

## GENERAL TERMS AND CONDITIONS

All business undertaken, including any rental of equipment, advice, information or service provided by **INDEPENDENT OIL TOOLS AS** (hereinafter called **The Company**) is transacted subject to these Terms and Conditions.

### **A. RENTAL OF DRILL PIPE, TUBING, TOOLS, OTHER EQUIPMENT AND SERVICES**

1. The Customer (as lessee) shall take the equipment on hire in the condition in which it is at the commencement of the rental period and as inspected and maintained by Company.
2. The Company shall not be liable either in Contract or in tort for any loss, injury or damage whatsoever (whether sub surface or not and including reservoir loss) caused by reason of any defect in the equipment whether such defect be latent or apparent on examination.
3. The Customer shall indemnify the Company against any loss of or damage to the equipment from whatever cause arising and whether or not such loss or damage results from the negligence of the Company. Equipment shall be used in accordance with good drilling practises, i.e.; as per recommendations by manufacturer, API and/or IADC where applicable, thus minimizing risk of injury to personnel and damage to equipment.
4. Well conditions or other factors which prevent satisfactory operation of the equipment shall not relieve the Customer of the responsibility for paying the rental charges.
5. The Customer shall keep the equipment in good repair and condition (fair wear and tear excepted) and all damaged equipment which may need to be repaired will be repaired by the Company at its discretion and the cost of such repairs, including rehardbanding of drillpipe and heavy-wall drillpipe, shall be for the Customer's account. In addition, the Customer shall be liable to Company for loss of rental income and any other loss arising out of any loss or damage to the hired equipment.
6. Equipment lost or damaged beyond repair shall be paid for in full by the Customer at the reinstatement value (i.e.; replacement cost **new**) plus cost of freight charges, customs duty and cost of exporting/importing documentation, unless otherwise agreed in contract(s). Replacement cost for drillpipe and heavy-weight drillpipe which is lost in hole or downgraded below premium class shall be charged at the replacement cost quoted (neither prepaid rentals, nor depreciated values can be offset against sales costs). Equipment which is declared lost and subsequently charged for but is found and returned to the Company in fully usable condition within 3 months after being declared lost, will be credited to the Customer less a 20% restocking charge.

7. All deliveries are Ex Works IOT base, Midtgårdveien 30, Stavanger as per Incoterms 2010, unless otherwise agreed. The rental and the period of hire of the equipment and the acceptance of responsibility for the equipment by the Customer shall begin when the equipment leaves the Company's premises at Forus and the rental and the responsibility for the equipment shall continue in full until the equipment is returned to the said premises by the Customer in accordance with the provisions of these Terms and Conditions. Minimum rental period is 5 days.
8. The equipment shall remain the property of the Company and nothing contained in these Terms and Conditions shall confer or be deemed to confer any interest in the equipment on the Customer.
9. The Customer shall permit the Company at all reasonable times to enter upon the premises in which the equipment is for the time being kept for the purpose of inspection and examining the condition of the equipment.
10. The Customer shall not assign, let, pledge, mortgage, charge, encumber, or part with possession of or otherwise deal with the equipment or any interest therein.
11. Without prejudice to the applicability of these Terms and Conditions, any equipment hired by the Company from a third party and then hired to the Customer shall be subject to the conditions quoted by such third party. In case of discrepancy the conditions quoted by the third party shall prevail.
12. Special tools ordered and built for a specific job will be charged on the basis of the applicable shop time, plus a minimum rental of 5 days, whether or not the tool is used. Special transportation and import duty will be charged to Customer, where applicable.

## **B. ADVISORY SERVICES**

1. In providing advisory services under this Contract, the Company (including its personnel) shall not in any way, whatsoever, be deemed to act on behalf of the Customer or to have instructed Customer's personnel in relation to any project of the Customer.
2. It shall be the responsibility of the Customer to decide whether any recommendations made by the Company in performing the advisory services are followed out or not.
3. The Company shall not be liable to the Customer in respect of any incorrect or incomplete advice or information given by the Company or any servant or agent of the Company to the Customer.

### **C. STOCK OF TOOLS**

Although a rental price is listed in our catalogue, it is to be understood that all equipment may not be stocked in all sizes at Company's Forus base at all times - nor will all equipment, necessarily, be manufactured, purchased, or transferred for rental at our published rates. We endeavour to stock the equipment for which a reasonable demand exists.

### **D. MILEAGE AND TRANSPORTATION**

1. All pipe shall be supplied along with new wire rope slings at Customers option and cost. Any such wire rope slings returned to Company will be scrapped.
2. All transportation, crange and labour costs will be for the Customer's account. Local transport with IOT's truck will be charged at NOK 600,- per delivery.
3. All items of equipment or transportation or other services supplied by an outside contractor and purchased by the Company on the Customer's behalf may be charged to the Customer at cost plus 10%.
4. The Company shall not be liable for any consequential loss or loss of market or delay however caused.

### **E. DAMAGES**

It is agreed that Company shall not be liable for loss, damage or injury to the well of which these services are supplied, nor responsible for use of equipment supplied for services, or from acts of any person engaged in performing services to the well. The Customer assumes all responsibility for tools furnished for services and agrees to hold Company harmless for injuries to persons resulting from said services. Well conditions which prevent satisfactory operation of tools or equipment do not relieve the Customer from responsibility for all appropriate charges, including, but not limited to, freight, duty/customs and drayage charges.

### **F. NO OBLIGATION OF RESULT**

It is agreed that the Customer at all times remains in full charge of the conditions existing in and about the well, the well bore, the drilling machine and derrick. Therefore, while it is understood that Company employees will at all times exercise their best judgement under known or expected conditions, the opinions and interpretations of such employees are advisory only. The Customer accepts such options only as advisory. The Company cannot and does not guarantee any specific results to be obtained from the use of its products, performance of its services, or actions based on opinions of its employees.

## **G. WARRANTY AND LIABILITY**

1. In connection with any products, or parts thereof, furnished or rented to Customer, Company warrants only that the same shall be free from defects of workmanship and material, and the liability of Company's breach of such warranty, when such is shown, shall be limited to the replacement of, or the allowance of credit for, the part or parts thereof, whether resulting from negligence of the Company or any of its agents, servants or employees.
2. In no case whatsoever shall any liability of the Company, however arising, exceed the price paid by the Customer for the services.
3. Except as otherwise specified in these Terms and Conditions, the Customer shall indemnify and hold the Company harmless against any loss, damage or expense arising out of any claim for:
  - a) injuries to or death of any employee of the Customer, its affiliates, its agents, its contractors and/or subcontractors,
  - b) loss of, or damage to the property of the Customer, its affiliates, its agents, its contractors and/or subcontractors and/or the employees of the foregoing parties, and
  - c) all consequential losses which include but are not limited to loss of profit to the Customer, its affiliates, its agents, its contractors and/or subcontractors and/or the employees of the foregoing parties,arising out of or in connection with under any contract to which these Terms and Conditions apply, except when such claim is a result of gross negligence or wilful misconduct of the managerial and/or supervisory personnel of the Company.
4. Except as otherwise specified in these Terms and Conditions, the Company shall indemnify and hold the Customer harmless against any loss, damage or expense arising out of any claim for:
  - a) injuries to or death of any employee of the Company, its affiliates and/or its agents,
  - b) loss of, or damage to the property of the Company, its affiliates and/or its agents, and/or the employees of the foregoing parties, and
  - c) all consequential losses which include but are not limited to loss of profit to the Company, its affiliates, its agents, and/or the employees of the foregoing parties,arising out of or in connection with under any contract to which these Terms and Conditions apply, except when such claim is a result of gross negligence or wilful misconduct of the managerial and/or supervisory personnel of the Customer.
5. No claim of any kind can or shall be made against the employees, directors, servants or agents of the Company on any ground whatsoever.

## H. COMPENSATION

1. The Customer shall pay the Company for the materials used in the service and for the service performed, whether or not the desired results are achieved. If any material furnished by the Company for the service and not expected to be consumed in the service is lost or damaged such material shall be recovered or repaired at the Customer's expense, or the Customer shall pay for such material lost or damaged beyond repair, unless such loss or damage is due to the wilful default of the Company or its own servants.
2. Equipment will be charged for at the posted rental prices. The Customer's responsibility hereunder and equipment rental begins when the equipment leave the Company's service point and conditions until they are returned.
3. Twenty-four (24) hours or any part thereof constitute the first day's rental. Additional days begin at the expiration of the first twenty-four (24) hours and continue until the tools are returned.

In order to secure availability of equipment, customer may pay a standby rate. Such rate will usually be 50% of quoted rental rate and applies while equipment is stored at IOT's base. Standby rate will cease when equipment is mobilized from IOT's base, at which time full rate applies, alternatively when customer informs the Company that equipment will not be mobilized.

4. The rates quoted in the price list are in Norwegian kroner. Invoices will be presented monthly and are payable in either Norwegian kroner or in any other currency but only as specified by Company in payment instructions written thereon. Invoices are due for payment within thirty (30) days from date of presentation. Interest rates will be charged according to the Act Relating to Interest on Overdue Payment.
5. After return from rental, equipment will be subject to the following as and where applicable:
  - Cleaning (tubulars run in brine may have to be HP water blasted more than once, at an additional cost)
  - Inspection (either by Company's or Third Party inspectors)
  - Pressure testing
  - Maintenance
  - Repair
  - Preservation

The cost of all or part of the above will be for Customers account, unless stated otherwise in our Price List.

Company will not accept any inspection or repair carried out by, or on behalf of, the Customer unless mutually agreed.

6. Mobilisation of equipment on call-out after normal working hours will be charged at NOK 1.200,- per man hour, min. 3 hours per person called out.

Customs clearance of bonded equipment, after normal working hours, will be recharged at documented cost + 10%.

7. The Company contracts and does business solely upon these Terms and Conditions notwithstanding anything to the contrary contained or purported to be contained in any document or oral statement made by Customer and no variation or alteration of these Terms and Conditions shall be of any effect unless expressly agreed to in writing.