

APPLICABLE JOB CODE: LPD-24
Prime Contract No.: N00024-06-C-2222
Priority Rating: DOA3
Specialty Metals Invoked
October 2008

1.0 GENERAL

Vendor, and all subcontractors at any tier, shall comply with all laws, rules, regulations, and requirements of the departments or agencies of the United States affecting the construction and operation of works, plants, and vessels, in or on navigable waters and the shores thereof, and shall obtain such permits from the United States and from state and local authorities as may be necessary in connection with beginning or carrying on to completion the contract work, and shall at all times comply with all United States and local laws in any way affecting the contract work. Vendor shall defend, indemnify and hold Buyer harmless from and against any and all damage, costs and liabilities incurred by Buyer as a result of (i) Vendor violating in any way any of the requirements of this Appendix III, or (ii) defective cost or pricing data submitted by Vendor, or (iii) any of Vendor's subcontractors, or (iii) any other information or data required to be submitted to the Government pursuant to the requirements of this Order. Vendor and all subcontractors shall comply with the flow-down provisions of this document as indicated, unless otherwise exempted by applicable rules, regulations, orders of the Secretary or implementations by the Contracting Officer.

1.1 DEFINITIONS

The following definitions apply to this document:

1.1.1 Except as otherwise deemed, the incorporated terms "Contractor," "contractor" or "offeror" shall mean the Vendor of this Order unless in such context the term can only refer to the Prime Contractor or Buyer.

1.1.2 Instructions or requirements for documentation, certification or other writing reasonably applicable to the Vendor of this Order, shall be submitted by Vendor to the Prime Contractor or Buyer, unless otherwise required by federal law or express provisions of this Order.

1.1.3 Except as otherwise deemed, the incorporated term "Contract" or "contract" shall mean this Order between Vendor and Buyer.

1.2 INCORPORATION OF CLAUSES BY REFERENCE

This Order is subject to the clauses contained in the Federal Acquisitions Regulations (FAR) and the Department of Defense Federal Acquisition Regulations Supplement (DOD FAR SUPP) that are deemed to be included and applicable, unless otherwise clearly indicated, as well as the following specifically identified provisions of the DOD

FAR SUPP, in effect as of the date of execution of the prime contract under this Order, all of which are hereby incorporated by reference. FAR clauses are available on the Internet at www.amet.gov/far. and DOD FAR SUPP clauses are at www.acq.osd.mil/dpap/dars/dfars/index.htm. Except where it clearly appears from a reading of the FAR and DOD FAR SUPP that the Government has a particular and direct interest in this Order, Vendor agrees to be and is bound thereby in the same manner as if Vendor were the named "Contractor" therein and Buyer were named the 'Government or "Contracting Officer." The word "Subcontractor" means "Subcontractor or Vendor."

1.2.1 FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) CLAUSES

FAR SOURCE: TITLE AND DATE

52.203-3	GRATUITIES (APR 1984)
52.201-1	DEFINITIONS (JUL 2004)
52.203-5	COVENANT AGAINST CONTINGENT FEES (APR 1984)
52.203-6 (JUL1995)	RESTRICTIONS ON SUBCONTRACTOR SALES TO THE GOVERNMENT
52.203-7	ANTI-KICKBACK PROCEDURES (JUL 1995)
52.203-10 (1997)	PRICE OR FEE ADJUSTMENTS FOR ILLEGAL OR IMPROPER ACTIVITY (JAN 1997)
52.203-12	LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (SEP'2005)
52.204-2	SECURITY REQUIREMENTS (AUG 1996)
52.209-6	PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT (JAN 2005)
52.211-5	MATERIAL REQUIREMENTS (AUG 2000)
52.211-15	DEFENSE PRIORITY AND ALLOCATION REQUIREMENT (SEP 1990)
52.215-2	AUDIT AND RECORDS - NEGOTIATION (JUN 1999)
52.215-9	CHANGES OR ADDITIONS TO MAKE-OR-BUY PROGRAM (OCT 1997) and ALTERNATE I (OCT 1997)
52.215-10	PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA (OCT 1997)
52.215-11	PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA-MODIFICATIONS (OCT 1997)
52.215-12	SUBCONTRACTOR COST OR PRICING DATA (OCT 1997)
52.215-13	SUBCONTRACTOR COST OR PRICING DATA - MODIFICATIONS (OCT 1997)
52.215-14 & ALT I	INTEGRITY OF UNIT PRICES (OCT 1997) and ALTERNATE I (OCT 1997)

52.215-15 PENSION ADJUSTMENTS AND ASSET REVERSIONS (OCT 2004)

52.215-18 REVERSION OR ADJUSTMENT OF PLANS FOR POST -RETIREMENT BENEFITS (PRB) OTHER THAN PENSIONS (JUL 2005)

52.219-8 UTILIZATION OF SMALL BUSINESS CONCERNS (MAY 2004)

52.219-9 and AL T II SMALL BUSINESS SUBCONTRACTING PLAN (JUL 2005) and ALTERNATE II (OCT 2001)

52.219-16 LIQUIDATED DAMAGES - SUBCONTRACTING PLAN (JAN 1999) NOTICE

52.222-1 GOVERNMENT OF LABOR DISPUTES (FEB 1997)

52.222-3 CONVICT LABOR (JUN 2003)

52.222-4 CONTRACT WORK HOURS AND SAFETY STANDARDS ACT - OVERTIME COMPENSATION (SEP 2000)

52.222-19 CHILD LABOR - COOPERATION WITH AUTHORITIES AND REMEDIES (JUN 2004)

52.222-20 WALSH - HEALY PUBLIC CONTRACTS ACT (DEC 1996)

52.222-21 PROHIBITION OF SEGREGATED FACILITIES (FEB 1999)

52.222-26 EQUAL OPPORTUNITY (APR 2002)

52.222-29 NOTIFICATION OF VISA DENIAL (JUN 2003)

52.222-35 EQUAL OPPORTUNITY FOR SPECIAL DISABLED VETERANS, VETERANS OF THE VIETNAM ERA AND OTHER VETERANS (DEC 2001)

52.222-36 AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES (JUN 1998)

52.222-37 EMPLOYMENT REPORTS ON DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA (DEC 2001)

52.223-14 TOXIC CHEMICAL RELEASE REPORTING

52.225-8 (AUG 2003) DUTY-FREE ENTRY (FEB 2000)

52.225-13 RESTRICTIONS ON CERTAIN FOREIGN PURCHASES (MAR 2005)

52.227-1 AUTHORIZATIONS AND CONSENT (JUL 1995)

52.227-2 NOTICES AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT (AUG 1996)

52.227-10 FILING OF PATENT APPLICATIONS - CLASSIFIED SUBJECT MATTER (APR 1984)

52.230-2 COST ACCOUNTING STANDARDS (APR 1998)

52-230-3 DISCLOSURE AND CONSISTENCY OF COST ACCOUNTING PRACTICES (APR 1998)

52.230-6ADMINISTRATION OF COST ACCOUNTING STANDARDS (APR 2005)

52.232-16 PROGRESS PAYMENTS (APR 2003) The date by which the Payment office will make progress payments is the 30th day after the billing office receives a progress payment invoice.

52.232-17 INTEREST (JUN 1996)

52.233-3PROTEST AFTER AWARD (AUG 1996)

52.242-10 F.O.B. ORJGIN- GOVERNMENT BILLS OF LADING OR PREPAID POSTAGE (APR 1984)

52.242-11 F.O.B. ORJGIN- GOVERNMENT BILLS OF LADING OR INDICIA MAIL (FEB 1993)

52.242-12 REPORT OF SHIPMENT (RESHIP) (JUN 2003)

52.242-13 BANKRUPTCY (JUL 1999)

25.242-15 STOP-WORK ORDER (AUG 1989) AND ALTERNATE I (APR 1984)

25.242-17 GOVERNMENT DELAY OF WORK (APR 1984)

25.243-1 and ALT II CHANGES- FIXED PRICE (AUG 1987) and ALTERNATE II (APR 1984)
CHANGES- FIXED PRJCE (AUG 1987) and ALTERNATE II (APR 1984)

52.244-5COMPETITION IN SUBCONTRACTING (DEC 1996)

52.246-2 INSPECTION OF SUPPLIES - FIXED PRJCE (AUG 1996)

52.246-5INSPECTION OF SERVICES - COST REIMBURSEMENT (APR 1984)

52.246-16 RESPONSIBILITY FOR SUPPLIES (APR 1984)

52.246-23 LIMITATION OF LIABILITY (FEB 1997)

52.246-24 LIMITATION OF LIABILITY - HIGH VALUE ITEMS (FEB 1997)

52.246-25 LIMITATION OF LIABILITY - SERVICES (FEB 1997)

52.247-1COMMERCIAL BILL OF LADING NOTATIONS (APR 1984)

52.247-29 F.O.B. ORJGIN (JUN 1988)

52.247-55 F.O.B. POINT FOR DELIVERY OF GOVERNMENT-FURNISHED PROPERTY (JUN 2003)

52.247-58 LOADING, BLOCKING AND BRACING OF FREIGHT CAR SHIPMENTS (APR 1984)

52.247-61 F.O.B. ORIGIN - MINIMUM SIZE OF SHIPMENTS (APR 1984)

52.247-65 F.O.B. ORJGIN, PREPAID FREIGHT - SMALL PACKAGE SHIPMENTS (IAN 1991)

52.249-2TERMINATION FOR CONVENIENCE OF THE GOVERNMENT (FIXED PRICE) (SEP 1996)
(Applies if this contract equals or exceeds \$100,000)

3.2.2 DEFENSE FAR SUPPLEMENT (48 CFR CHAPTER 2) CLAUSES

DFARS SOURCE: TITLE AND DATE

252.203-7001 PROHIBITION ON PERSONS CONVICTED OF FRAUD OR OTHER DEFENSE -
CONTRACT RELATED FELONIES (DEC 2004)

252.204-7000 DISCLOSURES OF INFORMATION (DEC 1991)

252.209-7000 ACQUISITION FROM SUBCONTRACTORS SUBJECT TO THE ON-SITE
INSPECTION INTERMEDIATE-RANGE NUCLEAR FORCES (INF) TREATY (NOV 1995)

252.211-7000 ACQUISITION STREAMLINING (DEC 1991)

252.215-7000 PRICING ADJUSTMENTS (DEC 1991)

252.219-7003 SMALL, SMALL DISADVANTAGED AND WOMEN-OWNED SMALL BUSINESS
SUBCONTRACTING PLAN (DOD CONTRACTS) (APR 1996)

252.225-7001 BUY AMERICAN ACT AND BALANCE OF PAYMENTS PROGRAM (JUN 2005)

252.225-7002 QUALIFYING COUNTRY SOURCES AS SUBCONTRACTORS (APR 2003)

252.225-7004 REPORTING ON CONTRACT PERFORMANCE OUTSIDE THE U.S. (JUN 2005)
(Applies if this contract exceeds \$500,000)

252.225-7012 PREFERENCE FOR CERTAIN DOMESTIC COMMODITIES (FEB 2003)

252.225-7013 DUTY-FREE ENTRY (APR 2003)

252.225-7015 PREFERENCE FOR DOMESTIC HAND OR MEASURING TOOLS (JUN 2005)

252.225-7016 RESTRICTION ON ACQUISITION OF BALL AND ROLLER BEARINGS (JUN
2005)

252.225-7019 RESTRICTION ON ACQUISITION OF FOREIGN ANCHOR AND MOORING
CHAINS (JUN 2005)

252.225-7022 RESTRICTIONS ON ACQUISITION OF POLY ACRYLONITRILE (PAN) BASED
CARBON FIBER (JUN 2005)

252.225-7023 RESTRICTION ON ACQUISITION OF VESSEL PROPELLERS (DEC 2000)

252.225-7025 RESTRICTION ON ACQUISITION OF FORGINGS (JUN 2005)

252.225-7031 SECONDARY ARAB BOYCOTT OF ISRAEL (JUN 2005)

252.226-7001 UTILIZATION OF INDIAN ORGANIZATIONS AND INDIAN-OWNED ECONOMIC
ENTERPRISES - DOD CONTRACTS (SEP 2004)

252.227-7013 RIGHTS IN TECHNICAL DATA - NON-COMMERCIAL ITEMS (NOV 1995)

252.227-7014 RIGHTS IN NON-COMMERCIAL COMPUTER SOFTWARE AND NON-COMMERCIAL COMPUTER SOFTWARE DOCUMENTATION (JUN 1995)

252.227-7015 TECHNICAL DATA - COMMERCIAL ITEMS (NOV 1995)

252.227-7016 RIGHTS IN BID OR PROPOSAL INFORMATION (JUN 1995)

252.227-7019 VALIDATION OF ASSERTED RESTRICTIONS-COMPUTER SOFTWARE (JUN 1995)

252.227-7027 DEFERRED ORDER OF TECHNICAL DATA OR COMPUTER SOFTWARE (APR 1988)

252.227-7030 TECHNICAL DATA - WITHHOLDING OF PAYMENT (MAR 2000)

252.227-7036 CERTIFICATION OF TECHNICAL DATA CONFORMITY (JAN 1997)

252.227-7037 VALIDATION ON RESTRICTIVE MARKINGS ON TECHNICAL DATA (SEP 1999)

252.231-7000 SUPPLEMENTAL COST PRINCIPLES (DEC 1991)

252.235-7003 FREQUENCY AUTHORIZATION (DEC 1991)

252.243-7001 PRICING OF CONTRACT MODIFICATIONS (DEC 1991)

252.244-7000 SUBCONTRACTING FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS (DOD CONTRACTS) (MAR 2000)

252.245-7001 REPORTS OF GOVERNMENT PROPERTY (MAY 1994)

252.246-7000 MATERIAL INSPECTION AND RECEIVING REPORT (MAR 2003)

252.246-7001 WARRANTY OF DATA (DEC 1991)

252.249-7002 NOTIFICATION OF ANTICIPATED CONTRACT TERMINATION OR REDUCTION (DEC 1996)

1.3 GOVERNMENT-INDUSTRY DATA EXCHANGE

1.3.1 When required by Naval Sea Systems Command regulation 5252.227-9113 (AUG 1997), Vendor shall participate in the appropriate interchange of the Government-Industry Data Exchange program (GIDEP) in accordance with NAVSEA S0300-BU-GYD-01O dated November 1994. Data entered is retained by the program and provided to qualified participants. Compliance with this requirement shall not relieve Vendor from complying with any other requirement of the contract.

1.3.2 GIDEP materials, software and information are available without charge from:

GIDEP Operations Center
P.O. Box 8000

Corona, CA 91718-8000
Phone: (909)273-4677
Fax: (909)273-5200
Internet: <http://www.gideD.corona.navy.mil>

1.4 LOGISTIC SUPPORT REQUIREMENT

1.4.1 This clause applies whenever the contract specifications, by reference to a Military Specification or otherwise, specify repair parts or stock components (hereinafter called "repair parts") for a ship component or item of equipment.

1.4.2 With respect to ship components or equipments manufactured other than in the United States and Canada, Vendor agrees that, in addition to any other data required by this contract, it will furnish under this contract sufficient data so that the repair parts can be reproduced in the United States or Canada unless the suppliers of the ship components or equipments shall have made arrangements satisfactory to Vendor and approved by Buyer and Buyer's Contracting Officer for the manufacturing of repair parts in the United States or Canada. For the purpose of this clause, "sufficient data" shall mean detail drawings and other technical information sufficiently extensive in detail to show design, construction, dimensions, and operation or function, manufacturing methods or processes, treatment or chemical composition of materials, plant layout and tooling. All data shall be in the English language and according to the United States system of weights and measures, and drawings for components, assemblies, subassemblies and parts protected by U.S. patents shall contain a prominent notation that effect fully identifying the patent or patents involved, and bearing the number of this contract.

1.4.3 In order to satisfy the requirements of paragraph (b), above, unless the supplier of the ship components or equipments shall have made arrangements, satisfactory to Buyer and approved by the Contracting Officer, for the manufacture of such repair parts in the United States or Canada, Vendor shall include in all subcontracts for the purchase of ship components or equipments from foreign sources a clause, acceptable to the Contracting Officer, granting to the United States Government for a period of seven years, "Government Purpose Rights" (as defined in paragraph (a)(12) of the clause of this contract entitled "RIGHTS IN TECHNICAL DATA - NONCOMMERCIAL ITEMS" (DFARS 252.227-7013) in all technical data necessary to manufacture spare and repair parts for such components or equipments.

1.5 STANDARDIZATION

Subject to meeting the requirements of the specifications, to the extent that it is reasonably practical, feasible and cost effective, Vendor shall utilize equipments and components identical to those of the previous supplied. Where equipments or components are not reasonably available, Vendor shall select hull, mechanical, and electrical components for approval by Buyer in the following order:

- (a) Equipment that meets the requirements of the specifications and is identical to equipments and components of other amphibious ships.
- (b) Equipment that meets the requirements of the specifications and appears in NA VSEA Standard Components List for Hull, Mechanical and Electrical Equipment, NA VSEA S-0300-A-PLL-OO-O (standard equipment).
- (c) Equipment that meets the requirements of the specifications.

To the greatest extent possible, Vendor shall provide for the interchangeability of components within the propulsion machinery, mechanical and electrical auxiliaries, interior communications, weapons control and electronics equipment.

Among individual components, all similar parts, including on-board repair parts, shall be interchangeable without additional machining or selective assembly and with a minimum of hand fitting.

3.6 NOTIFICATION OF OWNERSHIP CHANGES. FAR 52.215-19 (OCT 1997)

- (a) The Contractor shall make the following notifications in writing:
 - (1) When the Contractor becomes aware that a change in its ownership has occurred, or is certain to occur, which could result in changes in the valuation of its capitalized assets in the accounting records, the Contractor shall notify the Buyer within 30 days.
 - (b) The Contractor shall also notify the Buyer within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership.
The Contractor shall (1) name current, accurate, and complete inventory records of assets and their costs; (2) provide the Buyer or designated representative ready access to the records upon request; (3) ensure that all individual and grouped assets, their capitalized values, accumulated depreciation or amortization, and remaining useful lives are identified accurately before and after each of the Contractor's ownership changes; and (4) retain and continue to maintain depreciation and amortization schedules based on the asset records maintained before each Contractor ownership change.
- (c) The Contractor shall include the substance of this clause in all subcontracts under this contract that meet the applicability requirement of FAR 15.408(k).

1.7 INDUSTRIAL RESOURCES DEVELOPED UNDER DEFENSE PRODUCTION ACT TITLE III. FAR 52.234-1 (DEC 1994)

- (a) Definitions.

"Title III industrial resource" means materials, services, processes, or manufacturing equipment (including the processes, technologies, and ancillary services for the use of such equipment) established or maintained under the authority of Title III, Defense Production Act (50 U.S.C. App. 2091-2093).

"Title III project contractor" means a contractor that has received assistance for the development or manufacture of an industrial resource under 50 U.S. C. App. 2091-2093, Defense Production Act.

(b) The Contractor shall refer any request from a Title III project contractor for testing and qualification of a Title III industrial resource to the Buyer.

(c) Upon the direction of the Buyer, the Contractor shall test Title III industrial resources for qualification. The Contractor shall provide the test results to the Defense Production Act Office, Title III Program, located at Wright Patterson Air Force Base, Ohio 45433-7739.

(d) When the Buyer modifies the contract to direct testing pursuant to this clause, the Government will provide the Title III industrial resource to be tested and will make an equitable adjustment in the contract for the costs of testing and qualification of the Title III industrial resource.

(e) The Contractor agrees to insert the substance of this clause, including paragraph (e), in every subcontract issued in performance of this contract.

1.8 SUBCONTRACTS FOR COMMERCIAL ITEMS. FAR 52.244-6 (APR 2003)

(a) Definitions. As used in this clause

"Commercial item" has the meaning contained in Federal Acquisition Regulation 2.101, Definitions.

"Subcontract" includes a transfer of commercial items between divisions, subsidiaries, or affiliates of the Contractor or subcontractor at any tier.

(b) To the maximum extent practicable, the Contractor shall incorporate, and require its subcontractors at all tiers to incorporate, commercial items or nondevelopmental items as components of items to be supplied under this contract.

(c) (1) The Contractor shall insert the following clauses in subcontracts for commercial items:

(i) 52.219-8, Utilization of Small Business Concerns (May 2004) (15 U.S.C. 637(d)(2) and (3)), in all subcontracts that offer further subcontracting opportunities. If the subcontract (except subcontracts", for small business concerns) exceeds \$500,000

(\$1,000,000 for construction of public facility), type subcontractor must include 52.219-8 in lower tier subcontracts that offer subcontracting opportunities.

(ii) 52.222-26, Equal Opportunity (Apr 2002) (E.O. 11246).

(iii) 52.222-35, Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (Dec 2001) (38 U.S.C. 4212(a));

(iv) 52.222-36, Affirmative Action for Workers with Disabilities (June 1998) (29 U.S.C. 793).

(v) 52.222-39, Notification of Employee Rights Concerning Payment of Union Dues or Fees (Dec 2004) (E.O. 13201). Flow down as required in accordance with paragraph (g) of FAR clause 52.222-39).

(vi) 52.247-64, Preference for Privately Owned U.S.-Flag Commercial Vessels (Apr 2003) (46 U.S.C. App. 1241 and 10 U.S.C. 2631) (flow down required in accordance with paragraph (d) of FAR clause 52.247-64).

(2) While not required, the Contractor may flow down to subcontracts for commercial items a minimal number of additional clauses necessary to satisfy its contractual obligations.

(d) The Contractor shall include the terms of this clause, including this paragraph (d), in subcontracts awarded under this contract.

1.9 PREFERENCE FOR DOMESTIC SPECIALTY METALS

(a) Definitions. As used in this clause

(1) "Qualifying country" means any country listed in subsection 225.872-1 of the Defense Federal Acquisition Regulation Supplement.

(2) "Specialty metals" means

(i) Steel

(A) With a maximum alloy content exceeding one or more of the following limits: manganese, 1.65 percent; silicon, 0.60 percent; or copper, 0.60 percent; or

(B) Containing more than 0.25 percent of any of the following elements: aluminum, chromium, cobalt, columbium, molybdenum, nickel, titanium, tungsten, or vanadium;

(ii) Metal alloys consisting of nickel, iron-nickel, and cobalt base alloys containing a total of other alloying metals (except iron) in excess of 10 percent;

- (iii) Titanium and titanium alloys; or
 - (iv) Zirconium and zirconium base alloys.
- (b) Any specialty metals incorporated in articles delivered under this contract shall be melted in the United States or its outlying areas.
- (c) This clause does not apply to specialty metals melted in a qualifying country or incorporated in an article manufactured in a qualifying country.
- (d) The Contractor shall insert the substance of this clause, including this paragraph (d) in all subcontracts (including subcontracts for commercial items) for items containing specialty metals.

1.10 TRANSPORTATION OF SUPPLIES BY SEA. DFARS 252.247-7023 (MAY 2002)

- (a) Definitions. As used in this clause
- (1) "Components" means articles, materials, and supplies incorporated directly into end products at any level of manufacture, fabrication, or assembly by the Contractor or any subcontractor.
 - (2) "Department of Defense" (DoD) means the Army, Navy, Air Force, Marine Corps, and defense agencies.
 - (3) "Foreign flag vessel" means any vessel that is not a U.S.-flag vessel.
 - (4) "Ocean transportation" means any transportation aboard a ship, vessel, boat, barge, or ferry through international waters.
 - (5) "Subcontractor" means a supplier, material manager, distributor, or vendor at any level below the prime contractor whose contractual obligation to perform results in an, or is conditioned upon, award of the prime contract and who is performing any part of the work or other requirement of the prime contract.
 - (6) "Supplies" means all property, except land and interests in land, that is clearly identifiable for eventual use by or owned by the DoD at the time of transportation by sea.

(i) An item is clearly identifiable for eventual use by the DoD if, for example, the contract documentation contains a reference to a DoD contract number or a military destination.

(ii) "Supplies" includes (but is not limited to) public works; buildings and facilities; ships; floating equipment and vessels of every character, type, and description, with parts, subassemblies, accessories, and equipment; machine tools; material; equipment; stores of all kinds; end items; construction materials; and components of the foregoing.

(7) "U.S.-flag vessel" means a vessel of the United States or belonging to the United States, including any vessel registered or having national status under the laws of the United States.

(1) The Contractor shall use U.S.-flag vessels when transporting any supplies by sea under this contract.

(2) A subcontractor transporting supplies by sea under this contract shall use U.S.-flag vessels if

(i) This contract is a construction contract; or

(ii) The supplies being transported are

(A) Noncommercial items; or

(B) Commercial items that

(1) The Contractor' reselling or distributing to the Government without adding value (generally; the Contractor does not add value to items that it subcontracts for the destination shipment);

(2) Are shipped in direct support of U.S. military contingency operations, exercises, or forces deployed in humanitarian or peacekeeping operations; or Are commissary or exchange cargoes transported outside of the Defense Transportation System in accordance with 10 U.S.C. 2643.

(3) The Contractor and its subcontractors may request that the Contracting Officer authorize shipment in foreign-flag vessels, or designate available U.S.-flag vessels, if the Contractor or a subcontractor believes that

U.S.-flag vessels are not available for timely shipment;

The freight charges are inordinately excessive or unreasonable; or

Freight charges are higher than charges to private persons for transportation of like goods.

(d) The Contractor must submit any request for use of other than U.S.-flag vessels in writing to the Contracting Officer at least 45 days prior to the sailing date necessary to meet its delivery schedules. The Contracting Officer will process requests submitted after such date(s) as expeditiously as possible, but the Contracting Officer's failure to grant approvals to meet the shipper's sailing date will not of itself constitute a compensable delay under this or any other clause of this contract. . Requests shall contain at a minimum

- (1) Type, weight, and cube of cargo;
- (2) Required shipping date;
- (3) Special handling and discharge requirements;
- (4) Loading and discharge points;
- (5) Name of shipper and consignee;
- (6) Prime contract number; and
- (7) A documented description of efforts made to secure U.S.-flag vessels, including points of contact (with names and telephone numbers) with at least two U.S.-flag carriers contacted. Copies of telephone notes, telegraphic and facsimile message or letters will be sufficient for this purpose.

The Contractor shall, within 30 days after each shipment covered by this clause, provide the Contracting Officer and the Maritime Administration, Office of Cargo Preference, U.S. Department of Transportation, 400 Seventh Street SW, Washington, DC 20590, one copy of the rated on board vessel operating carrier's ocean bill of lading, which shall contain the following information:

- (1) Prime contract number;
- (2) Name of vessel;
- (3) Vessel flag of registry;
- (4) Date of loading;
- (5) Port of loading;
- (6) Port of final discharge;
- (7) Description of commodity: .
- (8) Gross weight in pounds and cubic feet if available;
- (9) Total ocean freight in U.S. dollars; and
- (10) Name of steamship company.

(f) The Contractor shall provide with its final invoice under this contract a representation that to the best of its knowledge and belief.

- (1) No ocean transportation was used in the performance of this contract;
- (2) Ocean transportation was used and only U.S.-flag vessels were used for all ocean shipments under the contract;
- (3) Ocean transportation was used, and the Contractor had the written consent of the Contracting Officer for all non-U.S.-flag ocean transportation; or
- (4) Ocean transportation was used and some or all of the shipments were made on non-U.S.-flag vessels without the written consent of the Contracting Officer. The Contractor shall describe these shipments in the following format:

	ITEM DESCRIPTION	CONTRACT LINE ITEMS	QUANTITY
TOTAL			

(g) If the final invoice does not include the required representation, the Government will reject and return it to the Contractor as an improper invoice for the purposes of the Prompt Payment clause of this contract. In the event there has been unauthorized use of non- U.S.-flag vessels in the performance of this contract, the Contracting Officer is entitled to equitably adjust the contract, based on the unauthorized use.

(h) In the award of subcontracts for the types of supplies described in paragraph (b)(2) of this clause, the Contractor shall flow down the requirements of this clause as follows:

(1) The Contractor shall insert the substance of this clause, including this paragraph (h), in subcontracts that exceed the simplified acquisition threshold in Part 2 of the Federal Acquisition Regulation.

(2) The Contractor shall insert the substance of paragraphs (a) through (e) of this clause, and this paragraph (h), in subcontracts that are at or below the simplified acquisition threshold in Part 2 of the Federal Acquisition Regulation.

3.11 NOTIFICATION OF TRANSPORTATION OF SUPPLIES BY SEA. DFARS 252.247-7024 (MAR 2000)

(a) If the Contractor learns that supplies, as defined in the Transportation of Supplies by Sea clause of this contract, will be transported by sea, the Contractor-

- (1) Shall notify the Contracting Officer of that fact; and

(2) Hereby agrees to comply with all the terms and conditions of the Transportation of Supplies by Sea clause of this contract.

(b) The Contractor shall include this clause, including this paragraph (b), revised as necessary to reflect the relationship of the contracting parties-

(1) In all subcontracts under this contract, if this contract is a construction contract; or

(2) If this contract is a construction contract, in all subcontracts under this contract that are for-

(i) Noncommercial items; or

(ii) Commercial items that

(A) The Contractor is reselling or distributing to the Government without adding value (generally, the Contractor does not add value to items that it subcontracts for f.o.b. destination shipment);

(B) Are shipped in direct support of V.S. military contingency operations, exercises, or forces deployed in humanitarian or peacekeeping operations; or

(C) Are commissary or exchange cargoes transported outside of the Defense Transportation System in accordance with 10 V.S.C. 2643.

3.12 OZONE DEPLETING SUBSTANCES. FAR 52.223-11 (MAY 2001)

(a) Definition. "Ozone-depleting substance," as used in this clause, means any substance the Environmental Protection Agency designates in 40 CFR part 82 as-

(1) Class I, including, but not limited to, chlorofluorocarbons, halons, carbon tetrachloride, and methyl chloroform; or

(2) Class II, including, but not limited to, hydrochlorofluorocarbons.

(b) The Contractor shall label products which contain or are manufactured with ozone-depleting substances in the manner and to the extent required by 42 V.S.C. 7671j (b), (c), and (d) and 40 CFR part 82, Subpart E, as follows:

Warning: Contains (or manufactured with, if applicable) * _____, a substance(s) which harm(s) public health and environment by destroying ozone in the upper atmosphere.

* The Contractor shall insert the name of the substance(s).

1.13 INSPECTION

1.13.1 All supplies (throughout this Clause includes without limitation raw materials, components, intermediate assemblies, and end products) shall be subject to inspection and test by the Government/Buyer, to the extent practicable at all times and places including the period of manufacture or construction, and in any event prior to final acceptance of vessels.

1.13.2 Supplies rejected prior to preliminary acceptance as not conforming to this Contract and any Contractor responsible defects discovered during the guaranty period shall, at the election of the Buyer be replaced or corrected either by the Buyer or by the Contractor. The Buyer will, whenever practicable, afford the Contractor an opportunity to examine the defective supplies before they are replaced or corrected. Supplies or lots of supplies which have been rejected or required to be corrected shall be removed, if permitted or required by the Buyer, or corrected if in place by and at the expense of the Contractor promptly after notice, and shall not thereafter be tendered for acceptance unless the former rejection or requirement of correction is disclosed. All replacements or corrections made by the Contractor shall be accomplished at no increase in the total final price. If the Contractor fails either promptly to remove such supplies or lots of supplies which are required to be removed or promptly to replace or correct such supplies or lots of supplies, the Buyer either (i) may by contract or otherwise replace or correct such supplies, and equitably reduce the price of this Contract; or (ii) may terminate this Contract for default as provided in the clause of this Contract entitled "Default." Unless the Contractor corrects or replaces such supplies, within the required delivery schedule, the Buyer may require the delivery of such supplies, and equitably reduce any price of this Contract. Failure to agree to such equitable reduction shall be a dispute concerning a question of fact within the meaning of the clause of this Contract entitled "Disputes."

1.13.3 The cost of any replacement or correction for which the Contractor is responsible shall be borne by the Contractor.

1.13.4 If any inspection or test is made by the Government/Buyer on the premises of the Contractor or a subcontractor, the Contractor without additional charge shall provide all reasonable facilities and assistance for the safety and convenience of the Government/Buyer inspectors in the performance of their duties. If the Government/Buyer inspection or test is made at a point other than the premises of the Contractor or a subcontractor, it shall be at the expense of the Government/Buyer except as otherwise provided in the contract; provided that in case of rejection, the Government/Buyer shall not be liable for any reduction in value of samples used in connection with such inspection or test. All inspections and tests by the Government/Buyer shall be performed" in such a manner as not to unduly delay the work. The Government/Buyer reserves the right to charge to the Contractor any additional cost of Government/Buyer inspection and test when supplies are not ready at the time such inspection and test is required by the contract or when reinspection or retest

is necessitated by prior rejection. Failure to inspect and accept or reject supplies shall neither relieve the Contractor from responsibility for such supplies that are not in accordance with the contract requirements nor impose liability on the Government/Buyer therefor.

1.13.5 The inspection and test by the Government/Buyer of any supplies or lots thereof does not relieve the Contractor from any responsibility regarding defects or other failures to meet the contract requirements.

1.13.6 Records of all inspection work by the Contractor shall be kept complete and available to the Government/Buyer during the performance of this Contract and for such longer period as may be specified elsewhere in this Contract.

1.14 LIENS AND TITLE

1.14.1 Any and all partial payments made hereunder on account of the vessel and the materials and equipment therefor shall be secured, when made, by a lien in favor of the Government and/or Buyer upon such material and equipment on account of all payments so made, except to the extent that the Government or Buyer, by virtue of any other provision of this contract, or otherwise, shall have valid title to such material and equipment as against other creditors of Vendor. If such property is not identified by marking or segregating, the Government/Buyer shall be deemed to have a lien upon a proportionate part of any mass of property with which such property is commingled. Any lien provided for by virtue of this clause is paramount to all other liens and is effective immediately upon the first payment, without filing, notice, or other action under the provisions of 10 U.S.C. Sec. 2307(t). Upon completion and delivery of the vessel, said lien shall be discharged as to any materials which have not been included in the vessel and which are no longer required therefore

1.14.2 Vendor shall immediately discharge or cause to be discharged any lien or rights of any kind, other than in favor of the Government/Buyer, which at any time exists or arises with respect to the machinery fittings, equipment or materials-for the vessel. If any such lien or right is not immediately discharged, the Government/Buyer may discharge or cause to be discharged said lien or right at the expense of Vendor.

1.14.3 Title to the vessel under construction shall be vested in the Government and title to all materials and equipment acquired for each vessel shall vest in the Government upon delivery thereof to the plant of Buyer or other place of storage selected by Buyer, whichever of said events shall first occur; provided, that the Supervisor may, by written direction, require that title shall vest in the Government upon delivery of such materials and equipment to the carrier for transportation to the plant of Buyer or other place of storage selected by Buyer. The amount of any freight charge transportation, taxes or other costs which would have been paid by Vendor, either directly or as an element of any subcontract cost, and which Vendor shall not be required to pay as a result of such earlier

vesting of title and any use of Government bills of lading, shall be determined and treated as though resulting from a Change Order and the contract price reduced accordingly.

1.14.4 Upon completion of the contract, or at such earlier date as may be fixed by the Contracting Officer/Buyer, Vendor shall submit, in a form acceptable to the Contracting Officer/Buyer, inventory schedules covering all items of property not consumed in the performance of this contract (including any resulting scrap) or not theretofore delivered to the Government/Buyer. Vendor shall deliver or make such other disposal of such property as may be directed or authorized by the Contracting Officer/Buyer. The Contracting Officer/Buyer, in lieu of directing or authorizing delivery or disposal of such property, may authorize Vendor to take title to all or any part of such property, except for materials and equipment which were furnished by the Government and except for models, mockups, plans and other items that Vendor is expressly required to construct, prepare or furnish to the Government/Buyer (all of which shall remain the property of the Government/Buyer). In the event the Contracting Officer/Buyer authorizes Vendor to take title to all or any part of such property, Vendor shall credit the cost incurred in the performance of this contract by an amount equal to the fair market value of such property. In the event the Contracting Officer/Buyer directs or authorizes the deliver or disposal of such property, any costs incurred by Vendor in delivering or disposing of such property shall be included in the total price.

"All metal material shall be provided with certified material test reports. □
This applies to all material that are to be welded, cast and repaired in accordance with Navy Technical Publication S9074-AR-GIB-010/278".