turbines and pumps are hazmat free prior to their sale and disposition for reuse or recycling prior to the submittal of the final closeout report.
- j. A written certificate attesting that on said date the dismantling facility has been returned to the same condition as identified in the baseline pre-arrival/arrival determination.
- k. A written certificate entitled "Certificate of Destruction" attesting that on said date the vessel has been completely dismantled to its basic material content and that all hazardous materials/wastes have been remediated and disposed in accordance with all Federal, State and local laws and regulations
- l. A written "Release of Claims".

The contractor shall within 30 calendar days after removal of the last structural piece of the vessel from the slip completely remediate, remove, and dispose of all hazardous materials from the vessel. The contractor may retain recyclable ferrous and non-ferrous metals and equipment indefinitely after the 30 calendar day period and may dispose of these recyclable materials at their convenience. Stockpiled material from MARAD, other vessels, and/or recyclable equipment may be commingled for the purpose of preparing stock for sale and shipment. Recyclable materials that have been tested and found to contain PCB's in concentration greater than 50ppm shall be segregated from clean recyclables and shall be disposed in accordance with all applicable statutes and regulations within 30 calendar days after the last structural piece of the vessel is removed from the slip.

C1-9.4 Bi-Weekly Progressing Meeting: The Contractor shall participate in a Bi-Weekly Progress Meeting at a place and time mutually agreeable to all parties either on site or by teleconference. The Contractor representative in attendance shall be authorized to make management decisions relative to the requirements of the Contract

- a. The Contractor shall be prepared to discuss the following:
 1. Total percentage of work complete, percentage completion of each Work Item, Performance Schedule milestones, key events, Controlling Work Items, Critical Path, float, and schedule recovery.
 2. Planned production manning versus actual manning.
 3. Major problems for each item and proposed corrective action.
- b. The Contractor shall provide for the bi-weekly meeting and at least one working day prior to the scheduled weekly progress meeting an updated performance schedule with a summary report listing each work item and activity, current physical progress percent complete for each. Percentage complete shall agree will the percentage complete as reported in the Production Schedule.

C1-10 NOTIFICATION OF ITEMS FOUND ONBOARD:

During dismantling of the vessels, in the event that the Contractor discovers items such as photographs, documents, drawings or other information onboard the vessel, the Contractor will immediately notify the COTR of the items found and their location on the ship. These items will be safeguarded and turned over to the COTR.

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C1-11 INSPECTION FACILITIES.

The Contractor shall provide office facilities and services for use by the Government contract administration and oversight organization. The facilities and services shall be equal to those provided by the Contractor for his use for generally similar purposes. Facilities provided shall be equipped with door locks with (2) two keys for the COTR. The Contractor shall also provide a minimum of two desks and two chairs. The Contractor shall provide two parking spaces at the Contractor's facility for use by the Government. The contractor shall provide and maintain a telephone and direct line with local and long distance capability, telephones for this type of service shall be provided with a dial lock or equivalent. The Contractor shall include in the contract price the full cost of providing all telephone service except for long distance calls. Long distance calls shall be billed to the Government on the basis of actual cost.

PART 2 - GENERAL REQUIREMENTS

C2-1 ACCESS TO THE VESSEL.

Officers, employees and associates of other prime Contractors with the Government and their subcontractors, as authorized by the Contractor, shall have, at all reasonable times, admission to the facility, access to the vessel where and as required, and be permitted, within the facility and on the vessel and as required to perform and fulfill their respective obligations to the Government. The Contractor shall make reasonable arrangements with the Government or Contractors of the Government, as shall have been identified and authorized by the Contractor to be given admission to the facility and access to the vessel, for office space, work areas, storage or shop areas, or other facilities and services, necessary for the performance of the respective responsibilities involved, and reasonable to their performance.

Safety During Access to Vessels : DEPARTMENT OF LABOR SAFETY AND HEALTH STANDARDS FOR SHIPBUILDING
Attention of the Contractor is directed to Public Law 91-596, approved December 29, 1970 (84 Stat. 1590, 29 USC 655) known as the "OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970" and to the "OCCUPATIONAL SAFETY AND HEALTH STANDARDS FOR SHIPYARD EMPLOYMENT" promulgated thereunder by the Secretary of Labor (29 CFR. 1910 and 1915). These regulations apply to all shipbuilding and related work, as defined in the regulations. Nothing contained in this contract shall be construed as relieving the Contractor from any obligations, which it may have for compliance with the aforesaid regulations.

C2-2 PERMITS AND RESPONSIBILITIES

The Contractor shall, without additional expense to the Government, be responsible for obtaining any necessary licenses and permits, and for complying with all contractual requirements which are consistent with U.S. statutory and regulatory requirements including, but not limited to, the Toxic Substances Control Act (TSCA), the Resource Conservation and Recovery Act (RCRA), Occupational Safety and Health Act (OSHA) as well as international laws, treaties, conventions and agreements, in connection with any movement over the public highways of overweight/overdimensional materials. The Contractor shall ensure that the Performance Bond submitted as outlined in 10 CONTRACT FINANCING, is maintained through the contract performance and until such time as a written release has been issued by the Contracting Officer.