issued 25 / 4 / 1977

The Documentary Committee of The Japan Shipping Exchange, Inc.

OPERATION CONTRACT
(UNKO ITAKU KEIYAKUSHO)

Code Name
ITAKU

Copyright.
Published by The Japan
Shipping Exchange, Inc.

Place: . . . . . Date: 1

PREAMBLE

IT IS THIS DAY MUTUALLY AGREED between 2
. 3
of . . . . . Owners (hereinafter referred to as “Owners”) 4
of the Vessel called . . . . . (hereinafter referred to as the “Vessel”) and 5
. 6
. . . . . of 7
(hereinafter referred to as “Operators”) that this Contract shall be performed subject to the terms and conditions 8
contained in this Operation Contract which shall include Preamble, Part I and Part II and that the provisions of 9
Part I shall prevail over those of Part II to the extent of any conflict between them. 10

PART I

(a) Particulars and position of Vessel 11
Flag/Country of registry: 12
Official number: 13
Signal letters: 14
Classed: 15
When built: 16
GRT: 17
NRT: 18
Summer deadweight capacity:about 19
Summer draft: 20
Bale/Grain capacity: 21
Kind and indicated horsepower of main engine: 22
Speed capability in knots (when fully loaded) in good weather and smooth water: about 23
. 24
Fuel consumption in 24 hours: about 25
Fuel/Diesel tank capacity: 26
Kind, capability (about) and number of winches: 27
. 28
Capability (about) and number of derricks: 29
. 30
Date of last special survey: 31
Date of last annual survey: 32
Present position: 33
(b) Period of Operation (Cl. 1, 11): 34
. . . . . days more or less at Operators’ option 35
(c) Range (at Owners’ option) or place of commencement of Operation (Cl. 1): 36
. 37
(d) Date and time of commencement of Operation (Cl. 2): 38
(e) The number of days for a notice to be given in advance of the commencement of Operation (Cl. 2): 39
. 40
(f) Cancelling date (Cl. 3): 41
(g) Remuneration for Operation (Cl. 6): . . . . . % on gross freight or hireage 42
(h) Trading limits (Cl. 7): 43
. 44
Cargo exclusion specially agreed: 45
. 46

SAMPLE

(i) The number of days for a notice to be given in advance of the legally required inspection and/or drydocking (Cl. 8): 47
(j) Range (at Operators' option) or place of termination of Operation (Cl. 11): 48
. 49
(k) The number of days for a notice to be given in advance of the termination of Operation (Cl. 11): 50
. 51
(l) Revolving fund (Cl. 10, optional): 52
(m) Brokerage and to whom payable (Cl. 18): 53
. 54
(n) Special provisions: 55
. 56

SAMPLE

Part II
commences
with
line 201

OPERATION CONTRACT
(UNKO ITAKU KEIYAKUSHO)

PART II

1. Period of Operation/Place of Commencement of Operation

The Owners shall entrust the Operators with Operation of the Vessel, and the Operators shall, at the risk and for the account of the Owners, operate the Vessel for the period indicated in Part I (b) from the time of commencement of Operation of the Vessel at the place to be designated by the Owners within the range as stated in Part I (c).

2. Date and Time of Commencement of Operation/Notice

Unless otherwise agreed, the Operation of the Vessel shall not be entrusted to the Operators before the date and time indicated in Part I (d).

The Owners shall give the Operators a notice of the date and place for the commencement of Operation of the Vessel not less than the number of days indicated in Part I (e) in advance of the anticipated date of commencement.

3. Cancelling Date

Should the Vessel not be ready for Operation on or before the date indicated in Part I (f), the Operators have the option of cancelling this Contract. Such option is to be declared, if demanded, at least 48 hours before the expected arrival of the Vessel at the place indicated in Part I (c).

4. Arrangement for Operation of the Vessel and Exception

(1) The Operators shall, in their own name, conclude a contract for the carriage of goods by the Vessel, giving due notice thereof to the Owners, or may timecharter the Vessel with Owners' prior consent. In either case, the Operators shall send the Owners a copy of such contract.

The Operators shall also make necessary arrangements normally required for the Operation of the Vessel, such as furnishing the Master from time to time with all requisite instructions and sailing directions; entrance and clearance, and agencies at loading, discharging and bunkering ports; procurement of stevedores on board, loading materials and equipment; supplying fuel; fumigations required because of cargoes carried.

(2) The Operators may conduct the whole, or a part or parts, of the Owners' business relating to crew members, Vessel's insurance, repair of the Vessel and ship's stores and provisions at the discretion of the Operators, if necessary, for the good and smooth Operation of the Vessel.

(3) The Operators shall be liable for the consequences of any decision or exercise of judgement made under the above paragraphs (1) and (2) only when the Operators do so without due diligence.

5. Bills of Lading

The Operators or their agents may, if demanded, issue for the Master bills of lading using their usual forms and shall be responsible for recovering the same.

The above responsibility shall also apply to the case where the Master issues bills of lading at the instruction of the Operators.

6. Remuneration

The Owners shall pay the Operators the remuneration for the Operation of the Vessel as set forth in Part I (g).

7. Trading Limits

(1) The Operators shall employ the Vessel in lawful trade for the carriage of suitable and lawful merchandise between good and safe ports or places where the Vessel can safely lie always afloat within the trading limits indicated in Part I (h).

(2) The Operators shall not, without the prior consent of the Owners, load the Vessel with inflammable, explosive or other dangerous goods or contraband of war, nor sail the Vessel in areas of war, disturbances, nor in such areas as deemed dangerous by prudent and skillful navigators.

8. Inspection and Drydocking

With respect to the time and the place at which the legally required inspection and/or drydocking of the Vessel are to be performed during the period of this Contract, the Owners shall give the Operators a notice of the time and the place for the legally required inspection and/or drydocking of the Vessel not less than the number of days indicated in Part I (i) in advance thereof.

9. Settlement of Accounts

(1) The Owners shall bear cost of fuel, cargo expenses, port dues and charges, including pilotages (whether compulsory or not), boatage, lights, towage, despatch moneys, agency and sub-agency commissions, booking and handling commissions or brokerage under the relevant contract of carriage and all other charges and expenses whatsoever incurred in the navigation and handling of the Vessel.

(2) The Operators shall, without undue delay, collect freight, demurrage and other amount due to them under the contract as provided for in Clause 4 (1), and remit the sum to the account of the Owners as early as possible, retaining the remuneration for the Operation of the Vessel as provided for in Clause 6 and the estimated amount of expenses to be borne by the Owners under paragraph (1) hereof, while final settlement of accounts between the Owners and the Operators shall be made as soon as possible after completion of each voyage.

10. Revolving Fund

(Optional, only to apply if Part I (l) is filled in)

Cash advance in the form of a revolving fund in the amount indicated in Part I (l) shall be made and remitted by the Owners in favour of the Operators before the commencement of Operation to cover the expenses of the Vessel as provided for in Clause 9 (1).

11. Place of Termination of Operation/Notice

The Operators shall, on the expiration of the period of Operation, terminate the Operation of the Vessel at the place to be designated by the Operators within the range as stated in Part I (j).

The Operators shall give the Owners a notice of the expected date and place for the termination of Operation not less than the number of days indicated in Part I (k) in advance thereof.

Should the Vessel be ordered on a voyage by which the period of Operation will be exceeded, the Operators shall have the use of the Vessel to enable them to complete the voyage, provided it could be reasonably calculated that the voyage would be completed about the time of the termination of this Contract.

12. Seaworthiness

The Owners shall assume all responsibility arising from unseaworthiness of the Vessel.

SAMPLE

13. Claims and Suits

The Operators shall, on behalf of the Owners, use their best efforts to settle any claims and suits which may be asserted or brought against the Operators in connection with the contract as provided for in Clause 4 (1) hereof and issuance of bills of lading in accordance with Clause 5 hereof.

The Operators, however, shall not be liable for any claims and suits by third parties and/or for any claims and suits as described in the foregoing paragraph, concerning any loss, injury or damage of any description to any person or property howsoever arising and the Owners shall indemnify and hold harmless the Operators against any such claims and suits and against all proceedings, fines, penalties, costs and expenses whatsoever made against or incurred by the Operators directly or indirectly in connection with such claims and suits, provided, however, if the same is caused by the failure of the Operators to exercise due diligence under the terms of this Contract, the Operators shall assume full responsibility for such claims and suits.

14. Oil and Other Pollution

(1) If the Owners are required to establish or maintain any financial security or accept responsibility for oil or other pollution damage caused by the Vessel to enable the Vessel lawfully to enter, remain in, or leave any port, place, territorial or contiguous waters of any Country or State in performance of this Contract, the Owners shall make all arrangements at the Owners' sole expense.

(2) When an escape or discharge of oil or other substance from the Vessel occurs or threatens to occur and causes or threatens to cause pollution damage, the Operators may, upon notice to the Owners or the Master, undertake such measures as are reasonably necessary to prevent or mitigate such damage unless the Owners promptly undertake the same.

(3) The Operators shall not be responsible for any consequences whatsoever arising out of an escape or discharge of oil or other substance from the Vessel, for any failure or inability of the Owners to act as provided for in paragraph (1), or for any measures taken by the Operators as provided for in paragraph (2).

(4) The Owners shall indemnify and hold harmless the Operators against any consequences whatsoever (including fines, if any, imposed on the Operators) arising out of an escape or discharge of oil or other substance from the Vessel, against any failure or inability of the Owners to act as provided for in paragraph (1), or against any measures taken by the Operators as provided for in paragraph (2).

15. War and Requisition

(1) If the contract as provided for in Clause 4 (1) (hereinafter called as the *contract*) contains clauses concerning requisition, war, war risks or others similar thereto, they shall be incorporated herewith so that all such rights and/or immunities enjoyed by the Operators under the *contract* shall also be enjoyed by the Owners. Furthermore, any rights and/or immunities to which the Owners are entitled in a situation concerning the above clause shall be exercised by the Operators against the other party of the *contract*.

(2) In the event that the Vessel is requisitioned by any government or other competent authority, the Operators or the Owners, as the case may be, shall notify the other party of such requisition and comply with the same in the name of the Owners.

The period of the requisition referred to in the preceding paragraph shall be included in the period of this Contract.

(3) In the event of a conflict of provisions between paragraph (1) and (2) herein, paragraph (1) shall prevail over paragraph (2) to the extent of such conflict.

16. Breach of Contract

In the event that either party breaches the terms and conditions in this Contract, the other party, after giving seven (7) running days' notice, may rescind this Contract if such breach is not rectified within the above period. The party responsible for such breach shall indemnity the other party against any and all losses or damages arising from such breach of Contract.

17. Arbitration

Any dispute arising from this Contract shall be submitted to arbitration held in Tokyo by the Japan Shipping Exchange, Inc. in accordance with the provisions of the Maritime Arbitration Rules of the Japan Shipping Exchange, Inc., and the award given by the arbitrators shall be final and binding on both parties.

18. Brokerage

A brokerage of the number of percentage as stated in Part I (m) on the earned amount of freight and/or hire is payable by the Owners as per Part I (m).

SAMPLE