

Practical workshop

Drafting Part 1 of Supplytime

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Why is Part 1 of Supplytime important ?



- Part 1 prevails over Part 2 and any Annexes
- Part 1 gives meaning to Part 2
- Part 1 describes the commercial agreement.

Completing Part 1

Some Do's and Don'ts



- Most boxes relate back to a clause(s) so read the clause as well.
- Only insert the information requested, nothing more !
- Add additional Clauses rather than additional words in Boxes.
- Don't create contradictions between the Boxes.
- Don't leave Boxes blank unless it is specified to do so.
- Ensure that what you put in the Boxes is accurate, considered and complete.
- Remember that Part 1 prevails over Part 2 and any Annexes

Practical exercise

There are no absolutely right answers, although there are probably some wrong answers.

1. Split into groups and determine if you wish your group to be an 'Owners' or 'Charterers' group.
2. You have the following documents :
 - (a) A Brokers recap for the fixture of an offshore vessel (AHTS).
 - (b) The draft of Part 1 of a Supplytime 2017, completed by the broker.
 - (c) A clean Part 2 of a Supplytime 2017 for reference if required.
3. Acting as the Owners or the Charterers, review the Part 1 draft prepared by the brokers and decide what, if anything, you would like to change and how you would change it.
4. Groups have 30 minutes to complete the review and changes. After this we'll walk through the brokers draft together and discuss what, if any changes we each think should be made.

Brokers draft wording

1. Place and date of contract

Houston 6/5/18

Alternative suggested wording

1. Place and date of contract

Houston, Texas 6th May 2018

Brokers draft wording

2. Owners/Place of Business (full style, address and email)

**Offshore Vessel Inc c/o ABC Brokers
Ltd, London**

Alternative suggested wording

2. Owners/Place of Business (full style, address and email)

***Offshore Vessel Inc
242 West Island Avenue
New Orleans
22145 Louisiana
USA***

Chartering@Offshorevessel.com

Brokers draft wording

3. Charterers/Place of Business (full style, address and email)

Deepsea Oil Ltd, Aberdeen, Scotland

Alternative suggested wording

3. Charterers/Place of Business (full style, address and email)

***Deepsea Oil Limited
Deepsea House
Deeside Road
Aberdeen
Scotland AB14 5EZ***

Contracts@DSOL.co.uk

Brokers draft wording

4. Vessels name and IMO number (ANNEX A)

AHTS Mighty Mover

Alternative suggested wording

4. Vessels name and IMO number (ANNEX A)

M/V Mighty Mover

IMO No. 9552810

Brokers draft wording

5. Date of delivery (Cl.2(a))

8/8/18-10/8/18 but not to include weekends or public holidays. Charterers can delay commencement date by 30 days if needed.

Alternative suggested wording

5. Date of delivery (Cl.2(a))

Between 08:00 8th August and 17:00 10th August 2018, in the Owners option.

Delayed delivery – See new Clause 2.(a)(iii)

Brokers draft wording

6. Cancelling date and time(Cl.2(a) and (c))

12/8/18

Alternative suggested wording

6. Cancelling date and time(Cl.2(a) and (c))

17:00 10th August 2018

Brokers draft wording

7. Port or place of delivery (Cl.2(a))

**Perth or other port as advised
by Charterers.**

Alternative suggested wording

7. Port or place of delivery (Cl.2(a))

***Perth, Australia, or other NW Australian
port by mutual agreement.***

Brokers draft wording

8. Port or place of redelivery/ notice of redelivery (Cl.2(a) and (d))

(i) Port or place of redelivery

To be nominated by Owners

(ii) Number of days notice of redelivery

30 days

Brokers draft wording

8. Port or place of redelivery/ notice of redelivery (Cl.2(a) and (d))

(i) Port or place of redelivery

Perth, Australia, or other NW Australian Port by mutual agreement

(ii) Number of days notice of redelivery

Not less than Seven (7) days

Brokers draft wording

9. Period of hire (Cl.1(a))

**One or two wells firm
(each about 120 days)**

Alternative suggested wording

9. Period of hire (Cl.1(a))

***One (1) well firm, estimated one hundred
and twenty (120) days, without guarantee***

Brokers draft wording

10. Extension of period of hire (optional) (Cl.2(d))

(i) Period of extension

3 x 1 well

(ii) Advance notice for declaration of option (days)

30 days

Alternative suggested wording

10. Extension of period of hire (optional) (Cl.2(d))

(i) Period of extension

Four (4) by one (1) well options, each well estimated one hundred and twenty (120) days but without guarantee.

(ii) Advance notice for declaration of option (days)

Not less than seven (7) days

Brokers draft wording

11. Automatic extension period to complete voyage or well (Cl.1(c))

(i) Voyage or well (state which)

Work-in-hand

(ii) Maximum extension period (state number of days)

Up to completion

Alternative suggested wording

11. Automatic extension period to complete voyage or well (Cl.1(c))

(i) Voyage or well (state which)

Voyage

(ii) Maximum extension period (state number of days)

Seven (7) days

Brokers draft wording

12. Mobilisation fee (Cl.2(b))

(i) Lump sum

\$100,000

(ii) When due

As per owners invoice instructions

Alternative suggested wording

12. Mobilisation fee (Cl.2(b))

(i) Lump sum

***United States Dollars One hundred thousand
(US\$100,000)***

(ii) When due

Upon vessels delivery

Brokers draft wording

13. Early termination of charter (state amount of hire payable) (Cl.34(a))

(i) State yes, if applicable

Yes

(ii) If yes, state amount of hire payable

Full amount of hire due

Alternative suggested wording

13. Early termination of charter (state amount of hire payable) (Cl.34(a))

(i) State yes, if applicable

Yes

(ii) If yes, state amount of hire payable

Twenty-five percent (25%) of the Charter hire due to the end of the firm period, as calculated against the estimated well duration.

Brokers draft wording

14. Number of days notice of early termination (Cl. 34(a))

7 days

Alternative suggested wording

14. Number of days notice of early termination (Cl. 34(a))

Seven (7) days

Brokers draft wording

15. Demobilisation fee (lump sum) (Cl. 2(e) and Cl. 34(a))

**\$100,000 unless owner finds
another charter for the vessel**

Alternative suggested wording

15. Demobilisation fee (lump sum) (Cl. 2(e) and Cl. 34(a))

***United States Dollars one hundred
thousand (US\$ 100,000), subject to
new Cl.2(g) – 'Cancellation of the
demobilisation fee.'***

Brokers draft wording

16. Area of operation (Cl. 6(a) and (Cl. 12(c))

**Australia and other areas as
required by Charterers.**

Alternative suggested wording

16. Area of operation (Cl. 6(a) and (Cl. 12(c))

***Offshore Australia. Other areas by mutual
agreement.***

Brokers draft wording

17. Employment of vessel restricted to (state nature of service(s)) Cl.6(a)

**As instructed by charterers and as per
vessels specification**

Alternative suggested wording

17. Employment of vessel restricted to (state nature of service(s)) Cl.6(a)

***Towage, Anchor-handling, Supply and associated
duties in support of the 'Deep-sea Driller', but always
within the safe, legal and specified capacities and
capabilities of the vessel.***

Brokers draft wording

18. Specialist Operations (Cl. 6(b))

- (i) State if vessel may be used for ROV operations

Yes

- (ii) State if vessel may be employed as a diving platform

Yes

Alternative suggested wording

18. Specialist Operations (Cl. 6(b))

- (i) State if vessel may be used for ROV operations

Yes, subject to the mutual agreement of additional terms and conditions as required.

- (ii) State if vessel may be employed as a diving platform

Yes, subject to the mutual agreement of additional terms and conditions as required.

Brokers draft wording

19. Fuel (Cl. 10)

- (i) Quantity of fuel on delivery

To be advised by Owners before delivery.

- (ii) Payment method for fuel (state 10.(c)(i) or (ii))

As per Owners invoice instructions

- (iii) Pre-agreed price of fuel

Not to exceed price as per vessels last loading.

- (iv) Fuel specification and grades for fuel supplied by Charterers.

Must be suitable for the vessel.

Alternative suggested wording

19. Fuel (Cl. 10)

- (i) Quantity of fuel on delivery

Min two hundred (200) Tonnes (About 235 M3)

- (ii) Payment method for fuel (state 10.(c)(i) or (ii))

Cl.10(c)(i)

- (iii) Pre-agreed price of fuel

No price agreed.

- (iv) Fuel specification and grades for fuel supplied by Charterers.

Low Sulphur Marine Gas Oil (LS MGO)

Brokers draft wording

20. Charter hire (Cl.12(a), (d), (e) and Cl.33(e))

(i) State rate and currency

\$9,600 per day incl fuel, excl lubes

(ii) Exchange rate

As at date of payment

Alternative suggested wording

20. Charter hire (Cl.12(a), (d), (e) and Cl.33(e))

(i) State rate and currency

***United States Dollars Nine thousand six hundred
(US\$9,600) per day***

(ii) Exchange rate

As at date of invoice

Brokers draft wording

21. Extension hire (if agreed, state rate) Cl.12(b))

To be mutually agreed

Alternative suggested wording

21. Extension hire (if agreed, state rate) Cl.12(b))

Option wells 1 and 2 - United States Dollars Nine thousand seven hundred (US\$9,700) per day

Option wells 3 and 4 - United States Dollars Nine thousand eight hundred (US\$9,800) per day

Brokers draft wording

22. Invoicing for hire and other payments (Cl.12(d))

(i) State whether to be issued in advance or arrears

30 days

(ii) State by whom to be issued if other than the party stated in Box 2

(iii) State by whom to be issued if addressee other than stated in Box 3

Alternative suggested wording

22. Invoicing for hire and other payments (Cl.12(d))

(i) State whether to be issued in advance or arrears

In arrears

(ii) State by whom to be issued if other than the party stated in Box 2

As per Box 2

(iii) State by whom to be issued if addressee other than stated in Box 3

As per Box 3

Brokers draft wording

23. Payments (State mode and place of payment, also state beneficiary and bank account) (Cl.12(e))

As per owners invoice instructions

Alternative suggested wording

23. Payments (State mode and place of payment, also state beneficiary and bank account) (Cl.12(e))

By - BACS transfer

To – Southern Cross Bank, New Orleans

Account Name – Offshore Vessel Inc

Account Number – 25 52 71 90



Brokers draft wording

24. Payment of hire, bunker invoices and disbursements for Charterers' account (State maximum number of days)(Cl.12(e))

In arrears



Alternative suggested wording

24. Payment of hire, bunker invoices and disbursements for Charterers' account (State maximum number of days)(Cl.12(e))

Thirty (30) days

Brokers draft wording

25. Interest rate payable (Cl.12(e))

12%

Alternative suggested wording

25. Interest rate payable (Cl.12(e))

One percent (1%) per calendar month.



Brokers draft wording

26. Maximum audit period (Cl.12(g))

**1-2 years in Charterers
option**



Alternative suggested wording

26. Maximum audit period (Cl.12(g))

One (1) Year

Brokers draft wording

27. Meals (State rate agreed)(Cl.6(d)(i))

\$10 per meal

28. Accommodation (State rate agreed)
(Cl.6(d)(i))

\$10 per bed

Alternative suggested wording

27. Meals (State rate agreed)(Cl.6(d)(i))

***United States Dollars Ten
(US\$10) per person, per meal.***

28. Accommodation (State rate agreed)
(Cl.6(d)(i))

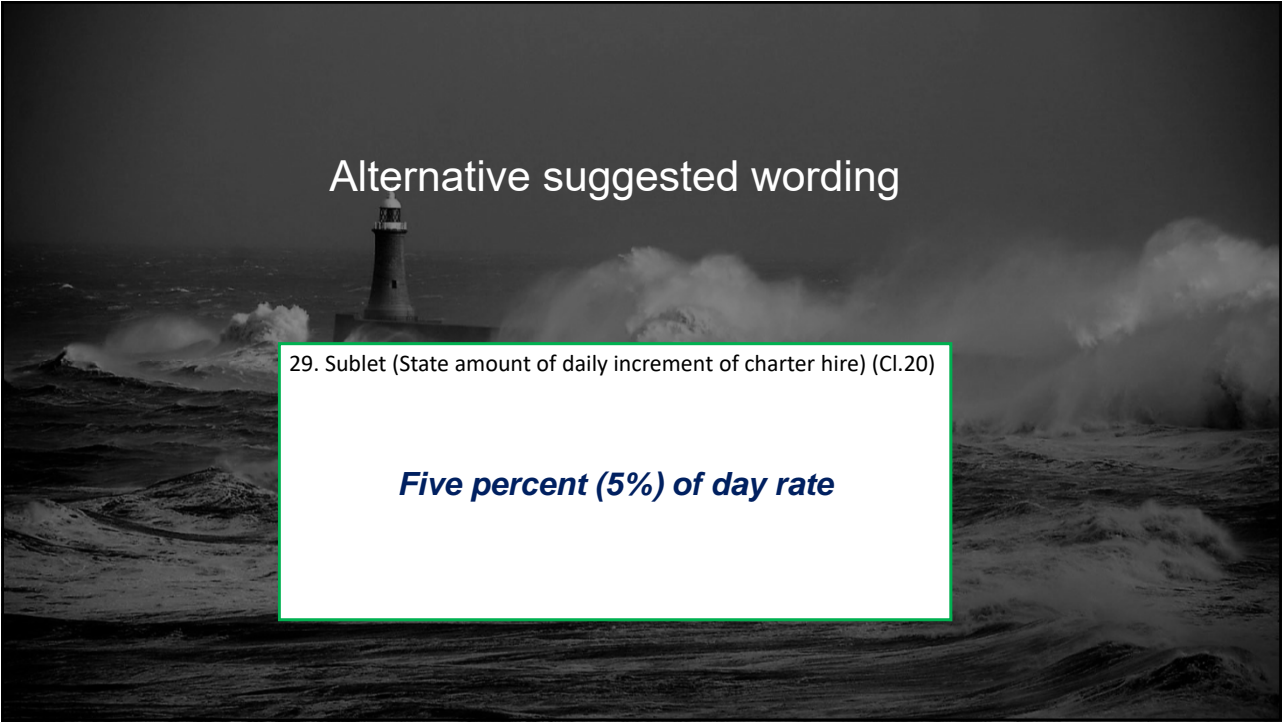
***United States Dollars Ten
(US\$10) per person, per bunk.***



Brokers draft wording

29. Sublet (State amount of daily increment of charter hire) (Cl.20)

To be mutually agreed



Alternative suggested wording

29. Sublet (State amount of daily increment of charter hire) (Cl.20)


Five percent (5%) of day rate



Brokers draft wording

30. War cancellation (indicate countries agreed) (Cl.23)

Australia and SE Asia.



Alternative suggested wording

30. War cancellation (indicate countries agreed) (Cl.23)

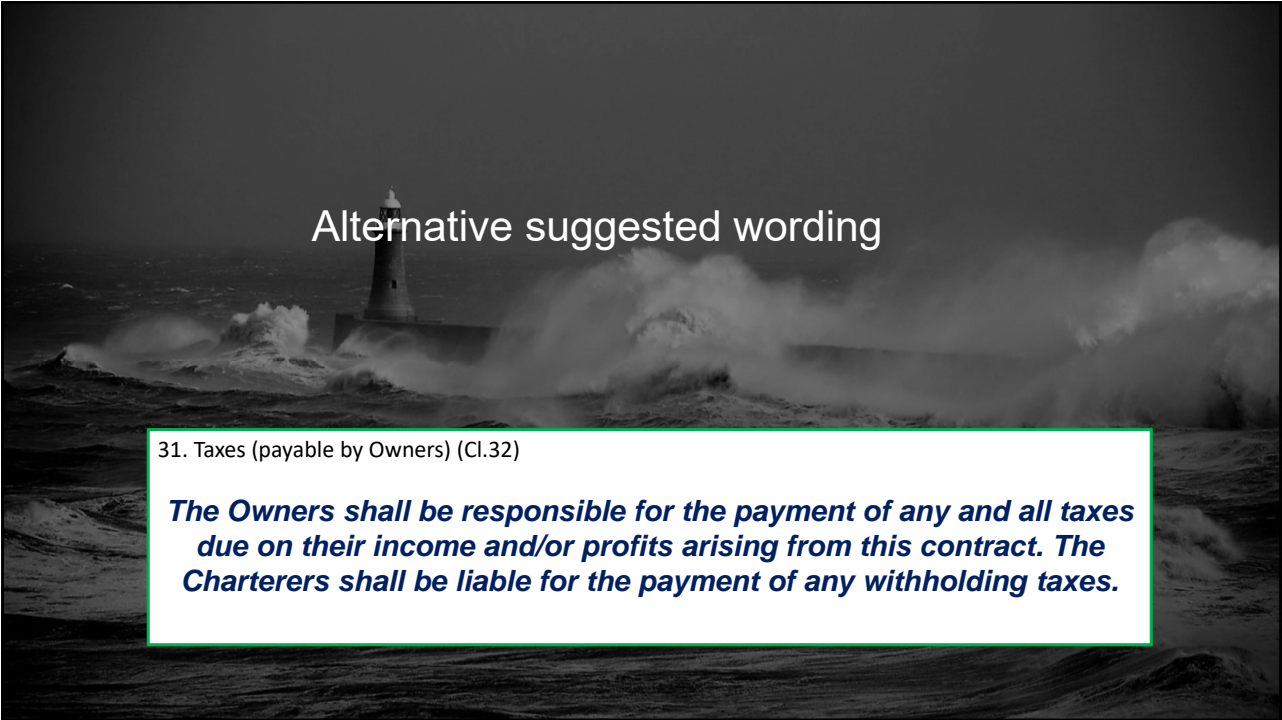
Permanent members of the UN security council and Australia



Brokers draft wording

31. Taxes (payable by Owners) (Cl.32)

No taxes are for charterers account.



Alternative suggested wording

31. Taxes (payable by Owners) (Cl.32)

The Owners shall be responsible for the payment of any and all taxes due on their income and/or profits arising from this contract. The Charterers shall be liable for the payment of any withholding taxes.

Brokers draft wording

32. Off-hire (state period) (Cl.34(d))

(i) Single consecutive

7 days

(ii) Combined

5 days

Alternative suggested wording

32. Off-hire (state period) (Cl.34(d))

(i) Single consecutive

Five (5) days

(ii) Combined

Seven (7) days



Brokers draft wording

33. Dispute resolution (state (a), (b), (c) or (d) of Cl.37, as agreed; If (c) agreed also state whether Singapore or English law to apply; if (d) agreed also state the place of the law governing the Charter Party and place of arbitration) (Cl.37)

British Law, London



Alternative suggested wording

33. Dispute resolution (state (a), (b), (c) or (d) of Cl.37, as agreed; If (c) agreed also state whether Singapore or English law to apply; if (d) agreed also state the place of the law governing the Charter Party and place of arbitration) (Cl.37)

(a) English law, London arbitration



Brokers draft wording

34. Numbers of additional clauses covering special provisions, if agreed.

One (1)



Alternative suggested wording

34. Numbers of additional clauses covering special provisions, if agreed

Cl. 2(a)(iii) Delayed delivery.
Cl. 2(g) Cancellation of the demobilisation fee.
Cl. 43 Migrant rescue procedure.



Thank you.

**We hope you found this workshop
both interesting and constructive.**

Ian Perrott – Independent OSV Consultancy

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