

2/1/09



**CONTRACT FOR
GULF OF MEXICO
STRATEGIC PERFORMANCE UNIT
OFFSHORE WELL SERVICES**

BETWEEN

BP EXPLORATION AND PRODUCTION, INC.

AND

M-I L.L.C.

BPM-09-00209

2804
Exhibit No. _____
Worldwide Court
Reporters, Inc.

Section 1 – Agreement

Section 1 – Agreement

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AGREEMENT

This CONTRACT is made between the following PARTIES: BP EXPLORATION AND PRODUCTION, INC., a company having its office at 501 WESTLAKE PARK BLVD., HOUSTON, TEXAS 77079 hereinafter called COMPANY and M-I L.L.C. having its main or registered office at 5950 NORTH COURSE DRIVE, HOUSTON, TEXAS 77072 hereinafter called CONTRACTOR. PARTY or PARTIES shall mean individually the COMPANY or CONTRACTOR or collectively as both COMPANY and CONTRACTOR.

WHEREAS:

- 1) COMPANY wishes that the WORK shall be carried out, all as described in the CONTRACT; and
- 2) CONTRACTOR wishes to carry out the WORK in accordance with the terms and conditions of this CONTRACT.
- 3) CONTRACTOR represents that it has the requisite skills, experience and resources to carry out the WORK to the reasonable satisfaction of COMPANY in accordance with the terms and conditions specified herein,

NOW THEREFORE, the PARTIES hereto agree as follows:

- 1) In this CONTRACT all capitalized words and expressions shall have the meanings assigned to them in this AGREEMENT or elsewhere in the CONTRACT.

The following Sections shall form and be read and construed as the CONTRACT:

- | | |
|-----------|---|
| Section 1 | Agreement |
| Section 2 | General Conditions of Contract |
| | <ul style="list-style-type: none">• Appendix 1: Special Conditions of Contract• Appendix 2: Local Tax Provision |
| Section 3 | Scope of Work (Including Appendices) |
| | <ul style="list-style-type: none">• Appendix 1: Supplier Performance Management• Appendix 2: WORK ORDER Form• Appendix 3: CHANGE ORDER Form• Appendix 4: SUBCONTRACTORS / CONTRACTOR's Key Personnel• Appendix 5: Description of the WORK• Appendix 6: Functional and Technical Specifications• Appendix 7: Technical Integrity |
| Section 4 | Remuneration (including Appendices) |
| | <ul style="list-style-type: none">• Appendix 1: Special Local Invoicing• Appendix 2: Lost in Hole Charges• Appendix 3: Sub-Sector Terms and Conditions• Appendix 4: Schedule of Rates and Charges |



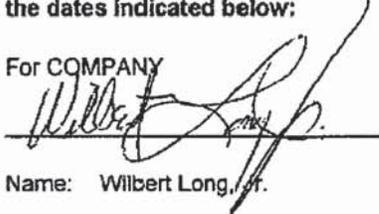
Section 1 - Agreement

- Section 5 Integrity Management
- Section 6 Quality Assurance and Quality Control
- Section 7 Health, Safety, Security, and the Environment (including applicable Appendices)
 - Appendix 1: Getting HSE Right (GHSER)
 - Appendix 2: BP's Golden Rules for Safety
 - Appendix 3: Substance Abuse Policy
 - Appendix 4: Scope Specific HSSE Issues
 - Appendix 5: Minimum HSSE Requirements
- Section 8 Code of Conduct

- 2) The Sections shall be read as one document, the contents of which, in the event of ambiguity or contradiction between Sections, shall be given precedence in the order listed, with the exception that the Special Local Conditions of Contract as stated in Appendix 1 to Section 2 - Special Conditions of Contract shall take precedence over the General Conditions of Contract.
- 3) In accordance with the terms and conditions of the CONTRACT, CONTRACTOR shall perform and complete the WORK and COMPANY shall pay the CONTRACT PRICE.
- 4) The EFFECTIVE DATE OF THE CONTRACT shall be February 1, 2009. Notwithstanding the EFFECTIVE DATE of the CONTRACT, the WORK is scheduled to commence on the date specified in each individual WORK ORDER issued pursuant to the provisions of Section 3 ("COMMENCEMENT DATE") and shall continue until completed to the reasonable satisfaction of COMPANY. Subject to the terms and conditions contained in Section 2 - General Conditions of Contract, the CONTRACT duration shall be for a term of three (3) years from the EFFECTIVE DATE OF THE CONTRACT. COMPANY shall have the option to extend this CONTRACT for up to two (2) consecutive one year options following the expiration of the three (3) year term.
- 5) This CONTRACT constitutes the entire agreement between the PARTIES hereto with respect to the WORK and supersedes all prior negotiations, representations, or agreements related to the CONTRACT, either written or oral. No amendments to the CONTRACT shall be effective unless evidenced in writing and signed by the PARTIES to the CONTRACT.

The authorized representatives of the PARTIES have executed the CONTRACT in duplicate upon the dates indicated below:

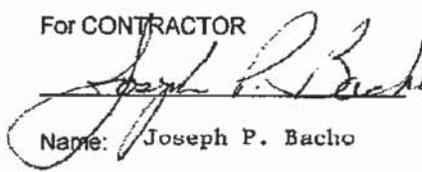
For COMPANY


Name: Wilbert Long, Jr.

Title: Chief Procurement Officer - GOM

Date: 3/09/09

For CONTRACTOR


Name: Joseph P. Bacho

Title: Senior Vice President - North America

Date: February 27, 2009



Section 2 – General Conditions of Contract

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APPENDICES

APPENDIX 1 SPECIAL CONDITIONS OF CONTRACT

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FAIR NOTICE DISCLOSURE STATEMENT

BOTH PARTIES TO THIS CONTRACT ACKNOWLEDGE THAT THIS STATEMENT COMPLIES WITH ANY REQUIREMENT TO EXPRESSLY STATE LIABILITY FOR NEGLIGENCE OF THE INDEMNITEE (EXPRESS NEGLIGENCE RULE), IS CONSPICUOUS AND AFFORDS FAIR AND ADEQUATE NOTICE. BOTH PARTIES TO THIS CONTRACT REPRESENT TO EACH OTHER THAT THEY HAVE CONSULTED AN ATTORNEY CONCERNING THE CONTENTS OF THIS CONTRACT AND ARE SATISFIED THAT THEY FULLY UNDERSTAND THEIR RIGHTS AND OBLIGATIONS HEREUNDER AND IF THEY HAVE NOT CONSULTED AN ATTORNEY, CONFIRM THAT THEY WERE PROVIDED THE OPPORTUNITY AND HAD THE ABILITY TO CONSULT AN ATTORNEY, BUT MADE A KNOWLEDGEABLE DECISION NOT TO OBTAIN SUCH CONSULTATION.

1. DEFINITIONS

The following definitions shall be used for the purpose of interpreting the CONTRACT. Further definitions not contained in this Clause shall apply to the Section in which they are stated and subsequent Sections.

- 1.1 "AFFILIATE" of a company means a person or entity directly or indirectly controlling, controlled by, or under common control with such company. "Control" for this purpose shall, in the case of a corporation with outstanding voting stock, require the direct or indirect ownership of, or power to vote with respect to, outstanding shares of a corporation's capital stock constituting fifty per cent (50%) or more of the votes of any class of such corporation's outstanding voting stock.
- 1.2 "CHANGE ORDER" shall mean the written instruction in the form similar to Section 3, Appendix 3 issued by COMPANY in accordance with the provisions of Clause 11 describing a change or variation to the WORK or a specific WORK ORDER.
- 1.3 "COMPANY GROUP" shall mean COMPANY, its CO-VENTURERS, its and their respective AFFILIATES and its and their respective directors, officers, and employees (including agency personnel), but shall not include any member of CONTRACTOR GROUP.
- 1.4 "COMPANY REPRESENTATIVE" shall mean that person referred to in Clause 3.
- 1.5 "CONTRACT" shall have the meaning described in Section 1 - Agreement.

- 1.7 "CONTRACTOR GROUP" shall mean CONTRACTOR, its SUBCONTRACTORS their subcontractors of any tier, its and their respective AFFILIATES or co-venturers and, its and their respective directors, officers, and employees (including agency personnel), but shall not include any member of COMPANY GROUP.
- 1.8 "CONTRACTOR REPRESENTATIVE" shall mean that person referred to in Clause 3.
- 1.9 "CO-VENTURERS" shall mean any co-venturers and / or Co-Lessees with COMPANY from time to time having an interest in the exploration and production license under which the WORK is being performed and the successors in interest of such CO-VENTURERS or the assignees of any interest of such CO-VENTURERS as more fully defined in Appendix 1 to this Section 2.



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- 1.10 "DEFECTS LIABILITY PERIOD" shall mean the period from the commencement of the WORK up to ninety (90) days after completion of the WORK during which CONTRACTOR shall remain liable for the correction of defects to the WORK or services as provided for under Clause 10.
- 1.11 "SERVICE COMPANY(IES)" shall mean any contractor(s) other than CONTRACTOR who have entered into contract(s) with COMPANY and are engaged by COMPANY to provide services or perform WORK at the WORKSITE or engaged by COMPANY to provide services or perform work in connection with the WORK.
- 1.12 "SERVICE COMPANY GROUP" shall mean any SERVICE COMPANY, its sub-contractors of any tier, its and their AFFILIATES, and its and their respective directors, officers and employees (including agency personnel), but shall not include any member of COMPANY GROUP or CONTRACTOR GROUP.
- 1.13 "SUBCONTRACT" shall mean any contract between CONTRACTOR and any party or between such party and its SUBCONTRACTORS of any tier (other than COMPANY or any employees of CONTRACTOR) for the performance of any part of the WORK.
- 1.14 "SUBCONTRACTOR" shall mean any party (other than CONTRACTOR) to a SUBCONTRACT.
- 1.15 "TECHNICAL INFORMATION" shall mean all such information provided by or caused to be provided by COMPANY pursuant to the CONTRACT.
- 1.16 "WARRANTY PERIOD" in respect of equipment and products provided by CONTRACTOR hereunder shall mean a period of 12 months from date of installation or 24 months from date of shipment of any product, whichever first occurs, as provided for under Clause 29.
- 1.17 "WORK" shall mean all work, including each service to be rendered, related equipment or materials supplied, or products provided pursuant to each WORK ORDER (as modified by any CHANGE ORDER), that CONTRACTOR is required to carry out in accordance with the provisions of the CONTRACT.
- 1.18 "WORK ORDER" shall mean the written instruction in a form similar to Section 3, Appendix 2 that will be issued by COMPANY in accordance with the provisions of the CONTRACT describing the WORK required to be performed at a specific WORKSITE.
- 1.19 "WORKSITE" shall mean the lands, waters and other places on, under, in or through which the WORK is to be performed including COMPANY owned, leased or operated premises, land drilling and production sites, offshore installations, floating construction equipment, vessels (including the area covered by approved anchor patterns) or places where equipment, materials or supplies are being obtained, stored or used for the purposes of the CONTRACT

2. INTERPRETATION

- 2.1 All instructions, notices, agreements, authorizations, approvals, and acknowledgements shall be in writing. All such documentation together with all correspondence and other documents shall be in the English language.

Nevertheless, if for any reason it is considered necessary by COMPANY to give an instruction to CONTRACTOR orally in the first instance, CONTRACTOR shall comply with such instruction. Any such oral instruction shall be confirmed in writing as soon as is possible under the circumstances, provided that, if CONTRACTOR confirms in writing any such oral instruction



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which is not contradicted in writing by COMPANY without undue delay, it shall be deemed to be an instruction in writing by COMPANY.

2.2 Any reference to statute, statutory provision, or statutory instrument shall include any re-enactment or amendment thereof for the time this CONTRACT is in force.

3. COMPANY AND CONTRACTOR REPRESENTATIVES

3.1 General

- (a) COMPANY REPRESENTATIVE and CONTRACTOR REPRESENTATIVE are the persons named as such in Appendix 1 to this Section 2.
- (b) Such representatives, or delegates appointed in accordance with the provisions of this Clause, shall be readily available to enable both COMPANY and CONTRACTOR to discharge their obligations under the CONTRACT.
- (c) COMPANY REPRESENTATIVE and any person authorized by him shall have access at all reasonable times to the WORKSITE and CONTRACTOR shall afford every facility for and every assistance in obtaining the right of access.

3.2 COMPANY REPRESENTATIVE

- (a) COMPANY REPRESENTATIVE has the authority to commit COMPANY in all matters under the CONTRACT and, subject to any delegation of such authority, shall be responsible for issuing to and receiving from CONTRACTOR all notices, information, instructions and decisions.
- (b) By notice to CONTRACTOR, COMPANY REPRESENTATIVE may at any time delegate any of his authority to any nominated deputy. Such notice shall specify the precise authority of any such deputy and shall be sent to CONTRACTOR REPRESENTATIVE.
- (c) COMPANY may change COMPANY REPRESENTATIVE at any time and shall notify CONTRACTOR of any change.
- (d) Except as expressly stated in the CONTRACT, COMPANY REPRESENTATIVE has no powers to amend the CONTRACT or to relieve CONTRACTOR from any of its obligations under the CONTRACT.

3.3 CONTRACTOR REPRESENTATIVE

- (a) CONTRACTOR REPRESENTATIVE has the authority to commit CONTRACTOR to any course of action within the rights and obligations of CONTRACTOR under the CONTRACT and, subject to any delegation of such authority, shall be responsible for issuing to and receiving from COMPANY all notices, information, instructions and decisions.
- (b) CONTRACTOR REPRESENTATIVE may delegate any of his authority to any nominated deputy, the terms of such delegation being subject to the prior approval of COMPANY which shall not be unreasonably withheld or delayed.



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- (c) CONTRACTOR shall not change CONTRACTOR REPRESENTATIVE without cause or any nominated deputy without the prior approval of COMPANY which shall not unreasonably be withheld or delayed.
- (d) CONTRACTOR REPRESENTATIVE has no powers to amend the CONTRACT.

4. CONTRACTOR'S GENERAL OBLIGATIONS

- 4.1 CONTRACTOR shall in accordance with Section 3, carry out all of its obligations under the CONTRACT and provide all management, supervision, personnel, materials and equipment, (except materials and equipment specified to be provided by COMPANY), plant, consumables, facilities and all other things whether of a temporary or permanent nature, so far as the necessity for providing the same is expressed with reasonable clarity in the CONTRACT.
- 4.2 CONTRACTOR shall carry out all of its obligations under the CONTRACT and shall execute the WORK with all due care and diligence and with the skill to be expected of a reputable contractor experienced in the types of work to be carried out under the CONTRACT.
- 4.3 CONTRACTOR shall take full responsibility for the adequacy, stability, health, safety, and environmental protection of all its operations and methods necessary for the performance of the WORK and shall keep strictly to the provisions of Section 7 – Health, Safety, Security, and Environment.
- 4.4 Except to the extent that it may be illegal or physically impossible or create a hazard to safety CONTRACTOR shall comply with COMPANY's instructions and directions on all matters relating to the WORK.
- 4.5 In order to ensure that performance and completion of the WORK are not delayed or impeded CONTRACTOR shall be responsible for the timely provision of all matters referred to in Clause 4.1 and, where provided for elsewhere in the CONTRACT, for the timely request of COMPANY provided materials, services, and facilities.
- 4.6 COMPANY reserves the right to let other contracts for work or services to be performed coincidentally with the WORK at the WORKSITE. CONTRACTOR shall afford COMPANY and SERVICE COMPANY(IES) reasonable access and opportunity for the performance of their work or contracts and shall cooperate fully with SERVICE COMPANY(IES).
- 4.7 CONTRACTOR shall be responsible for the programming of the WORK.
- 4.8 On completion of the WORK or any portion thereof and subject to any modifications set forth in Section 3, Scope of Work, CONTRACTOR shall without delay clear and remove all equipment and materials owned or in the custody and control of CONTRACTOR (other than equipment and material addressed in Clause 4.9) including debris, thereby leaving the WORKSITE in a clean, tidy and safe condition consistent with the provisions of Section 7 – Health, Safety, Security, and Environment. Nothing contained herein shall oblige CONTRACTOR to dispose of hazardous waste unless expressly stated otherwise. Notwithstanding the foregoing, nothing in this CONTRACT shall obligate the CONTRACTOR to raise and recover any item of sunken equipment whether lost overboard in transit or on location unless CONTRACTOR is required by statute or regulation to raise and recover such item or where COMPANY requires such item to be recovered as interfering with COMPANY's future operations at the location.
- 4.9 Surplus COMPANY material in the possession of CONTRACTOR on completion of the WORK shall be disposed of by CONTRACTOR in accordance with the instructions of COMPANY



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REPRESENTATIVE which shall be the subject of a CHANGE ORDER in accordance with Clause 11.

5. TRANSPORTATION

The responsibility and obligations of COMPANY with respect to the provision of onshore or offshore transportation, where applicable, for CONTRACTOR provided personnel, equipment and materials are as stated in Section 3 - Scope of Work.

6. CONTRACTOR TO INFORM ITSELF

6.1 CONTRACTOR shall be deemed to the extent reasonably possible to have satisfied itself, before entering into the CONTRACT, as to the extent and nature of the WORK including but not limited to the services, personnel, materials and equipment, plant, consumables and facilities required for the WORK, the correctness and sufficiency of the rates and prices entered in Section 4 - Remuneration, general and local conditions, and all other matters which could affect progress or performance of the WORK.

6.2 Any failure by CONTRACTOR to take account of matters, which affect the WORK, will not relieve CONTRACTOR from its obligations under the CONTRACT.

6.3 CONTRACTOR shall check all TECHNICAL INFORMATION in accordance with good oilfield practice and advise COMPANY of any errors or inconsistencies it finds. COMPANY shall resolve those errors or inconsistencies as soon as reasonably possible and CONTRACTOR shall thereafter be entitled to rely on all TECHNICAL INFORMATION furnished to CONTRACTOR by COMPANY (as corrected by COMPANY if applicable).

6.4 The COMPANY shall without undue delay provide to CONTRACTOR all information affecting the WORK which CONTRACTOR reasonably requires from COMPANY in order to properly perform the WORK in accordance with the CONTRACT.

7. CONTRACTOR TO INFORM COMPANY

7.1 CONTRACTOR shall notify COMPANY without undue delay of all things, which in the opinion of CONTRACTOR appear to be deficiencies, omissions, contradictions, or ambiguities in the CONTRACT or conflicts with applicable law. COMPANY shall review these items and issue the necessary instructions before CONTRACTOR proceeds with any part of the WORK affected. Subject to the provisions of Clause 11, COMPANY shall issue a CHANGE ORDER if CONTRACTOR can show that it has suffered delay and/or incurred additional cost as a result of any such instruction.

7.2 In addition to the requirements of Section 7 – Health, Safety, Security, and Environment, CONTRACTOR shall notify COMPANY without delay of any health, safety and environmental incidents and accidents that occur in connection with the carrying out of the WORK. CONTRACTOR shall also notify COMPANY of any other incidents which occur which might affect the carrying out of the WORK or the CONTRACT.

7.3 CONTRACTOR shall notify COMPANY immediately of any proposed or actual stoppages of work, industrial disputes, or other matters affecting or likely to affect the carrying out or completion of the WORK.

When requested by COMPANY, CONTRACTOR shall also supply to COMPANY other information in connection with the WORK relating to industrial relations.



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8. ASSIGNMENTS AND SUBCONTRACTING

8.1 Assignment

- (a) COMPANY is entitled to assign the CONTRACT or any part of it or any benefit or interest in or under it to any CO-VENTURER or AFFILIATE of COMPANY. In addition, COMPANY may make any such assignment to any other third party but only with the prior agreement of CONTRACTOR which shall not unreasonably be withheld or delayed.
- (b) CONTRACTOR undertakes that, in the event of any assignment described above, it will execute without delay a formal assignment of interest in the CONTRACT to the relevant party, to be effective upon the written assumption by the assignee of all obligations of COMPANY under the CONTRACT.
- (c) CONTRACTOR shall not assign the CONTRACT or any benefit or interest therein, whether in whole or in part, except to a CONTRACTOR AFFILIATE without the prior approval of COMPANY, which approval shall not be unreasonably withheld or delayed.

8.2 Subcontracting

- (a) CONTRACTOR shall not subcontract the whole of the WORK. CONTRACTOR shall not subcontract any material part of the WORK without the prior approval of COMPANY which approval shall not unreasonably be withheld or delayed.
- (b) Before entering into any SUBCONTRACT as provided in 8.2 (a), COMPANY shall be given an adequate opportunity to review the form of SUBCONTRACT, the choice of SUBCONTRACTOR, the part of the WORK included in the SUBCONTRACT and any other relevant details requested by COMPANY.

Where COMPANY will be required to reimburse to CONTRACTOR the sum paid to the SUBCONTRACTOR, any procedure for award of such SUBCONTRACTS included in the CONTRACT shall be followed and COMPANY shall be entitled to review all relevant aspects of the SUBCONTRACT.

- (c) No SUBCONTRACT shall bind or purport to bind COMPANY or the CO-VENTURERS. CONTRACTOR shall ensure that any SUBCONTRACTOR shall be bound by and observe the provisions of the CONTRACT in so far as they apply to the SUBCONTRACT.

Each SUBCONTRACT shall expressly provide for CONTRACTOR's unconditional right of assignment of the SUBCONTRACT to COMPANY in the event that COMPANY terminates the CONTRACT or the WORK.

- (d) CONTRACTOR shall be responsible for all work, acts, omissions, and defaults of any SUBCONTRACTOR as fully as if they were work, acts, omissions, or defaults of CONTRACTOR.

9. CONTRACTOR PERSONNEL

- 9.1 CONTRACTOR undertakes to provide sufficient personnel at all times to ensure performance and completion of the WORK in accordance with the provisions of the CONTRACT.



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- 9.2 All personnel employed on the WORK shall, for the work they are required to perform, be competent, properly qualified, skilled and experienced in accordance with good industry practice.
- CONTRACTOR shall verify all relevant qualifications of such personnel. This includes, but is not limited to, CONTRACTOR's:
- a) Site based personnel,
 - b) Shore base / shop personnel who prepare equipment and materials pre-job,
 - c) QA/QC personnel,
 - d) HSSE personnel,
 - e) Logistics personnel,
 - f) Technical support staff.
- 9.3 Where CONTRACTOR's key personnel are specified in the CONTRACT, they shall not be replaced without prior COMPANY approval which shall not unreasonably be withheld or delayed. Any replacement shall work with the person to be replaced for a reasonable handover period.
- 9.4 CONTRACTOR shall maintain full and up to date records of its personnel employed on the WORK and register all periods worked offshore by its personnel and make records available to COMPANY if or when required.
- 9.5 CONTRACTOR shall be solely responsible for and shall meet all costs incurred in connection with the employment and administration of its personnel, local or otherwise, together with all necessary and routine medical services to be provided for its personnel, and all other matters relating thereto, including making all travel arrangements (reservations, onshore transport, lodging, maintenance, etc) except as set out in Section 3 hereof, obtaining all necessary passports and visas (and renewals thereof) and all to satisfy the requirement of all applicable laws, rules, regulations and decrees of any governmental or regulatory body having jurisdiction over its WORK.
- 9.6 CONTRACTOR shall also be solely responsible for the timely payment of wages, salaries, and allowances for its personnel including the withholding of any taxes required by any governmental or regulatory body having jurisdiction over the WORK and/or the WORKSITE. CONTRACTOR shall make and file all returns and reports in connection therewith and account thereafter to the appropriate authorities.
- 9.7 Except as otherwise provided herein, CONTRACTOR shall be responsible for all matters and costs associated with rest periods for its personnel including all crew changes which may take place during the period of the WORK. CONTRACTOR is responsible for ensuring that all personnel are properly rested in order to carry out the WORK in a safe, efficient, and environmentally responsible manner.
- 9.8 CONTRACTOR shall, as its own expense, provide its personnel with all necessary protective clothing and safety equipment suitable for the working conditions. For duty offshore/onshore such clothing/equipment shall be in accordance with statutory requirements.
- 9.9 CONTRACTOR shall ensure that such key personnel and supervisory personnel of CONTRACTOR and SUBCONTRACTORS shall read, write, and speak fluent English.
- 9.10 CONTRACTOR shall be as responsible for any WORK performed by any CONTRACTOR agency personnel and by any other person provided by CONTRACTOR in connection with the WORK as if the WORK was performed by the CONTRACTOR's employees.



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9.11 CONTRACTOR shall ensure that all employees of CONTRACTOR and any SUBCONTRACTOR engaged in the performance of the WORK comply with applicable laws including immigration laws and where required are in possession of a valid work permit, travel permits, for the duration of the CONTRACT. When requested, details of such work permits shall be submitted to COMPANY.

9.12. COMPANY may verbally or in writing instruct CONTRACTOR to remove from the WORKSITE any CONTRACTOR GROUP personnel engaged in any part of the WORK who in the reasonable opinion of COMPANY is either:

- (a) incompetent or negligent in the performance of their duties; or
- (b) engaged in activities that are contrary or detrimental to the interests of COMPANY; or
- (c) not conforming with relevant safety procedures described in Section 7 – Health, Safety, Security, and Environment or persists in any conduct likely to be prejudicial to safety, health or the environment.

CONTRACTOR shall remove or lawfully secure such removal of any such person forthwith from the WORKSITE. COMPANY shall state the reason for such removal in a subsequent written instruction if requested by CONTRACTOR. CONTRACTOR shall provide a suitable replacement for any such person within 24 hours or longer time as may be agreed by COMPANY.

Any person removed for any of the above reasons shall not be engaged again in the WORK or on any other work of COMPANY without the prior informed approval of COMPANY

9.13. CONTRACTOR shall forthwith at its cost and expense replace any such person removed under the provisions of Clause 9.12 hereof with such replacement being a person qualified and capable of performing in an efficient manner the duties of any such person being replaced. This Clause shall also apply to CONTRACTOR's and SUBCONTRACTOR's personnel leaving of their own volition.

9.14. CONTRACTOR shall take all requisite precautions and use its best endeavors to prevent any riotous or unlawful behavior by or amongst any of CONTRACTOR's personnel.

10. DEFECTIVE PERFORMANCE

10.1 If at any time within the DEFECTS LIABILITY PERIOD and without prejudice to COMPANY's other rights under Clause 23, where COMPANY has found that the WORK or part thereof or any re-work performed by CONTRACTOR has not been performed in accordance with the CONTRACT, COMPANY shall detail in writing such fault or defect ("DEFECTS"), the specific nature of the DEFECTS and the Clause and Section of the CONTRACT that contains the obligation that CONTRACTOR has failed to meet.

10.2 Starting on the date set out in COMPANY's notice under Clause 10.1 to CONTRACTOR (or if no such date is specified, commencing immediately upon such notice becoming effective), CONTRACTOR shall expeditiously take all necessary action to remedy the DEFECTS. CONTRACTOR's obligations under this Clause shall continue until the DEFECTS have been remedied in full compliance with the requirements of the CONTRACT.

10.3 Subject to Clause 10.4 and without prejudice to COMPANY's other rights under Clause 23, if following receipt of COMPANY notification as set out in Clause 10.1, CONTRACTOR is unwilling or unable to perform the work necessary to correct the DEFECTS in a time which is reasonable



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In all circumstances then COMPANY may decide that CONTRACTOR's failure to correct such DEFECTS will be prejudicial to its interests. In such cases COMPANY may at its option either:

- a) at CONTRACTOR's expense, either re-perform the defective WORK or have the defective WORK remedied by others, at best market rates available to COMPANY taking into account HSSE, technical and cost considerations. CONTRACTOR's liability in respect of this Clause 10.3(a) shall extend to the full amount of the incremental cost, meaning the amount by which the cost of procuring such alternative performance exceeds the CONTRACT PRICE, incurred by COMPANY in procuring alternative performance of the defective WORK as aforesaid; or
- b) terminate the CONTRACT or WORK ORDER as provided under Clause 23.1 (b)

10.4 For the purposes of Clause 10.2, 10.3 and 23.5, CONTRACTOR shall not be liable to COMPANY for the costs of any items which are specified in the CONTRACT or WORK ORDER as items to be provided by COMPANY or items which were previously provided by COMPANY.

10.5 CONTRACTOR's limit of financial liability expressed under Clause 10.3(a) shall be limited to a sum equivalent to the costs incurred by COMPANY and in any event to a sum not greater than thirty percent (30%) of the price of the element of the WORK or services in respect of which a notice of DEFECTS has been issued pursuant to Clause 10.1 plus all reasonable and documented third party mobilization (and de-mobilization, as applicable) costs necessary to re-perform the WORK or services in question.

11. CHANGES TO THE WORK

11.1 COMPANY has the right to issue instructions in the form of a CHANGE ORDER to CONTRACTOR at any time to make any variation or changes to the WORK which are within the capability and resources of CONTRACTOR. CONTRACTOR shall proceed immediately as instructed.

11.2 CONTRACTOR shall notify COMPANY if any CHANGE ORDER issued pursuant to Clause 11.1 will result in an adjustment to CONTRACT PRICE. Any adjustment to the CONTRACT PRICE resulting from any CHANGE ORDER shall be valued at the appropriate rates and prices included in the CONTRACT, or in the absence of any appropriate rates and prices, a fair valuation shall be mutually agreed by COMPANY and CONTRACTOR.

11.3 Any additions or modifications to the schedule of rates defined in the remuneration section shall be treated as contractual amendments requiring the approval of both PARTIES' authorized representatives.

12. FORCE MAJEURE

12.1 Neither COMPANY nor CONTRACTOR shall be responsible for any failure to fulfill any term or condition of the CONTRACT (other than any obligation to make payment when due for WORK already carried out) if and to the extent that fulfillment has been delayed or temporarily prevented by a force majeure occurrence, as herein defined, which has been notified in accordance with this Clause and which is beyond the control and without the fault or negligence of the PARTY affected and which, by the exercise of reasonable diligence, the said PARTY is unable to provide against.

12.2 For the purpose of this CONTRACT, force majeure as defined in Clause 12.1 shall be considered to include, but not be limited to, the following:



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- (a) Riot, war, invasion, act of foreign enemies, hostilities (whether war be declared or not), acts of terrorism, civil war, rebellion, revolution, insurrection of military or usurped power;
- (b) Ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel or radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;
- (c) Earthquake, flood, fire, explosion, Acts of God and/or other natural physical disaster; but excluding weather conditions as such, regardless of severity, for which operational contingency plans exist;
- (d) Strikes at a national or regional level or industrial disputes at a national or regional level, or strikes or industrial disputes by labor not employed by the affected PARTY its subcontractors or its suppliers and which affect a substantial or essential portion of the WORK;
- (e) Maritime or aviation disasters;
- (f) Changes to any general or local Statute, Ordinance, Decree, or other Law or any regulation or bye-law of any local or other duly constituted authority or the introduction of any such Statute, Ordinance, Decree, Law, regulation, or bye-law.

- 12.3 In the event of a force majeure occurrence, the PARTY that is or may be delayed in performing the CONTRACT shall notify the other PARTY without delay giving the full particulars thereof and shall use all reasonable endeavors to remedy the situation without delay.
- 12.4 Save as otherwise expressly provided in the CONTRACT, no additional payments of whatever nature shall be made in respect of a force majeure occurrence.
- 12.5 Following notification of a force majeure occurrence in accordance with Clause 12.3, the PARTIES shall meet at appropriate intervals to agree on a mutually acceptable course of action to minimize the impact and effects of such an occurrence to either PARTY.
- 12.6 In the event that a force majeure occurrence causes the WORK to be halted for a period longer than thirty (30) days, the PARTIES shall meet and agree to:-
- (a) extend the term of the CONTRACT in accordance with Clause 11.1, with appropriate adjustments in remuneration to compensate for delayed completion, or
 - (b) reschedule the WORK.

Failing agreement either PARTY shall be entitled to terminate the WORK ORDER or CONTRACT in accordance with Clause 23.6.

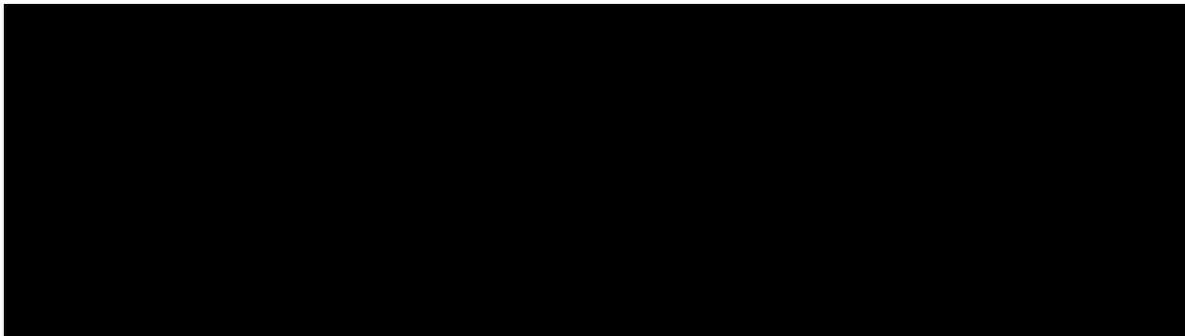
13. SUSPENSION

- 13.1 COMPANY shall have the right, by notice to CONTRACTOR, to suspend the WORK or any part thereof to the extent detailed in the notice, for any of the following reasons;
- (a) subject only to Clause 13.3, in the event of some default on the part of CONTRACTOR; or

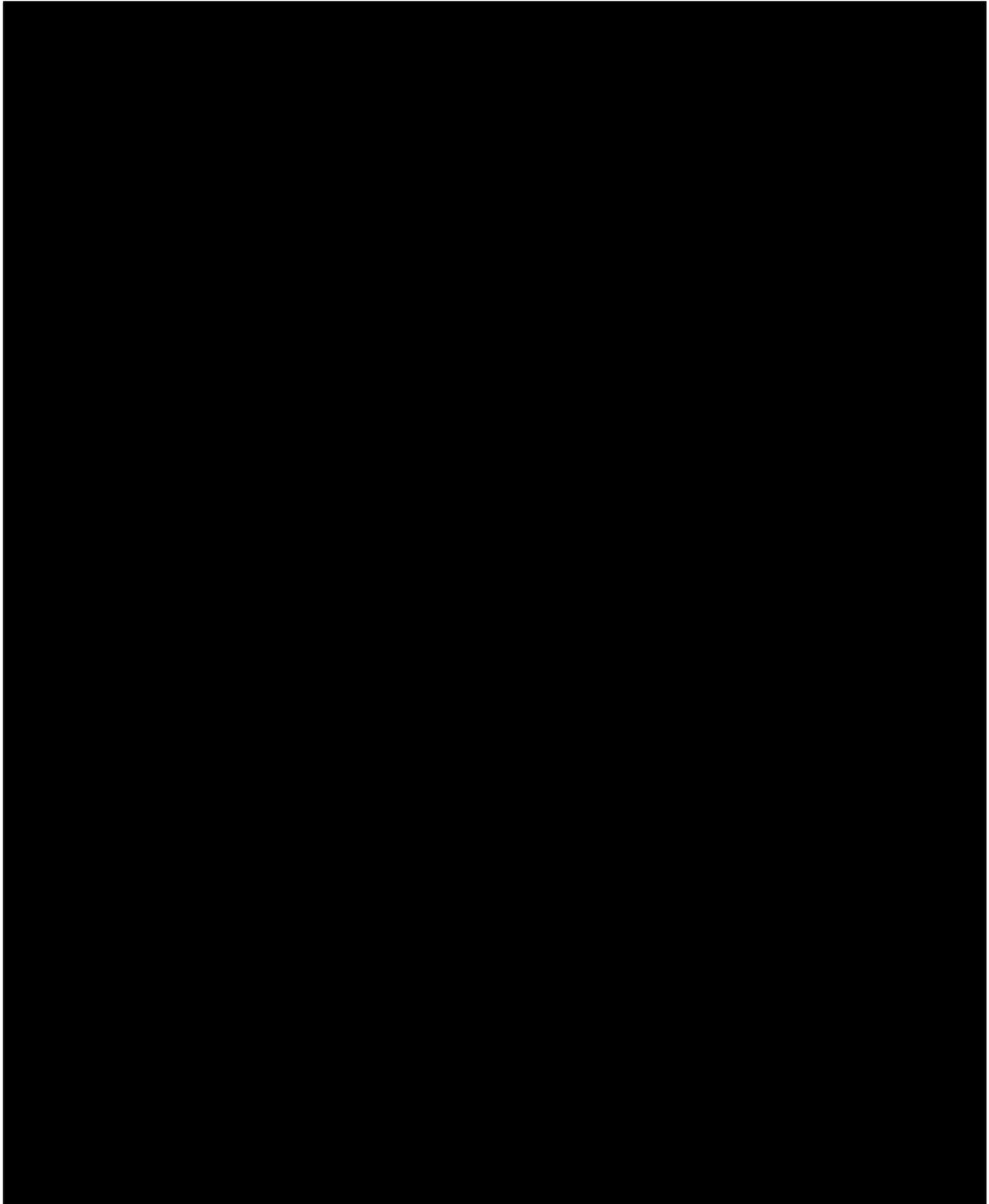


Section 2 – General Conditions of Contract

- (b) in the event that suspension is necessary for the proper execution or safety of the WORK, or persons or;
 - (c) to suit the convenience of COMPANY.
- 13.2 Upon receipt of any such notice, CONTRACTOR shall, unless instructed otherwise:
- (a) discontinue the WORK or the part of the WORK detailed in the notice, on the date and to the extent specified; and
 - (b) properly protect and secure the WORK as required by COMPANY.
- 13.3 In the event of default on the part of CONTRACTOR and before the issue by COMPANY of a notice to suspend the WORK or any part thereof COMPANY shall give notice of default to CONTRACTOR giving details of such default. If CONTRACTOR, upon receipt of such notice, does not commence and thereafter continuously proceed with action reasonably satisfactory to COMPANY to remedy such default COMPANY may issue a notice of suspension in accordance with the provisions of Clause 13.1.
- 13.4 Unless the suspension arises as a result of default on the part of CONTRACTOR, CONTRACTOR shall be reimbursed in accordance with the provisions of Section 4 - Remuneration or, in the absence of such provisions, in accordance with Clause 11.
- 13.5 COMPANY may, by further notice, instruct CONTRACTOR to resume the WORK to the extent specified.
- 13.6 In the event of any suspension, COMPANY and CONTRACTOR shall meet at not more than 7 day intervals with a view to agreeing upon a mutually acceptable course of action during the suspension.
- 13.7 If the period of any suspension not arising as a result of default on the part of CONTRACTOR exceeds thirty (30) days hereto, CONTRACTOR may serve a notice on COMPANY requiring permission within fourteen (14) days from the receipt of such notice to proceed with the WORK or that part thereof subject to suspension. If within the said fourteen (14) days COMPANY does not grant such permission CONTRACTOR, by a further notice, may (but is not bound to) elect to treat the suspension as either:
- (a) where it affects part of the WORK, an omission of such part under Clause 11; or
 - (b) where it affects the whole of the WORK, termination in accordance with Clause 23.1 (a).



Section 2 - General Conditions of Contract



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15. TAXES

15.1 CONTRACTOR shall co-operate with COMPANY and at the request of COMPANY, CONTRACTOR or its permitted assigns shall use its best efforts to supply and shall procure any SUBCONTRACTOR or supplier hereunder to supply to COMPANY such information (including documentary information) in connection with its activities or its SUBCONTRACTORS' or suppliers' activities hereunder as may be required by COMPANY for any of the following purposes:

- (a) to enable COMPANY to comply with the lawful demand or requirement for such information by appropriate taxing authority having jurisdiction over the area in which the WORK is to be performed to ensure that all requirements of the applicable law are being complied with by CONTRACTOR.
- (b) to enable COMPANY to conduct, defend, negotiate or settle any claim arising out of, or in connection with, such activities, whether or not such claim shall have become the subject of arbitration or judicial proceedings,
- (c) to enable COMPANY to make any application (including, but without limitation, any claim for any allowances or relief) or representation in connection with, or to contest any assessment on, or liability of COMPANY to any taxes,

COMPANY's request for such information and documents shall allow CONTRACTOR a reasonable time to prepare, provide, and submit that information requested.

15.2 The obligations of CONTRACTOR set forth above shall exist for a period of six (6) years commencing with the date of agreement by COMPANY of CONTRACTOR's final statement of account under the CONTRACT, and CONTRACTOR shall retain and shall procure any SUBCONTRACTOR or supplier hereunder to retain, all information and documents in connection with its activities under or pursuant to the CONTRACT as shall enable CONTRACTOR to comply with its above obligations.

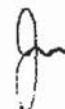
15.3 Except as specifically addressed elsewhere in CONTRACT including without limitation Appendix 2, CONTRACTOR shall assume full and exclusive liability for payment, and shall procure that its SUBCONTRACTORS shall assume full and exclusive liability for payment of all taxes properly and lawfully assessed or imposed on CONTRACTOR or its SUBCONTRACTORS by any competent Government or regulatory authority having jurisdiction over the WORKSITE and any other areas where the WORK is to be performed in connection with the carrying out of the WORK.

Notwithstanding the foregoing, the CONTRACTOR's liability for any claims or liability of the COMPANY in respect of taxes is subject to the following: If the COMPANY receives any demand or request for payment of any levies, charges, taxes or contributions of the type referenced in this Clause 15.3 for which it would seek indemnity or reimbursement from CONTRACTOR, the COMPANY shall forthwith notify the CONTRACTOR in writing of such demand or request. The COMPANY shall consult with the CONTRACTOR on its response to such demand or request and the COMPANY shall use its reasonable endeavors to appeal against such demand or request.

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- 15.4 CONTRACTOR shall indemnify and keep indemnified COMPANY against all liabilities incurred as a consequence of breach by CONTRACTOR or any SUBCONTRACTOR or supplier of any of the obligations under Clauses 15.1, 15.2 and 15.3 hereof and all actions, proceedings, claims, damages, charges, costs and expenses whatsoever in relation thereto.
- 15.5 Except as specifically addressed in Appendix 2 to Section 2, Local Tax Provision, or elsewhere in this CONTRACT, CONTRACTOR is considered to have taken into account in the CONTRACT PRICE all taxes, levies or contributions having effect on the EFFECTIVE DATE.
- 15.6 If, on or after the EFFECTIVE DATE, there shall be any change in the level or in the incidence, or any new incidence or abolition, of any tax applicable to the WORKSITE, levy or contribution excluding any tax on profits or gains, which are by law payable by CONTRACTOR or any SUBCONTRACTOR or supplier hereunder in respect of its employees working wholly on the WORK or in respect of CONTRACTOR's or any SUBCONTRACTORS or supplier's activities under the CONTRACT or any SUBCONTRACT or purchase order hereunder, the net amount of such change or new incidence or abolition shall constitute an addition to, or deduction from, the sums payable to CONTRACTOR under the CONTRACT.
- 15.7 CONTRACTOR shall submit to COMPANY with its monthly statements full details of any addition or deduction to be made pursuant to the above, and all payments after submission of such details shall take account of the additions or deductions to which such details shall relate.
- 15.8 CONTRACTOR shall insert provisions into each SUBCONTRACT or purchase order hereunder imposing on each SUBCONTRACTOR or supplier obligations, which will enable CONTRACTOR to comply with its obligations under Clauses 15.1 to 15.6 hereof. The net amount due to, or from, any SUBCONTRACTOR or supplier hereunder as a result of any change, new incidence or abolition arising from the provisions of Clause 15.6 hereof shall be paid to, or recovered from CONTRACTOR by COMPANY as though such increase or decrease had directly affected CONTRACTOR.
- 15.9 CONTRACTOR, its SUBCONTRACTORS and suppliers or its and their permitted assigns shall comply with laws and regulations concerning all COMPANY's branch office registration requirements, local taxes and levies including maintaining the proper accounting records, filing and properly paying all fiscal dues on its or their activities. CONTRACTOR, its SUBCONTRACTOR's and suppliers or its and their permitted assigns shall declare in a timely manner all custom duties, local sales tax if any and satisfying all indirect taxes that may be due hereunder.
- 15.10 In the event that CONTRACTOR benefits from a deduction in taxes paid in CONTRACTOR's country of fiscal residence by way of receiving a tax credit, offset, deduction or otherwise in respect of any tax withheld from payments due under the CONTRACT and which is borne or paid for by COMPANY on behalf of CONTRACTOR, its SUBCONTRACTOR or its or their personnel, such reimbursement of the aforesaid tax savings shall be made to the COMPANY at the amount of net savings and after the payment of tax deduction is made by the fiscal authority to CONTRACTOR.
- 15.11 For the purposes of this Clause only, "tax" shall mean and include any tax, duty or charge and any penalty or interest thereon and any other costs and charges whatsoever assessed or imposed by any competent Government or regulatory authority having jurisdiction over the WORKSITE and any other areas where the WORK is to be performed.



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16. OWNERSHIP

16.1 COMPANY shall retain title to COMPANY provided items and information, including but not limited to, TECHNICAL INFORMATION and materials and equipment.

16.2 All equipment, materials and supplies provided by CONTRACTOR for permanent incorporation into the WORK shall become and be clearly identified as the property of COMPANY upon delivery to the WORKSITE or payment by COMPANY whichever is the earlier. Risk of loss and title to this property passes to COMPANY at this time.

CONTRACTOR shall ensure that all CONTRACTOR provided items are free from all liens and/or retention of title claims from any third party.

16.3 Title

(a) Title in any equipment, materials and supplies provided by CONTRACTOR which do not comply with the requirements of the CONTRACT and which are rejected by COMPANY, shall re-vest immediately in CONTRACTOR.

(b) Title in items provided by CONTRACTOR for which no payment has been made by COMPANY and which are no longer required for the purposes of the CONTRACT, shall re-vest in CONTRACTOR.

16.4 Where designs, drawings, reports, sketches and other documents and data to be provided by CONTRACTOR hereunder are created and stored electronically, CONTRACTOR shall provide to COMPANY such designs, drawings, reports, sketches and other documents and data on a CD-ROM (2 copies minimum) or other mutually agreed electronic media compatible with COMPANY's systems at the times specified in Section 3 – Scope of Work or if no times specified, when reasonably required by COMPANY. If required by COMPANY, files will be provided in original format (i.e. Word, Excel, CAD, etc.) and if mutually agreed for specific work in a PDF Format. COMPANY and CONTRACTOR shall mutually agree upon the system compatibility requirement applicable to the WORK.

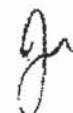
16.5 Without prejudice to CONTRACTOR's right to compensation hereunder, title to all data, test results, charts, and reports of whatever nature in respect of COMPANY's wells including information on wellbore, production, reservoir, geology and formations encountered in the well that have been created by CONTRACTOR in the performance of the WORK shall vest in COMPANY with effect from the date of creation. Upon completion, suspension or abandonment of each well or if earlier upon completion of CONTRACTOR's WORK in connection with that well, CONTRACTOR shall issue to COMPANY all such documents in its possession.

17. PATENTS AND OTHER PROPRIETARY RIGHTS

17.1 Neither PARTY shall have the right of use other than for the purposes of performing WORK pursuant to the CONTRACT, whether directly or indirectly, of any patent, copyright, proprietary right or confidential know how, trademark or process provided by the other PARTY.

17.2 Where any potential patent or registrable right in any country in the world results from:

(a) developments by the CONTRACTOR which are based wholly on data, equipment, processes, substances and the like in the possession of the CONTRACTOR or its AFFILIATES at the EFFECTIVE DATE or otherwise produced outside of the CONTRACT or,



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- (b) enhancements of or in the existing intellectual property rights of the CONTRACTOR or its AFFILIATES

such rights shall vest in the CONTRACTOR and COMPANY agrees to take such action as may be reasonably requested by CONTRACTOR, including execution of assignments, to enable CONTRACTOR to perfect such rights and to obtain the full benefit of this Clause.

17.3 Where any potential patent or registrable right in any country in the world results from:

- (a) developments by the COMPANY or its AFFILIATES or CO-VENTURERS which are based wholly on data, equipment, processes, substances and the like in the possession of the COMPANY at the EFFECTIVE DATE or otherwise produced outside the CONTRACT or;
- (b) enhancements of or in the existing intellectual property rights of the COMPANY or its AFFILIATES or CO-VENTURERS,

such rights shall vest in the COMPANY and CONTRACTOR agrees to take such action as may be reasonably requested by COMPANY, including execution of assignments, to enable COMPANY to perfect such rights and to obtain the full benefit of this Clause.

17.4 Except as otherwise provided in Clauses 17.2 and 17.3, during the term of the CONTRACT, and in the course of performance of the CONTRACT, in an effort to address and provide solutions for problems that are specifically related to the performance of the CONTRACT, employees of COMPANY and/or CONTRACTOR may conceive or make new inventions, ideas, or discoveries that may be protected by patent or copyright or maintained as a trade secret (hereinafter "Intellectual Property"). Subject to the obligation of the respective employees of COMPANY or CONTRACTOR to assign their interest in such Intellectual Property to the employing party, COMPANY and CONTRACTOR agree that the right, title, and interest in and to any such Intellectual Property shall be allocated as set forth below:

- (a) COMPANY shall own all Intellectual Property conceived or made during the term of the CONTRACT solely by any COMPANY employee(s).
- (b) CONTRACTOR shall own all Intellectual Property conceived or made during the term of the CONTRACT solely by any CONTRACTOR employee(s).
- (c) COMPANY and CONTRACTOR shall each have an equal, undivided interest in the right, title and interest in and to any Intellectual Property that is jointly conceived or made during the performance of the CONTRACT by any COMPANY employee(s) along with any CONTRACTOR employee(s).
- i) In the event that either PARTY believes that a patent application should be filed on such a joint invention, they shall then attempt in good faith to agree upon filing a patent application on the same.
- ii) In the event that either PARTY does not wish to share equally in payment of the costs for preparing, filing and prosecuting such jointly owned application, the PARTY paying such costs shall be the assignee of that patent application and subsequent patent or patents issuing therefrom, if any, and the other, non-paying PARTY and its affiliates shall have an irrevocable, royalty-free license, without the right to sublicense, to practice but not sell or lease the subject joint invention to third parties. Both COMPANY and CONTRACTOR agree to co-operate fully in the preparation, filing and prosecution of subsequent judicial or administrative

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proceedings involving such and to pay its share of all necessary fees to maintain any jointly owned application or patent assigned to it in force throughout its full term; provided, however, that a PARTY may elect to notify the other PARTY that it intends to discontinue payment of such fees and thereafter promptly assign such patent to the other PARTY, retaining no interest therein in exchange for an irrevocable, royalty free license for the remainder of the term of each such patent.

- (d) CONTRACTOR agrees to grant the COMPANY and its AFFILIATES a non-exclusive, royalty free, irrevocable, non-sublicensable, non-transferable, worldwide license to use any patent or other registrable right vesting in CONTRACTOR pursuant to clause 17.4(b) above, but which was solely conceived and developed on COMPANY owned or operated wells and for which COMPANY engaged the services of CONTRACTOR. COMPANY agrees to grant the CONTRACTOR and its AFFILIATES a non-exclusive, royalty free, irrevocable, non-sublicensable, non-transferable, worldwide license to use any patent or other registrable right vesting in COMPANY pursuant to clause 17.4(a) above but which was solely conceived and developed during the provision of services by CONTRACTOR to COMPANY.
- 17.5 Both COMPANY and CONTRACTOR shall, on request, disclose promptly to the other all inventions, ideas, and discoveries which it or its employees may conceive or make to address and provide solutions for problems that are specifically related to the performance of WORK pursuant of the CONTRACT.
- 17.6 Subject to Clause 17.7 below, COMPANY and CONTRACTOR may decide to jointly develop Intellectual Property which may or may not be related to the WORK, in which case COMPANY and CONTRACTOR shall enter into a separate technology collaboration agreement (unless an agreement has been previously entered into) addressing each PARTY's obligations with respect to joint development costs, ownership and licensing rights of any registrable item or idea arising out of or invented during the term of that agreement as a direct or indirect result of joint cooperation between COMPANY and CONTRACTOR.
- 17.7 The technology collaboration of the PARTIES described in Clauses 17.6 above shall be preceded by a mutually acceptable confidentiality agreement, and neither PARTY shall acquire any Intellectual Property rights unless a separate technology collaboration agreement is fully agreed and executed.
- 17.8 CONTRACTOR shall save, indemnify, release, defend and hold harmless COMPANY GROUP from all claims, losses, damages, costs (including legal costs), expenses, and liabilities of every kind and nature for, or arising out of, any alleged infringement of any patent or proprietary or protected right, arising out of or in connection with the performance of the obligations of CONTRACTOR under CONTRACT except where such infringement necessarily arises from the TECHNICAL INFORMATION and/or COMPANY's instructions. However, CONTRACTOR shall, when specifically requested, use its reasonable endeavors to identify any infringement in the TECHNICAL INFORMATION and/or COMPANY's instructions of any patent or proprietary or protected right, and should CONTRACTOR become aware of such infringement or possible infringement then the CONTRACTOR shall inform COMPANY immediately.
- 17.9 COMPANY shall save, indemnify, release, defend and hold harmless the CONTRACTOR GROUP from all claims, losses, damages, costs (including legal costs), expenses, and liabilities of every kind and nature for, or arising out of, any alleged infringement of any patent or proprietary or protected right arising out of or in connection with the performance of the obligations of the COMPANY under the CONTRACT or the COMPANY's instructions to CONTRACTOR or the use by the CONTRACTOR of TECHNICAL INFORMATION or materials or equipment supplied by the COMPANY.

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However, COMPANY shall, when specifically requested, use its reasonable endeavors to identify any infringement in the CONTRACTOR furnished information, and should COMPANY become aware of such infringement or possible infringement, then the COMPANY shall inform CONTRACTOR immediately.

18. LAWS AND REGULATIONS

18.1 CONTRACTOR shall conduct its operations in accordance with all applicable laws, rules, regulations and decrees of any governmental or regulatory body having jurisdiction over the WORK and/or the WORKSITE, provided that nothing in the CONTRACT is intended or should be construed to require CONTRACTOR to act or fail to act if such action or failure to act would be inconsistent with or penalized by (1) the laws and regulations of CONTRACTOR's or COMPANY's country of incorporation and /or (2) the laws and regulations of the country of incorporation of any direct, indirect or ultimate parent company of CONTRACTOR or COMPANY.

18.2 CONTRACTOR shall obtain all licenses, permits, temporary permits and authorizations required by the applicable laws, rules and regulations for the performance of the WORK, save to the extent that the same can only be legally obtained by COMPANY.

18.3 Notwithstanding Clause 15.6, should changes in any applicable laws, rules and regulations made after the EFFECTIVE DATE, result in increases or decreases in the cost to CONTRACTOR of performing the WORK, then except where there is provision contained within Section 4 – Remuneration, the PARTIES shall mutually agree to the appropriate changes necessary to the CONTRACT PRICE.

18.4 CONTRACTOR shall endeavor to ensure that neither it nor any other entity or person in CONTRACTOR GROUP has: a) given any commissions, payments, gifts of substantial value, kickbacks, lavish or extensive entertainment, or other things of value to any officer, director, employee, agent, or representative of COMPANY, or any family member thereof, or received same from any vendor, supplier, or contractor in connection with this CONTRACT or b) paid any fee, commission, rebate, or anything of value to or for the benefit of any official or functionary of the government having jurisdiction over the WORKSITE and acknowledges that the giving or receiving of any such payments, gifts, kickbacks, extensive entertainment or anything of value is strictly in violation of COMPANY's corporate policy and may result in the cancellation of this CONTRACT and other contracts. CONTRACTOR shall notify COMPANY's security department of any such solicitation at the following corporate number in the USA 1-800-225-6141 or in the UK 0 (20) 7 496 4496.

CONTRACTOR's compliance with the provisions of this Clause 18.4 is subject to audit by COMPANY.

19. INDEMNITIES

19.1 Personal Injury or Property Damage suffered by CONTRACTOR GROUP

CONTRACTOR shall be responsible for and shall save, indemnify, release, defend and hold harmless COMPANY GROUP and SERVICE COMPANY GROUP from and against all claims, losses, damages, costs (including legal costs) expenses and liabilities in respect of:

- (a) except as otherwise provided herein, loss of or damage to property or equipment of CONTRACTOR GROUP not including any equipment provided by any member of SERVICE COMPANY GROUP whether owned, hired, leased or otherwise



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provided by CONTRACTOR GROUP arising from or relating to the performance of the CONTRACT located at the WORKSITE including ingress, egress, loading, and unloading of personnel or cargo;

- (b) personal injury including death or disease to any person employed by CONTRACTOR GROUP arising from or relating to the performance of the CONTRACT including ingress, egress, loading, and unloading of personnel or cargo.

19.2 Personal Injury or Property Damage suffered by COMPANY GROUP

COMPANY shall be responsible for and shall save, indemnify, release, defend and hold harmless CONTRACTOR GROUP from and against any claims, losses, damages, costs (including legal costs) expenses, and liabilities in respect of:

- (a) loss of or damage to property or equipment of COMPANY GROUP whether owned, hired, leased or otherwise provided by COMPANY GROUP, not including any equipment provided by any member of SERVICE COMPANY GROUP arising from or related to the performance of CONTRACT located at the WORKSITE including ingress, egress, loading, and unloading of personnel or cargo;
- (b) personal injury including death or disease to any person employed by COMPANY GROUP arising from or relating to the performance of the CONTRACT including ingress, egress, loading, and unloading of personnel or cargo.

19.3 Loss, Damage, Injury or Death suffered by Third Parties

- (a) Subject to Clause 19.4(a), CONTRACTOR shall be responsible for and shall release, save, indemnify, defend and hold harmless COMPANY GROUP and SERVICE COMPANY GROUP from and against all claims, losses, damages, costs (including legal costs) expenses and liabilities in respect of personal injury including death or disease or loss of or damage to the property or equipment of any Third Party to the extent that any such injury, loss or damage is caused by the negligence or breach of duty (whether statutory or otherwise) of CONTRACTOR GROUP. For the purpose of this Clause, "Third Party" shall mean any party which is not a member of COMPANY GROUP or CONTRACTOR GROUP.
- (b) Subject to Clause 19.4(b), COMPANY shall be responsible for and shall release, save, indemnify, defend and hold harmless CONTRACTOR GROUP from and against any claims, losses, damages, costs (including legal costs) expenses and liabilities in respect of personal injury including death or disease or loss of or damage to the property or equipment of any Third Party to the extent that any such injury, loss or damage is caused by the negligence or breach of duty (whether statutory or otherwise) of COMPANY GROUP. For the purposes of this Clause, "Third Party" shall mean any party which is not a member of CONTRACTOR GROUP or COMPANY GROUP.

19.4 Pollution

- (a) Notwithstanding the provisions of Clause 19.3(a) and except as provided by Clause 19.1(a), Clause 19.1(b) and Clause 19.4(b) COMPANY shall save, indemnify, release, defend and hold harmless CONTRACTOR GROUP from and against any claim of whatsoever nature arising from pollution and/or contamination including without limitation such pollution or contamination from



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the reservoir or from the property or equipment of COMPANY GROUP arising from or related to the performance of the CONTRACT.

- (b) Notwithstanding the provisions of Clause 19.3(b) and except as provided by Clause 19.2(a) and Clause 19.2(b) CONTRACTOR shall save, indemnify, release, defend and hold harmless COMPANY GROUP and SERVICE COMPANY GROUP from and against any claim of whatsoever nature arising from pollution occurring on the premises of CONTRACTOR GROUP or originating from the property or equipment of CONTRACTOR GROUP located above the surface of the land or water arising from or relating to the performance of the CONTRACT.

19.5 CONTRACTOR's Tools and Equipment

Without limiting CONTRACTOR GROUP's obligation to furnish equipment which is in good working order and notwithstanding the provisions of Clause 19.1(a), COMPANY shall be responsible for and shall reimburse CONTRACTOR GROUP in respect of loss of or damage to property, materials or equipment (tools) or component part thereof, of CONTRACTOR GROUP's tools and equipment which occurs whilst in-hole below the rotary table other than normal wear and tear. COMPANY's liability for such loss or damage shall, subject to the provisions contained in Section 4 – Remuneration and its appendices, be either the actual repair or replacement cost, whichever is the lesser, as substantiated by CONTRACTOR to COMPANY REPRESENTATIVE.

Notwithstanding the reasons for any loss or damage to CONTRACTOR's equipment, nothing herein contained shall absolve CONTRACTOR from its obligation to provide such equipment as and when reasonably required by COMPANY

19.6 Other COMPANY Responsibilities

Subject to Clauses 19.1 and 19.4(b), but notwithstanding anything contained elsewhere in the CONTRACT to the contrary, COMPANY shall save, indemnify, release, defend and hold harmless CONTRACTOR GROUP against all claims, losses, damages, costs (including legal costs) expenses and liabilities resulting from:

- (a) loss or damage to any well or hole (including the cost to re-drill);
- (b) blowout, fire, explosion, cratering, or any uncontrolled well condition (including the costs to control a wild well and the removal of debris);
- (c) damage to any reservoir, aquifer, geological formation or underground strata or the loss of oil or gas therefrom;
- (d) the use of radioactive sources in relation to the WORK or any contamination resulting therefrom (including retrieval and/or containment, clean up and /or containment of contamination from naturally occurring radioactive materials).

19.7 Indemnities in their Entirety

All exclusions, releases of liabilities and indemnities given under this Clause (save for those under Clauses 19.3(a) and 19.3(b)) and Clause 21 shall apply irrespective of cause and notwithstanding the negligence or breach of duty (whether statutory or otherwise) of the indemnified PARTY or any other entity or party and shall apply whether or not the claim, liability, damage, or expense in question is:

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- (a) predicated on sole, joint or concurrent fault, negligence (whether active, passive or gross), strict liability, statutory duty, contractual indemnity or otherwise at law, or
- (b) sought directly or indirectly by way of recovery, indemnification, or contribution by any person or entity against COMPANY GROUP, SERVICE COMPANY GROUP, or CONTRACTOR GROUP as the case may be.

19.8 Claims

If either PARTY becomes aware of any incident likely to give rise to a claim under the above indemnities, they shall notify the other and both PARTIES shall co-operate fully in investigating the incident.

19.9 It is the intent of the PARTIES hereto that the releases of liability and indemnities furnished by CONTRACTOR in this Clause and in Clause 21 and the releases of liability and indemnities given by SERVICE COMPANY in COMPANY contracts shall apply:

- (a) save as provided below for the benefit of the SERVICE COMPANY GROUP in the case of the releases of liability and indemnities furnished by CONTRACTOR; and,
- (b) for the benefit of CONTRACTOR GROUP in the case of the releases of liability and indemnities given by the SERVICE COMPANY in COMPANY contracts.

The releases of liability, indemnities, defense, save and hold harmless provisions given by CONTRACTOR in Clauses 19 and 21 herein in favor of SERVICE COMPANY GROUP shall be provided by CONTRACTOR on the express understanding that they shall apply in favor only of such SERVICE COMPANY(IES) who have provided substantially similar reciprocal releases of liability, indemnities, defense, save and hold harmless provisions in favor of CONTRACTOR GROUP in their respective contracts with COMPANY. The releases of liability, indemnities, defense, save and hold harmless provisions provided by CONTRACTOR in Clauses 19 and 21 herein in favor of SERVICE COMPANY GROUP shall become effective from such time and for such duration as such SERVICE COMPANY(IES) become bound by substantially similar reciprocal releases of liability, indemnities, defense, save and hold harmless provisions in favor of CONTRACTOR GROUP in their respective contracts with COMPANY.

In fulfillment of this objective, COMPANY shall use its reasonable endeavors to ensure that in its respective contracts with SERVICE COMPANY(IES), the releases of liability, indemnities, defense, save and hold harmless provisions contained in such contracts in favor of CONTRACTOR GROUP shall be substantially similar to the releases of liability, indemnities, defense, save and hold harmless provisions given by CONTRACTOR in Clauses 19 and 21 herein in favor of SERVICE COMPANY GROUP.

In the event that COMPANY is unable to fully fulfill the foregoing objective, COMPANY shall, without delay, notify CONTRACTOR in writing with details of the additional risk being assumed by CONTRACTOR, as soon as is reasonably practicable thereafter and the PARTIES further undertake to meet to discuss ways of minimizing the impact of such a notification within the overall requirements of the CONTRACT. Failure by COMPANY to issue such written notification as required herein will constitute a material breach of the terms of the CONTRACT.

In the event that COMPANY advises CONTRACTOR that one of more SERVICE COMPANY(IES) have declined to provide substantially similar releases of liability, indemnities, defense, save and hold harmless provisions in favor of CONTRACTOR

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GROUP in their respective contracts with COMPANY, the PARTIES shall meet to discuss and agree ways of minimizing the impact of such additional risks as may be identified by either PARTY which may include: alternative working practices or arrangements to minimize the impact of such risks; a separate mutual hold harmless agreement applicable at the WORKSITE or additional compensation to enable CONTRACTOR to insure against such additional risks.

Notwithstanding the foregoing, the failure of one or more SERVICE COMPANY(IES) to provide substantially similar releases of liability, indemnities, defense, save and hold harmless provisions in favor of CONTRACTOR GROUP in its respective contracts with COMPANY as envisaged herein shall cause such SERVICE COMPANY(IES) to be considered a Third Party for the purpose of Clause 19.3 herein.

19.10 CONTRACTOR and COMPANY expressly acknowledge that the indemnities and releases of liability contained in this CONTRACT require assumption of liability for the negligence of the other party. In the event this CONTRACT is subject to the indemnity limitations in Chapter 127 of the Texas Civil Practices and Remedies Code (or any successor statute), and so long as such limitations are in force, each party covenants and agrees to support the mutual indemnity and release obligations contained in Clauses 19.1 and 19.2 above, by carrying equal amounts of insurance (or qualified self-insurance) of the types and in the amounts not less than those specified in Appendix 1 for the benefit of the other party as indemnitee.

20. INSURANCE BY CONTRACTOR

20.1 CONTRACTOR shall arrange as a minimum the insurances set out in the CONTRACT and ensure that they are in full force and effect throughout the life of the CONTRACT.

All such insurances shall be placed with reputable and substantial insurers, reasonably satisfactory to COMPANY.

All insurances (including insurances provided by SUBCONTRACTORS), other than Employers Liability Insurance / Workmen's Compensation only, shall to the extent of the liabilities assumed and indemnities offered by CONTRACTOR under the CONTRACT, include COMPANY, CO-VENTURERS and its and their respective AFFILIATES as additional assureds.

All insurances shall, to the extent of the liabilities assumed and indemnities offered by CONTRACTOR under the CONTRACT, be endorsed to provide that underwriters waive any rights of recourse, including in particular subrogation rights against COMPANY, CO-VENTURERS, SERVICE COMPANY(IES), and its and their respective AFFILIATES in relation to the CONTRACT.

Such insurances shall also where possible, provide that COMPANY shall be given not less than thirty (30) days notice of cancellation of or material change to cover. The provisions of this Clause 20 shall in no way limit the liability of CONTRACTOR under the CONTRACT.

COMPANY's insurances in respect of the operations under the CONTRACT shall, to the extent of the liabilities assumed and indemnities offered by COMPANY under the CONTRACT, contain waivers of subrogation in favor of CONTRACTOR GROUP.

Notwithstanding the above paragraph, the provision that CONTRACTOR's underwriters waive any right of recourse against SERVICE COMPANY(IES) and their AFFILIATES,



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including in particular subrogation rights against the SERVICE COMPANY(IES) and their AFFILIATES, in relation to the CONTRACT, are given with the express understanding that they shall only apply where such SERVICE COMPANY(IES) underwriters have provided reciprocal waivers of rights of recourse including subrogation rights against CONTRACTOR GROUP and only from such time as such SERVICE COMPANY(IES) underwriters become bound by such reciprocal waivers of rights of recourse including subrogation rights and only for the duration they remain bound by such reciprocal waivers.

20.2 The following insurance policies and coverages are required:

- (a) Workers' Compensation Insurance satisfying the legal requirements of each state and/or location in which WORK is to be performed, including an Alternative Employer endorsement (when applicable) with minimum limits in accordance with applicable legislation to meet CONTRACTOR's obligation for the payment of statutory benefits to its workers as set forth and required by applicable law in the area of operation or area in which CONTRACTOR may become obligated to pay benefits, and Employer's Liability Insurance with minimum limits of \$1,000,000 per occurrence.
- (b) Commercial General Liability Insurance, including bodily injury and property damage, with minimum limits not less than \$1,000,000.00 per occurrence. The Commercial General Liability policy shall include the following coverages as they apply to the WORK to be performed; each with minimum limits not less than \$1,000,000.00 per occurrence.
 - i) Independent Contractors' and Contractual Liability coverage required for all WORK, without exception;
 - ii) Products Liability/Completed Operations coverage required for any WORK that results in a finished product or that involves or results in the construction, erection, or installation of structures, buildings, or equipment;
 - iii) Explosion, collapse, and underground hazards coverage required for any WORK involving excavation, blasting, use of explosives, or construction, erection, or installation of buildings, structures, or equipment; and
 - iv) Deletion of non-owned watercraft exclusion if any WORK is performed on or over navigable waters or involves maritime workers or vessels.
- (c) Automobile Liability Insurance with minimum limits not less than \$1,000,000.00, and including bodily injury, property damage, and auto liability, for all owned, hired, and non-owned vehicles that will be used in the performance of WORK under this CONTRACT.
- (d) In the event any of the WORK to be performed under this CONTRACT involves maritime workers or the provision of vessels by CONTRACTOR or is performed on or over navigable waters, CONTRACTOR shall or shall require the owner or operator of vessels to obtain the following additional coverage:
 - i) Workers' Compensation Insurance in accordance with applicable legislation to meet CONTRACTOR's obligation for the payment of statutory benefits to its workers as set forth and required by applicable law in the area of operation or area in which CONTRACTOR may become obligated to pay



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benefits including the following endorsements and Employer's Liability Insurance with minimum limits of \$1,000,000 per occurrence.

- Maritime coverage B and coverage for maritime employer's liability, including Jones Act, transportation, wages, and maintenance and cure;
 - United States Longshore and Harbor Workers Compensation Act endorsement and Outer Continental Shelf Lands Act endorsement; and
 - "In rem" endorsement treating "in rem" claims as claims against the insured.
- ii) Protection and Indemnity insurance on each vessel owned or chartered by CONTRACTOR with minimum limits of \$2,000,000, or an amount equal to the declared value of each vessel owned or hired by CONTRACTOR, whichever is greater, and including coverage for collision and tower's liability, third party bodily injury and property damage liability, and pollution liability.
- iii) Hull and Machinery insurance on each vessel owned or chartered by CONTRACTOR in the amount of the declared value of the vessels owned or hired by CONTRACTOR.
- iv) All primary and excess Protection and Indemnity and Hull and Machinery insurance shall be endorsed to provide full coverage to COMPANY GROUP as additional insured without limiting coverage to liability "as owner" of the vessel and to delete any "as owner" clause and any other language purporting to limit coverage to liability of an insured "as owner" of the vessel. For clarification purposes, the reference to "full coverage to COMPANY GROUP as an additional insured" is intended to limit coverage to COMPANY GROUP only to and to the extent of the liabilities assumed by CONTRACTOR under this CONTRACT.
- v) Excess or Umbrella liability insurance with minimum limits not less than \$1,000,000.00 inclusive of and, following the terms and conditions at least as broad as underlying coverage.
- 20.3 CONTRACTOR shall supply COMPANY with evidence of such insurance on demand in the form of certificates of insurance on industry standard forms.
- 20.4 CONTRACTOR shall ensure that SUBCONTRACTORS are insured to appropriate levels as may be relevant to their work.

21. CONSEQUENTIAL LOSS

For the purposes of this Clause 21, the expression "Consequential Loss" shall mean consequential loss or damages under applicable law and/or any indirect, special, incidental, punitive, or consequential losses or damages, including without limitation loss of production, loss of product, loss of use, loss of business and business interruption and loss of revenue, profit or anticipated profit whether direct or indirect arising from or related to the performance of the CONTRACT and whether or not such losses were foreseeable at the time of entering into the CONTRACT except to the extent such consequential, indirect, and/or special damages, loss of profits, loss of production, or loss of use are part of a Third Party claim for which a party is seeking contribution or indemnification pursuant to this CONTRACT. For the purpose of this Clause, "Third Party"

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shall mean any party which is not a member of COMPANY GROUP or CONTRACTOR GROUP and "Third Party claim" shall mean any claim raised by a Third Party not claiming, directly or indirectly, by or through any member of COMPANY GROUP or CONTRACTOR GROUP.

Notwithstanding any provisions to the contrary elsewhere in the CONTRACT and except to the extent of any agreed liquidated damages or any termination fees provided for in the CONTRACT, COMPANY shall save, indemnify, release, defend and hold harmless CONTRACTOR GROUP from COMPANY GROUP's own Consequential Loss and CONTRACTOR shall save, indemnify, release, defend and hold harmless COMPANY GROUP and SERVICE COMPANY GROUP from CONTRACTOR GROUP's own Consequential Loss. CONTRACTOR's obligation with respect to SERVICE COMPANY GROUP shall be subject to the provisions of Clause 19.9.

22. CONFIDENTIALITY

22.1 CONTRACTOR shall at no time without the prior agreement of COMPANY either:

- (a) make any publicity releases or announcements concerning the subject matter of the CONTRACT; or
- (b) publish or permit to be published either alone or in conjunction with any other person any articles, photographs or other illustrations relating to the WORK hereunder, or COMPANY's business generally, without prior reference to and approval in writing from COMPANY. Such consent shall only apply to each specific application and relate only to that application. The accuracy of any information which was not supplied directly by COMPANY shall be the absolute responsibility of CONTRACTOR; or
- (c) except as may be necessary to enable CONTRACTOR to perform its obligations under the CONTRACT, use, reproduce, copy, disclose to, place at the disposal of or use on behalf of any third party or enable any third party to use, peruse or copy any information including, but not limited to, drawings, data, and computer software which:
 - (i) is provided to CONTRACTOR by or on behalf of COMPANY, the CO-VENTURERS or its or their AFFILIATES in or in relation to the CONTRACT; or
 - (ii) vest in COMPANY in accordance with the CONTRACT; or
 - (iii) CONTRACTOR prepares in connection with the WORK.

In the event CONTRACTOR discloses any information to any third party under the provisions of Clause 22.1(b), CONTRACTOR shall be responsible for ensuring that such third party keeps any such information confidential and complies with all requirements of this Clause 22.1.

22.2 The provisions of Clause 22.1 shall not apply to information which:

- (a) is or becomes part of the public domain; or
- (b) was in the possession of CONTRACTOR prior to award of the CONTRACT and which was not subject to any obligation of confidentiality owed to COMPANY; or
- (c) was received from a third party whose possession is lawful and who is under no obligation not to disclose; or



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- (d) is required to be disclosed in order to comply with the requirements of any law, rule or regulation of any governmental or regulatory body having jurisdiction over the WORK or CONTRACTOR, or of any relevant stock exchange; or
 - (e) is used or disclosed by CONTRACTOR five (5) years, or such other period specified in Appendix 1 to Section 2, after the completion of the WORK.
 - (f) was owned exclusively, developed exclusively or developed independently by CONTRACTOR and does not mention COMPANY or WORK in any respect.
- 22.3 CONTRACTOR shall ensure that the provisions of this Clause are incorporated in any SUBCONTRACT and that the officers, employees, and agents of CONTRACTOR and of the SUBCONTRACTORS comply with the same.
- 22.4 All information provided by CONTRACTOR which CONTRACTOR wishes to remain confidential shall be clearly marked as being confidential but no markings shall be required for CONTRACTOR's pricing information and trade secrets. COMPANY shall nevertheless be entitled, subject to CONTRACTOR's consent which shall not be unreasonably withheld or delayed, to use and disclose any such confidential information to third parties to the extent necessary for the execution and maintenance of the project in connection with which the WORK is to be performed and in relation to any statutory or other legal requirement.

With the above exceptions COMPANY will take all reasonable measures to protect the confidentiality of such information.

23. TERMINATION

- 23.1 COMPANY shall have the right by giving notice to terminate all or any part of the WORK or the CONTRACT at such time or times as COMPANY may consider necessary for any or all of the following reasons:
- (a) to suit the convenience of COMPANY;
 - (b) in the event of i) a default on the part of the CONTRACTOR; or ii) any DEFECTS in the WORK, subject to the provisions of Clause 10; and
 - (c) in the event of CONTRACTOR becoming bankrupt or making a composition or arrangement with its creditors or a winding-up order of CONTRACTOR being made or (except for the purposes of amalgamation or reconstruction) a resolution for its voluntary winding-up passed or a provisional liquidator, receiver, administrator or manager of its business or undertaking appointed or presenting a petition or having a petition presented applying for an administration order to be made, or possession being taken by or on behalf of the holders of any debenture secured by a floating charge of any property comprised in or subject to the floating charge, or any equivalent act or thing should be done or suffered under any applicable law.
- 23.2 In the event of default on the part of CONTRACTOR and before the issue by COMPANY of an order of termination of all or any part of the WORK or the CONTRACT, COMPANY shall give notice of default to CONTRACTOR giving the details of such default. If CONTRACTOR upon receipt of such notice does not commence and thereafter continuously proceed with action satisfactory to COMPANY to remedy such default COMPANY may issue a notice of termination in accordance with the provisions of Clause 23.1.



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- 23.3 In the event of COMPANY giving CONTRACTOR notice of termination of all or any part of the WORK or the CONTRACT, such notice shall become effective on the date specified therein (or in the absence of any specified date at the date of receipt of the notice) whereupon CONTRACTOR shall immediately:
- (a) cease performance of the WORK or such part thereof as may be specified in the notice and may remove its equipment from WORKSITE;
 - (b) allow COMPANY or its nominee full right of access to take over the WORK or the relevant part of the WORK;
 - (c) assign to COMPANY, or its nominee, to the extent desired by COMPANY all or the relevant parts of the rights, titles, liabilities, and SUBCONTRACTS relating to the WORK which CONTRACTOR may have acquired or entered into.
- 23.4 In the event of termination under Clause 23.1(a) CONTRACTOR shall be entitled to payment as set out in Section 4 - Remuneration for the part of the WORK performed in accordance with the CONTRACT together with such other payments and fees as may be set out in that Section or such reasonable costs as agreed between the PARTIES at the time of termination.
- 23.5 In the event of termination of part or all of the WORK or the CONTRACT in accordance with Clause 23.1(b) or Clause 23.1(c) the following conditions shall apply:
- (a) CONTRACTOR shall cease to be entitled to receive any money or monies on account of the CONTRACT until the costs of completion and all other costs arising as a result of CONTRACTOR's default or other events giving rise to the termination have been finally ascertained;
 - (b) thereafter and subject to any deductions that may be made under the provisions of the CONTRACT, CONTRACTOR shall be entitled to payment only as set out in Section 4 - Remuneration for the part of the WORK completed in accordance with the CONTRACT up to date of termination and;
 - (c) any additional costs reasonably incurred by COMPANY as a direct result of such termination shall be recoverable from CONTRACTOR. CONTRACTOR's liability in respect of the foregoing shall be limited to thirty percent (30%) of the price of the specific element of the WORK leading to the notice of termination plus all reasonable and documented third party mobilization (and de-mobilization, as applicable) costs necessary to re-perform the WORK or services in question or to remedy the default.
- 23.6 In the event that a single period of force majeure continues longer than thirty (30) days unless the PARTIES have agreed alternative arrangements as described in Clause 12.6, then either PARTY shall be entitled to terminate the WORK ORDER or CONTRACT by giving the other PARTY ten (10) days written notice of termination and the PARTIES will have no additional obligations to each other as a result of said termination.
24. **AUDIT**
- 24.1 During the course of the WORK and for a period ending twenty-four (24) months after the date of its termination, or final payment, whichever occurs last, COMPANY or its duly authorized representative shall have the right to audit at all reasonable times and, upon request, take copies of all of CONTRACTOR's records (written or electronic form or media), books, personnel records, accounts, correspondence, memoranda, receipts, vouchers and other papers of every kind relating to;



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- (a) all invoiced charges made by CONTRACTOR on COMPANY, and
- (b) any provision of this CONTRACT under which the CONTRACTOR has obligations, the performance of which is capable of being verified by audit including without limitation COMPANY ethical conduct expectations expressed in Section 8 – Code of Conduct.

In this respect, COMPANY shall not generally be entitled to investigate the make up of rates and lump sums included in the CONTRACT except to the extent necessary for the proper evaluation of any CHANGE ORDERS. CONTRACTOR shall also have the right to exclude any trade secrets, formulas or processes from such audit by COMPANY nor will COMPANY be allowed access to CONTRACTOR's proprietary or trade secret information unless otherwise specifically agreed between the PARTIES.

- 24.2 CONTRACTOR shall co-operate fully with COMPANY and/or its representatives in the carrying out of any audit required by COMPANY. COMPANY will conduct any audit in a manner, which will keep to a reasonable minimum any inconvenience to CONTRACTOR.

In the event that such audit or audits reveal any error or discrepancy of any nature whatever, such error or discrepancy will be promptly corrected and any amount owing or due to either COMPANY or CONTRACTOR, will be promptly paid by the other PARTY. COMPANY shall have this right to audit CONTRACTOR's accounts and records only after delivery of written notice to CONTRACTOR in accordance with the provisions for notices set forth above.

- 24.3 CONTRACTOR shall obtain equivalent rights of audit to those specified above from all SUBCONTRACTORS and will cause such rights to extend to COMPANY

25. LIENS

- 25.1 CONTRACTOR shall not claim any lien, charge or the like on the WORK or on any property of COMPANY in the possession of CONTRACTOR or at the WORKSITE.

- 25.2 Without prejudice to any other provisions of this Clause, CONTRACTOR shall save, indemnify, release, defend and hold harmless COMPANY from and against all liens, attachments, charges or claims by any of its SUBCONTRACTORS or persons alleging to be SUBCONTRACTORS in connection with or arising out of the CONTRACT.

- 25.3 CONTRACTOR shall immediately notify COMPANY of any possible lien, attachment, charge or claim which may affect the WORK or any part thereof.

- 25.4 If at any time there is evidence of any lien, attachment, charge or claim to which, if established, COMPANY or its property might be subjected, whether made by any persons against CONTRACTOR or made by any of its SUBCONTRACTORS or person alleging to be a SUBCONTRACTOR against COMPANY, then COMPANY shall have the right to withhold and/or set off or otherwise recover from CONTRACTOR such sum of money as will fully indemnify COMPANY against any such lien, attachment, charge or claim.

- 25.5 Before taking any action in accordance with Clause 25.4, COMPANY shall give to CONTRACTOR a reasonable opportunity to demonstrate that the purported lien, attachment, charge or claim is either unenforceable or is covered by the provisions of an enforceable policy of insurance.

- 25.6 For the purpose of this Clause reference to COMPANY shall include the CO-VENTURERS and its and their AFFILIATES.



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26. BUSINESS ETHICS

26.1 CONTRACTOR shall perform the WORK for COMPANY's exclusive benefit. This obligation shall be applicable to CONTRACTOR's agents and employees; they must provide the diligence and care required to prevent any action or condition which might result in a conflict with COMPANY's interests. CONTRACTOR's efforts shall include, but not be limited to, the establishment of measures to prevent its personnel from giving or receiving gifts, payments, loans, or any other inducement, for any purpose whatsoever from any person, firm, corporation or other body in connection with the performance of the CONTRACT.

26.2 COMPANY's Code of Conduct is entitled "Our commitment to integrity" (hereafter referred to as the "BP Code of Conduct"). A copy of the BP Code of Conduct can be obtained using the web link highlighted Section 8 – Code of Conduct. COMPANY requires CONTRACTOR and each SUBCONTRACTOR to carefully review the BP Code of Conduct. In connection with CONTRACTOR's and each SUBCONTRACTOR's performance of this CONTRACT, CONTRACTOR and each SUBCONTRACTOR undertakes and agrees to act consistently with the BP Code of Conduct, and with any updated or amended version of the BP Code of Conduct provided to CONTRACTOR from time to time, and to adhere to the principles set out within it. CONTRACTOR accepts and acknowledges that compliance with ethical practices is a core business value of COMPANY and accordingly any failure on the part of CONTRACTOR or any SUBCONTRACTOR to act in a manner consistent with the BP Code of Conduct shall be considered a material breach of this CONTRACT. CONTRACTOR and all SUBCONTRACTORS shall ensure that their personnel are made aware of the BP Code of Conduct.

27. GENERAL LEGAL PROVISIONS

27.1 Waiver

None of the terms and conditions of the CONTRACT shall be considered to be waived by either COMPANY or CONTRACTOR unless a written waiver is given by one PARTY to the other. No failure on the part of either party to enforce any of the terms and conditions of the CONTRACT shall constitute a waiver of such terms.

27.2 Retention of Rights

Subject to the provisions of Clauses 19, 21, 27.10, 29, and 33 unless otherwise specifically stated in the CONTRACT, both COMPANY and CONTRACTOR shall retain all rights and remedies, both under the CONTRACT and at Law, which either may have against the other.

CONTRACTOR shall not be relieved from any liability or obligation under the CONTRACT by any review, approval, authorization, acknowledgement or the like, by COMPANY.

27.3 CONTRACTOR's AFFILIATES

Any limitation of liability given by COMPANY to CONTRACTOR under the CONTRACT shall include the AFFILIATES of CONTRACTOR.

27.4 Independence of CONTRACTOR



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CONTRACTOR shall act as an independent contractor with respect to the WORK and shall exercise control, supervision, management, and direction as to the method and manner of obtaining the results required by COMPANY.

In all cases where CONTRACTOR's EMPLOYEES (defined to include CONTRACTOR's and its SUBCONTRACTOR's direct, borrowed, special, or statutory employees) are performing work in or offshore the State of Louisiana or are otherwise covered by the Louisiana Workers' Compensation Act, La. R.S. 23:1021 et seq., COMPANY and CONTRACTOR agree that all WORK and operations performed by CONTRACTOR and CONTRACTOR's EMPLOYEES pursuant to this CONTRACT are an integral part of and are essential to the ability of COMPANY to generate COMPANY's goods, products, and services for the purpose of La. R.S. 23:1061 (A) (1). Furthermore, COMPANY and CONTRACTOR agree that COMPANY is the statutory employer of CONTRACTOR's EMPLOYEES for purposes of La. R.S. 23:1061 (A) (3) and that COMPANY shall be entitled to the protections afforded a statutory employer under Louisiana law, irrespective of COMPANY's status as the statutory or special employer (as defined in La. R.S. 23:1031 (C)) of CONTRACTOR's EMPLOYEES. CONTRACTOR shall remain primarily responsible for the payment of Louisiana workers' compensation and medical benefits to its employees, and shall not be entitled to seek contribution for any such payments from COMPANY or any member of COMPANY GROUP, and CONTRACTOR further agrees that it will indemnify COMPANY and any member of COMPANY GROUP for any such payments and that CONTRACTOR will be obligated to release, defend, and indemnify COMPANY GROUP for any personal injury, death, disease or property damage claims relating to CONTRACTOR's EMPLOYEES pursuant to the provisions of Clause 19.1 of this CONTRACT even if any such employee of CONTRACTOR is also held to be an employee (whether a statutory, special or borrowed employee, or otherwise) of COMPANY or any member of COMPANY GROUP.

27.5 Governing Law and Language

This CONTRACT shall be construed and enforced in accordance with the GENERAL MARITIME LAW of the United States wherever permissible; otherwise, the laws of the State of Texas shall apply, excepting therefrom any conflicts of laws rules which might provide for the application of the laws of another jurisdiction. Subject to Clause 28, the PARTIES agree to submit any dispute arising hereunder to the jurisdiction of the courts of the State of Texas and further agree that venue for the resolution of any such dispute shall be found in Harris County, Texas.

27.6 Notices

All notices in respect of the CONTRACT shall be given in writing and delivered by hand, by telefax or by first class post to the relevant address specified in Appendix 1 hereto and copied to such other office or offices of the PARTIES as shall from time to time be nominated by them in writing to the other.

Such notices shall be effective:

- (a) if delivered by hand, at the time of delivery;
- (b) if sent by telefax, on the first working day at the recipient address following the date of sending;
- (c) if sent by first class post, 48 hours after the time of posting.

27.7 Status of COMPANY

COMPANY enters into the CONTRACT either:



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- a) for itself and as agent for and on behalf of its other CO-VENTURERS; or
- b) as agent for and on behalf of an AFFILIATE and the CO-VENTURERS of that AFFILIATE (in which case this CONTRACT other than this Clause 27.7 shall be interpreted as though all references to "COMPANY" were references to that AFFILIATE).

Notwithstanding a) above:

- (c) CONTRACTOR agrees to look only to COMPANY for the due performance of the CONTRACT and nothing contained in the CONTRACT will impose any liability upon, or entitle CONTRACTOR to commence any proceedings against any CO-VENTURER other than COMPANY;
- (d) COMPANY is entitled to enforce the CONTRACT on behalf of all CO-VENTURERS as well as for itself. For that purpose COMPANY may commence proceedings in its own name to enforce all obligations and liabilities of CONTRACTOR and to make any claim which any CO-VENTURER may have against CONTRACTOR.

Notwithstanding b) above:

- (e) CONTRACTOR agrees to look only to the AFFILIATE of COMPANY for the due performance of the CONTRACT and nothing contained in the CONTRACT will impose any liability upon, or entitle CONTRACTOR to commence any proceedings against COMPANY or CO-VENTURER of an AFFILIATE other than the AFFILIATE;
- (f) the AFFILIATE of COMPANY is entitled to enforce the CONTRACT on behalf of COMPANY and all CO-VENTURERS of that AFFILIATE as well as for itself. For that purpose the AFFILIATE may commence proceedings in its own name to enforce all obligations and liabilities of CONTRACTOR and to make any claim which COMPANY or CO-VENTURER of that AFFILIATE may have against CONTRACTOR.

27.8 Entire Agreement

The CONTRACT constitutes the entire agreement between the PARTIES hereto with respect to the WORK and supersedes all prior negotiations, representations, or agreements related to the CONTRACT, either written or oral. No amendments to the CONTRACT shall be effective unless evidenced in writing and signed by the PARTIES to the CONTRACT.

27.9 Mitigation of Loss

Both COMPANY and CONTRACTOR shall take all reasonable steps to mitigate any loss resulting from any breach of CONTRACT by the other PARTY.

27.10 Extent of Exclusion or Limitation of Liability

Any exclusion or limitation of liability under the CONTRACT shall exclude or limit such liability not only in contract but also in tort or otherwise at law.

27.11 Invalidity and Severability

If any provision of this CONTRACT shall be found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect the other provisions of this CONTRACT and all provisions not affected

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by such invalidity or unenforceability shall remain in full force and effect. COMPANY and CONTRACTOR hereby agree to attempt to substitute, for any invalid or unenforceable provision, a valid or enforceable provision which achieves to the greatest possible extent, the economic, legal, and commercial objectives of the invalid or unenforceable provision.

27.12 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

- (a) Subject to Clause 27.12 (c), the PARTIES intend that no provision of the CONTRACT shall confer any benefit on, nor be enforceable by any person who is not a party to the CONTRACT.
- (b) For the purpose of this Clause 27.12, "Third Party" shall mean any member of COMPANY GROUP (other than COMPANY) or CONTRACTOR GROUP (other than CONTRACTOR) or in respect only of the provisions of Clauses 19, 20 and 21 hereof, the SERVICE COMPANY GROUP.
- (c) Subject to the remaining provisions of the CONTRACT,
 - i) Clause 17.7, Clause 17.8, Clause 19, Clause 20 and Clause 21 are intended to be enforceable by a Third Party; and
 - ii) Clause 27.3 is intended to be enforceable by the AFFILIATES of CONTRACTOR.
- (d) Notwithstanding Clause 27.12 (c), the CONTRACT may be rescinded, amended or varied by the PARTIES to the CONTRACT without notice to or the consent of any Third Party even if, as a result, that Third Party's right to enforce a term of this CONTRACT may be varied or extinguished.
- (e) The rights of any Third Party under Clause 27.12 (c) shall be subject to the following:
 - i) any claim, or reliance on any term of the CONTRACT by a Third Party against a party to the CONTRACT shall be notified in writing in accordance with the requirements of Clauses 19.8 and 27.6 by such Third Party to each party to the CONTRACT as soon as such Third Party becomes aware that an event is likely to give rise to such a claim and such notification shall contain the following information as a minimum:
 - details of the occurrence giving rise to the claim; and
 - the right relied upon by the Third Party under the CONTRACT,
 - ii) the provisions of Clause 28 shall apply in respect of any claim by a Third Party in that the relevant PARTIES agree to resolve any dispute between them in a prompt and amicable manner by adopting the provisions of Clause 28.
 - iii) the Third Party's written agreement to submit irrevocably to the jurisdiction of the State of Texas in respect of all matters relating to such rights.
- (f) In enforcing any right to which it is entitled and the provisions of this CONTRACT, the remedies of a Third Party shall be limited to damages.
- (g) A Third Party shall not be entitled to assign any benefit or right conferred on it under this CONTRACT.



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28. RESOLUTION OF DISPUTES

- 28.1 In the event of a commercial dispute between the PARTIES arising out of or relating to this CONTRACT, or the breach thereof, the PARTIES shall submit the dispute to non-binding mediation and shall make a good-faith effort to resolve the dispute through the mediation process. No suit may be filed relating to a commercial dispute arising pursuant to this CONTRACT until the mediation requirements of this provision have been fulfilled. If such a suit is filed, the PARTIES shall again submit the dispute to non-binding mediation prior to the trial of the suit. Each party shall pay its costs of mediation. Expressly excluded from the requirements of this Clause 28 are claims, suits, or disputes arising out of or relating to tort suits, indemnity, insurance, or assumption of liability issues or provisions.
- 28.2 Whilst any matter or matters are in dispute, CONTRACTOR shall proceed with the execution and completion of the WORK and both CONTRACTOR and COMPANY shall comply with all the provisions of the CONTRACT.

29. WARRANTY

29.1 CONTRACTOR warrants and guarantees that:

- (a) It shall exercise all reasonable skill, care and diligence in the performance of the WORK and shall carry out the WORK in accordance with the requirements of the CONTRACT and to internationally recognized good oilfield practices and standards;
 - (b) It shall exercise diligence to ensure the completeness and safe transportation of all acquired information including well logs, test and other information ("DATA"), arising out of the performance of the WORK. CONTRACTOR does not warrant the accuracy of DATA transmitted by electronic process, and CONTRACTOR will not be responsible for accidental or intentional interception of such DATA by third parties;
 - (c) any equipment and/or related spare parts provided or supplied by CONTRACTOR or its SUBCONTRACTORS for the account of COMPANY: (i) shall meet the detailed specification set forth in the CONTRACT; or (ii) where no detailed specification is provided by COMPANY, shall be of good quality and workmanship and fit for the intended purpose where a specific purpose is defined in the CONTRACT or, where no specific purpose is defined, in fulfillment of the application for which it was designed. CONTRACTOR warrants that all equipment and/or related spare parts provided or supplied by CONTRACTOR or its SUBCONTRACTOR's and suppliers shall be free from defects in material and/or workmanship during the WARRANTY PERIOD;
 - (d) consumable materials and/or products provided or supplied by CONTRACTOR for the account of COMPANY under the terms of the CONTRACT shall meet the detailed specification as defined in this CONTRACT and where no such specification is defined, shall conform to (1) where applicable, recognized industry standards or (2) the standard grade and quality of products in the region.
- 29.2 The warranties and guarantees provided under Clause 29.1 shall not apply to:
- (a) consumable materials and/or products that have been modified and/or subjected to improper handling, storage, installation, operation or maintenance by any party other than CONTRACTOR and/or its SUBCONTRACTOR's and suppliers;



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- (b) equipment, spare parts, consumable materials, and/or products provided by COMPANY and free issued to CONTRACTOR in connection with the WORK;
 - (c) samples which are provided by CONTRACTOR to COMPANY as examples or illustrations only of the general properties of CONTRACTOR's products and/or workmanship; and
 - (d) damage to the equipment, materials and/or products caused by improper use by any party other than CONTRACTOR and/or its SUBCONTRACTOR's and suppliers by way of abrasive materials; corrosion due to aggressive fluids, lightning, improper voltage supply, mishandling or misapplication and the like.
- 29.3. CONTRACTOR may give COMPANY the benefit of its judgment based on its experience interpreting information and making recommendations, either written or oral, as to DATA or amount of material or type of oilfield service to be provided by CONTRACTOR, or the manner of performance or in prediction of results. Notwithstanding the foregoing, all such recommendations and/or predictions shall be received by COMPANY as opinions only, and no warranty expressed or implied shall be inferred by COMPANY from such recommendations and or in view of the impracticability of obtaining first-hand knowledge of the many variable conditions, the reliance on inferences, measurements and assumptions which are not infallible, and/or the necessity of relying on facts and supporting oilfield services provided by others.
- 29.4. Save as expressly provided herein all warranties, conditions or other terms implied by applicable law or otherwise are excluded to the fullest extent permitted by law (including without limitation, implied warranties of merchantability and/or fitness for a particular purpose) and, for the avoidance of doubt, no warranty condition or other term is given that DATA resulting from the performance of the WORK will be fit for any particular purpose (including without limitation, implied warranties of merchantability and/or fitness for a particular purpose).
- 29.5. CONTRACTOR shall ensure that similar warranty undertakings are included in all purchase orders with vendors and contracts entered into with its SUBCONTRACTORS and/or suppliers who supply consumable materials/products and/or equipment and spare parts in respect of the WORK. The foregoing obligation shall not apply to purchase orders with vendors and contracts entered into with SUBCONTRACTORS and / or suppliers in those instances where CONTRACTOR and COMPANY have agreed to use a specific vendor and/or supplier and CONTRACTOR has obtained COMPANY's advance written approval to modify the foregoing warranty undertakings.
- 29.6. In the event that any equipment and/or related spare parts or consumable materials provided or supplied by CONTRACTOR do not conform to the warranties set forth in Clause 29.1, COMPANY shall notify CONTRACTOR promptly upon the failure of such warranty, and in any event during the WARRANTY PERIOD, specifying the nature and extent of the failure in question. Upon receipt of such notice, CONTRACTOR shall expeditiously proceed to repair or replace, at CONTRACTOR's sole cost, the equipment and/or related spare parts or consumable materials in question.
30. ACCESS TO LOCATIONS
- COMPANY shall secure for CONTRACTOR and its SUBCONTRACTOR's rights of access to and from the WORKSITES. COMPANY shall use its best endeavors to advise CONTRACTOR of any limitations, restriction or conditions which may affect such access and CONTRACTOR shall abide by such limitations, restrictions, and conditions as aforesaid.



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31. HEALTH, SAFETY, ENVIRONMENT AND THE WELFARE OF PERSONNEL

31.1 COMPANY places prime importance on health, safety, security, and environmental (HSSE) issues and requires that CONTRACTOR, SUBCONTRACTORS, and their subcontractors subscribe to and actively pursue the highest standards of HSSE performance. CONTRACTOR shall observe and comply with COMPANY Health, Safety, Security, and Environment Policy, Regulations and Procedures as amended from time to time, copies of which will be provided by COMPANY REPRESENTATIVE. CONTRACTOR shall familiarize itself with the following documents:

- a) Getting HSE Right (gHSEr)
- b) BP's Golden Rules for Safety
- c) Drilling and Wells Operations Policy
- d) Specific local HSSE policies as defined in Appendix 5 to Section 7

It shall be the responsibility of CONTRACTOR to ensure that its personnel comply with said policy, regulations, and procedures.

31.2 CONTRACTOR's personnel may be required by COMPANY to attend site induction for Health, Safety and Environmental Policy, Regulations and Procedures before entering a WORKSITE where any part of the WORK is to be performed and it shall be CONTRACTOR's responsibility to establish with COMPANY which personnel must be inducted and to ensure their attendance;

31.3 CONTRACTOR shall ensure that its personnel are aware of and carry out their own obligations with regard to health, safety, and environment including the strict obligation to report unsafe working conditions, hazards, dangerous incidents, accidents, and environmental issues.

31.4 CONTRACTOR shall ensure that its personnel:

- (a) observe and comply with all relevant statutory obligations regarding health and safety at work, environmental protection and all applicable safety regulations and requirements;
- (b) are fully conversant with and comply with the working conditions, safety regulations and policies at all locations where the WORK is to be performed;
- (c) are familiar with all local safety instructions, regulations and policies applicable to the WORKSITE where the WORK is to be performed and comply with same;
- (d) endeavor to advise CONTRACTOR supervisor of any pre-existing medical disability or condition which may adversely effect their own health and safety or the health and safety of others;
- (e) endeavor to advise CONTRACTOR of over the counter drug warnings for medication they are taking and shall endeavor to ensure that personnel immediately advise CONTRACTOR supervisor where such usage may impact the individual's ability to perform safely.

31.5 CONTRACTOR's personnel shall obey and comply with all reasonable instructions or order given to them by COMPANY REPRESENTATIVE or any officer of COMPANY in all matters relating to health, safety, and the environment.

31.6 If requested by COMPANY and prior to mobilization of CONTRACTOR's personnel to the WORKSITE, CONTRACTOR shall submit to COMPANY a certificate of a fully registered



Section 2 - General Conditions of Contract

medical practitioner indicating medical fitness for duty at the WORKSITE. Cost associated with the supply of this medical certificate shall be borne by COMPANY unless specifically addressed in Section 3, Scope of Work.

- 31.7 WORK provided by CONTRACTOR personnel shall be conducted in accordance with the prevailing health, safety, and environmental protection requirements in force in the WORKSITE and in full accordance with statutory and local requirements.
- 31.8 CONTRACTOR shall endeavor to ensure that its personnel and recommendations for performing the WORK are in accordance with World Health Organization recommendations.
- 31.9 If CONTRACTOR's personnel are required by COMPANY to work offshore or at remote sites and are required to be evacuated to a medical facility for medical treatment, the costs of evacuating CONTRACTOR's personnel to COMPANY's onshore supply base shall be borne by COMPANY. In the event that medical evacuation was for a pre-existing medical condition that was not disclosed by CONTRACTOR to COMPANY, the costs of evacuating CONTRACTOR's personnel to COMPANY's onshore supply base shall be borne by CONTRACTOR. COMPANY reserves the right to recover on a cost recoverable basis within the scope of CONTRACTOR's insurances for medical evacuations. All other transportation and medical treatment costs shall be borne by CONTRACTOR.
- 31.10 CONTRACTOR shall impose on its SUBCONTRACTORS the same obligations as are described in this Clause 31 and shall ensure that its SUBCONTRACTORS comply therewith.
- 31.11 For the purposes of this Clause 31, all obligations of CONTRACTOR shall include its SUBCONTRACTOR, AFFILIATES, its and their employees, servants, and agents.
- 31.12 CONTRACTOR shall observe and comply with the provisions of Section 7 - Health, Safety, Security, and Environment and failure to meet these requirements or to satisfy COMPANY with regard to the control of HSSE risks in respect of the CONTRACT will be regarded as due cause for termination of the CONTRACT without notice and without financial penalty to COMPANY in accordance with the provisions of Clause 23.1.
- 31.13 Nothing contained herein will affect the application of Clause 19 and 21 of the CONTRACT.

32. PERFORMANCE MANAGEMENT

- 32.1 CONTRACTOR and COMPANY agree that there are certain Key Performance Indicators (KPI), measures which are set out in Section 3 - Scope of Work. The successful closeout of COMPANY and CONTRACTOR's corrective actions to remedy performance gaps shall be mutually agreed.
- 32.2 For the measures referred to in Clause 32.1 above, well specific targets and objectives, together with any agreed deliverables, timescales or milestones will be mutually agreed between CONTRACTOR and COMPANY prior to commencement of any well and shall be fully documented.
- 32.3 CONTRACTOR shall participate in COMPANY's Supplier Performance Management (SPM) system. This process shall include, but not be limited to, the work scope review, risk review, mutual setting of KPIs and objectives, the timely completion of any agreed scorecards or measurement tools and the agreement of annual Performance Contracts where appropriate. The second phase shall include a post-job evaluation and submittal / approval. Data and associated scorecards gathered will be used to support reviews outlined in Clause 32.4.



Section 2 – General Conditions of Contract

- 32.4 Performance Review Process (PRM) – PRMs shall be held on a quarterly basis, or other frequency as mutually agreed; the COMPANY's REPRESENTATIVE, sector Team (if applicable), CONTRACTOR's management team, and CONTRACTOR's REPRESENTATIVE, shall meet formally to discuss the previous quarter's performance and identify any performance gaps and opportunities for improvement. This PRM shall also be an opportunity to discuss the next period to determine risks to delivery of work programs or projects. The focus shall be on information sharing and identifying key risks, then agreement on a risk management and action plan for the next period. Previous quarter's performance shall be formally agreed at this meeting and recorded for future reference. Progress of follow-up actions from the PRM will be recorded and monitored on a monthly CAR (Corrective Action Reporting) register maintained by the CONTRACTOR.
- 32.5 If requested by COMPANY, a performance contract shall be mutually agreed upon for the projected WORK scope prior to WORK commencement. This performance contract shall include sections to address, but not limited to, HSSE, People, Cost, Quality, Delivery, and Innovation. Each section will have measurable targets and reflect KPIs referenced in Clause 32.1.
- 32.6 CONTRACTOR's Safety Management System (SMS) shall be reviewed by COMPANY prior to award. Any gaps identified during this review will be reported to CONTRACTOR as compulsory improvement actions. CONTRACTOR will develop an SMS gap closure plan and the mutually agreed upon actions and completion dates shall be monitored and updated via the scorecard and PRM process. Failure to successfully complete the actions or close the gaps by the agreed due dates shall be deemed to be a failure of the CONTRACTOR to perform the services and COMPANY shall have the right to suspend the WORK in accordance with Clause 13 or terminate the WORK or the CONTRACT in accordance with Clause 23. The SMS gap closure plan shall be maintained by CONTRACTOR and updated after each interim SMS evaluation has been completed.
- 32.7 If requested by COMPANY, CONTRACTOR's Environmental Management System (EMS) shall be reviewed by COMPANY prior to award. CONTRACTOR will develop an EMS gap closure plan and the mutually agreed upon actions and completion dates shall be monitored and updated via the scorecard and PRM process. Failure to successfully complete the actions or close the gaps by the agreed due dates shall be deemed to be a failure of the CONTRACTOR to perform the services and COMPANY shall have the right to suspend the WORK in accordance with Clause 13 or terminate the WORK or the CONTRACT in accordance with Clause 23. The EMS gap closure plan shall be maintained by CONTRACTOR and updated after each interim EMS evaluation has been completed.

33. AGGREGATE OF LIABILITY

CONTRACTOR's cumulative liability hereunder in respect of liabilities incurred pursuant to Clause 10.3 and 23.5 shall not exceed in aggregate (i) fifty percent (50%) of the CONTRACT PRICE where all WORK to be performed under the CONTRACT is set forth in Section 3, Scope of Work independent of WORK ORDERS or, (ii) where WORK ORDERS are issued, fifty percent (50%) of the price of all WORK to be performed under the individual WORK ORDER.

34. CONTINUING OBLIGATIONS

In the event of termination or expiration of this CONTRACT, for any reason, any provision which by its own express terms reflects an intent that it shall continue to apply beyond the term of this CONTRACT shall continue in full force and effect, including without limitation Clauses 19, 21, 22, and 24.

Section 2 – General Conditions of Contract

35: ANTI-CORRUPTION UNDERTAKINGS

35.1 CONTRACTOR and COMPANY each agree and undertake one to the other that in connection with the CONTRACT and the transactions contemplated by this CONTRACT, they will each respectively comply with all applicable laws, rules, regulations, decrees and/or official governmental orders of the United Kingdom and the United States of America relating to anti-bribery and anti-money laundering.

35.2 CONTRACTOR agrees, undertakes and confirms that it, and each of its AFFILIATES, and its and their respective directors, officers, employees, agents and every other person acting on its or their behalf, has not, in connection with the transactions contemplated by this CONTRACT or in connection with any other business transactions involving COMPANY in the United States of America, made, offered or promised to make, and will not make, offer, or promise to make, any payment or other transfer of anything of value, including without limitation the provision of any service, gift or entertainment, directly or indirectly,

- a) to any government official (including directors, officers and employees of government-owned and government-controlled companies and public international organizations);
- b) to any director, officer or employee of COMPANY or of BP plc or any of its other subsidiaries;
- c) to any political party, official of a political party, or candidate for public office;
- d) to an agent or intermediary for payment to any of the foregoing; or
- e) to any other person or entity

for the purpose of obtaining or influencing the award of or carrying out this CONTRACT if and to the extent that to do so is or would be either in violation of or inconsistent in any material way with the anti-bribery or anti-money laundering laws of any relevant jurisdiction, including, without limitation, the U.S. Foreign Corrupt Practices Act, the U.K. Anti-Terrorism, Crime and Security Act 2001 and successor legislation, the applicable country legislation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and/or the anti-corruption laws of the United States of America.

For the purposes of this Clause 35, the term "government official" shall mean any director, officer, or employee of any government or any department, agency or instrumentality thereof, and/or of any enterprise in which a government owns an interest, and/or of any public international organization. This term also includes any person acting in any official, administrative or judicial capacity for or on behalf of any such government or department, agency, instrumentality, company, or public international organization.

35.3 CONTRACTOR agrees and undertakes that in connection with this CONTRACT and in connection with any other business transactions involving COMPANY in the United States of America, CONTRACTOR and each of its AFFILIATES shall:

- (a) have and will apply, in respect of its dealings with COMPANY under this CONTRACT, effective disclosure controls and procedures;
- (b) have and will maintain books, records, and accounts which, in reasonable detail, accurately and fairly reflect the transactions undertaken and the disposition of assets; and
- (c) have and will maintain an internal accounting controls system that is sufficient to ensure the proper authorization, recording and reporting of all transactions and to provide reasonable assurance that violations of the anticorruption laws of the applicable jurisdictions will be prevented, detected and deterred.

35.4 In the event that COMPANY has any reasonable basis for a good faith belief that



Section 2 - General Conditions of Contract

CONTRACTOR and/or any of its AFFILIATES may not be in compliance in any material way with the undertakings and/or requirements set forth in sub-clauses 35.1, 35.2 and/or 35.3, COMPANY shall advise CONTRACTOR in writing of its good faith belief and CONTRACTOR shall cooperate fully with any and all enquiries undertaken by or on behalf of COMPANY in connection therewith, including the provision by CONTRACTOR of personnel and supporting documents and affidavits if reasonably deemed necessary by COMPANY (provided, however, that CONTRACTOR may withhold from any such request for disclosure any investigative personnel working under the direction of the CONTRACTOR'S legal department and documents which are subject to legal privilege).

- 35.5 Subject to the requirements of sub-clause 35.4, and without prejudice to any other rights or remedies the COMPANY may have hereunder or at law (including, as applicable, the right to damages for breach of contract), COMPANY shall have the right to terminate this CONTRACT with immediate effect if COMPANY reasonably believes in good faith that any of the foregoing agreements, undertakings or requirements set forth in this Clause 35 have not been complied with or fulfilled by CONTRACTOR or any of its AFFILIATES; PROVIDED, HOWEVER, that COMPANY shall have provided CONTRACTOR with written notice of its intention to terminate the CONTRACT under the provisions of this Clause 35 together with the reasons therefore and that CONTRACTOR has been unable within fifteen (15) business days of delivery of such notice to provide COMPANY with evidence which demonstrates, to the reasonable satisfaction of the COMPANY, that CONTRACTOR and its AFFILIATES have not failed to comply with or fulfill any of the foregoing agreements, undertakings or requirements.
- 35.6 All payments by COMPANY to CONTRACTOR shall be made in accordance with the terms of payment specified in the CONTRACT. In the absence of any such specific payment instructions elsewhere in the CONTRACT, payments by COMPANY to CONTRACTOR shall only be made by check or wire transfer to a bank account, details of which shall be provided by CONTRACTOR to COMPANY in writing.
- 35.7 Any dispute arising hereunder as the result of COMPANY exercising its rights under sub-clause 35.5 hereof shall be settled in accordance with the provisions of CLAUSE 28 - SETTLEMENT OF DISPUTES.
- 35.8 CONTRACTOR shall take all reasonable measures to apply the provisions of this CLAUSE 35 in its contracts with SUB-CONTRACTORS in order to give effect to the agreements, undertakings, and requirements set forth in this CLAUSE 35.
36. **SPECIAL CONDITIONS**

Any additional special conditions applicable to the CONTRACT shall be as listed in Appendix 1 hereto and shall be numbered consecutively with these General Conditions of CONTRACT.



**Section 2 – General Conditions of Contract
Appendix 1 – Special Conditions of Contract**

Appendix 1 – Special Conditions of Contract

In the event of any ambiguity or contradiction between the General Conditions of Contract and the Special Conditions of Contract, the latter shall take precedence.

Section 1	Agreement
Clause 4	The EFFECTIVE DATE of the CONTRACT is February 1, 2009
Clause 4	The scheduled COMMENCEMENT DATE of the WORK is – Will be specified as the date of each WORK ORDER
Clause 5	The duration of the CONTRACT is three (3) years from the EFFECTIVE DATE of the CONTRACT. COMPANY shall have the option to extend the CONTRACT for up to two (2) consecutive one-year options following the expiration of the three (3) year term.
Section 2	General Conditions of Contract
Clause 1.9	"CO-VENTURERS" shall mean – Not Applicable
Clause 3.1(a)	COMPANY REPRESENTATIVE is Mr. Sundaram Srinivasan Manager – GOM PSCM Drilling and Wells (281) 504-4277 (OFFICE PHONE) (281) 366-7130 (FAX) sundaram.srinivasan@bp.com
Clause 3.1(a)	CONTRACTOR REPRESENTATIVE is Mr. Tim Armand Manager – Project Engineering (281) 988-1872 (OFFICE PHONE) (713) 775-4152 (CELL PHONE) tarmand@miswaco.com
Clause 27.6	The addresses for the service of notices are: i) COMPANY: BP Exploration and Production, Inc. 200 Westlake Park Boulevard Westlake 4 Houston, Texas 77079 ATTN: Sundry Srinivasan ii) CONTRACTOR: M-I LLC 5950 North Course Drive Houston, Texas 77072 (713) 739-0222



Section 2 -- General Conditions of Contract
Appendix 2 -- Local Tax Provisions

Appendix 2 -- Local Tax Provisions

CONTRACTOR agrees to defend, indemnify, and hold harmless COMPANY, jointly and severally, from and against, and to accept full and exclusive liability for, the payment of its legally due contributions or taxes for unemployment insurance, old age retirement benefits, annuities, wage and income taxes, business and occupation taxes, now or hereafter imposed by the Government of the United States or any State or political subdivision thereof, however measured.

CONTRACTOR agrees to be responsible for and indemnify, and hold harmless COMPANY, jointly and severally, from any liability for contract, inventory, ad valorem, business and occupational, or other taxes which are imposed upon CONTRACTOR for the performance of this CONTRACT or the ownership or use of any property employed by CONTRACTOR in the performance of this CONTRACT.



Section 3 – Scope of Work

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Section 3 – Scope of Work

1.0 GENERAL

- 1.1 CONTRACTOR has been selected for the performance of the WORK on the understanding that it is qualified in the class of work involved and that CONTRACTOR shall exercise all reasonable skill, care, and diligence in the performance of the WORK and shall carry out the WORK in accordance with the requirements of the CONTRACT and to internationally recognized good oilfield practices and standards.
- 1.2 The WORK which is to be provided by CONTRACTOR shall comprise but not necessarily be limited to, the provision of management, engineering, supervision, labor, plant, equipment, and materials to support COMPANY's operations, all as generally described herein.

2.0 THE WORK

- 2.1 COMPANY may from time to time request CONTRACTOR to carry out certain work or services, or provide supplies, equipment, or materials in accordance with the terms of the CONTRACT as more specifically defined in each job request issued by COMPANY ("WORK ORDER"). A WORK ORDER shall mean any of the following document types issued pursuant to this CONTRACT either on paper or electronic form.
- 2.1.1 WORK ORDER Template, as set forth by example in Section 3, Appendix 2 – WORK ORDER. Other written forms of this template are acceptable so long as it provides sufficient detail, including as a minimum:
- identification of the CONTRACTOR
 - reference to the CONTRACT number
 - the date of the WORK ORDER
 - details of the WORK to be performed
 - any other terms the PARTIES deem appropriate
- 2.1.2 Specific direction / instruction to CONTRACTOR to proceed with WORK via e-mail, or an otherwise electronically transmitted Microsoft Word or Excel document with the same minimum requirements as noted in Clause 2.1.1 herein above. Said direction / instruction to CONTRACTOR shall require electronic acknowledgement of receipt as well as acceptance from CONTRACTOR in order to be deemed to be a WORK ORDER.
- 2.1.3 Pursuant to a verbal request by COMPANY to initiate WORK under this CONTRACT, a request by CONTRACTOR to proceed with WORK shall be presented to COMPANY via e-mail, or an otherwise electronically transmitted Microsoft Word or Excel document with the same minimum requirements as noted in Clause 2.1.1 herein above. Said request made by CONTRACTOR shall require electronic acknowledgement of receipt as well as acceptance from COMPANY in order to be deemed to be a WORK ORDER.
- 2.1.4 Purchase Orders for the procurement of materials that includes sufficient details, including as a minimum:
- identification of the CONTRACTOR
 - reference to the CONTRACT number
 - the date of the Purchase Order
 - details of the materials to be procured
 - any other terms the PARTIES deem appropriate



Section 3 – Scope of Work

- 2.1.5 Nothing contained in a WORK ORDER, in any acceptable format, shall be construed as an Amendment to the terms of the CONTRACT. Accordingly, WORK ORDERS, in any acceptable format, shall NOT be used to add new services, equipment, or materials to the CONTRACT, all of which may only be added to the CONTRACT by formal Amendment.
- 2.2 It is agreed and understood that COMPANY is not obligated to request WORK hereunder, and that CONTRACTOR is not obligated to accept any WORK ORDER issued by COMPANY hereunder; however, COMPANY and CONTRACTOR agree that the following general provisions shall at all times apply to and control all WORK which may be conducted or carried out by CONTRACTOR for COMPANY under any WORK ORDER until such WORK ORDER is cancelled. With respect to WORK performed under this CONTRACT, the Schedule of Rates and Charges in Section 4 – Remuneration, shall apply.
- CONTRACTOR shall use reasonable commercial efforts during the term of the CONTRACT or any WORK ORDER, to ensure that the costs of the final completion of the WORK shall not exceed the estimate. In the event that the WORK is performed on an unsupervised basis, e.g., rental tools, COMPANY and CONTRACTOR will jointly monitor costs for expenditure tracking. If CONTRACTOR determines that the estimate is likely to be exceeded, CONTRACTOR shall promptly notify COMPANY of the same and provide an estimate of the additional cost. Such notification shall constitute a request for a CHANGE ORDER to revise the original estimate. Upon receipt of such notice, COMPANY shall promptly (1) issue a CHANGE ORDER revising the original estimate before such estimate is exceeded or (2) release CONTRACTOR's personnel and equipment. However, in no event shall CONTRACTOR make or incur total expenditures and charges for the WORK in excess of such estimates unless and until a written request is approved by COMPANY.
- 2.3 From time to time COMPANY may clarify, modify, expand, or reduce the scope of the WORK ORDER by a CHANGE ORDER. CONTRACTOR will comply with instructions in such CHANGE ORDER. A CHANGE ORDER shall mean any of the following document types issued pursuant to this CONTRACT either on paper or electronic form.
- 2.3.1 CHANGE ORDER Template, as set forth by example in Section 3, Appendix 3 – CHANGE ORDER. Other written forms of this template are acceptable so long as they provide sufficient detail, including as a minimum:
- identification of the CONTRACTOR
 - reference to the CONTRACT number
 - reference to the WORK ORDER number
 - the date of the CHANGE ORDER
 - details of the changes to the WORK to be performed
 - any other terms the PARTIES deem appropriate
- 2.3.2 Specific direction / instruction to CONTRACTOR to change the WORK ORDER via e-mail, or an otherwise electronically transmitted Microsoft Word or Excel document with the same minimum requirements as noted in Clause 2.3.1 herein above. Said direction / instruction to CONTRACTOR shall require electronic acknowledgement of receipt as well as acceptance from CONTRACTOR in order to be deemed to be a CHANGE ORDER.
- 2.3.3 Pursuant to a verbal request by COMPANY to change the WORK ORDER under this CONTRACT, a request by CONTRACTOR to proceed with WORK shall be presented to COMPANY via e-mail, or an otherwise electronically transmitted Microsoft Word or Excel document with the same minimum requirements as noted in Clause 2.3.1 herein above. Said request made by CONTRACTOR shall require electronic acknowledgement of receipt as well as acceptance from COMPANY in

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order to be deemed to be a CHANGE ORDER.

- 2.3.4 Nothing contained in a CHANGE ORDER, in any acceptable format, shall be construed as an Amendment to the terms of the CONTRACT. Accordingly, CHANGE ORDERS, in any acceptable format, shall NOT be used to add new services, equipment, or materials, to the CONTRACT, all of which may only be added to the CONTRACT by formal Amendment.
- 2.4 The provision, utilization, and management of the WORK shall be the sole responsibility of CONTRACTOR always accepting that CONTRACTOR shall meet the Scope of Work. The WORK shall be provided in accordance with the service specific requirements contained in this Section 3.
- 2.5 CONTRACTOR shall liaise with, and ascertain from COMPANY, all forward programming and planning information for COMPANY's well operations to enable the CONTRACTOR to provide all the resources required to meet its obligations under the CONTRACT. CONTRACTOR shall be solely responsible for ensuring that personnel, equipment, and all other items are provided so that no disruption occurs to the well operation.
- 2.6 CONTRACTOR shall seek out expertise from within CONTRACTOR's organization, COMPANY's organization, and from Third Parties to enable CONTRACTOR to maximize operating performance. Said involvement of Third Parties for purposes of this Clause shall not be for COMPANY's account or reimbursable under the provisions of Section 4 -- Remuneration.
- 2.7 CONTRACTOR shall pro-actively monitor, evaluate, and promote the use of new technology to improve cost effectiveness and add value to the WORK.
- 2.8 COMPANY is committed to making its technology and knowledge of "best practices" available to the CONTRACTOR. It is expected that CONTRACTOR will avail itself of this opportunity to use COMPANY data and knowledge in the course of the CONTRACT. Likewise, it is expected that CONTRACTOR will provide to COMPANY its knowledge of industry best practices and technology.
- 2.9 CONTRACTOR shall provide an organization to plan, monitor, and optimize the performance of the WORK in full compliance with the requirements of COMPANY. This shall include, but not be limited to, the management of the CONTRACTOR's and SUBCONTRACTOR's health, safety, security, environment, quality assurance, and legal obligations.
- 2.10 CONTRACTOR shall ensure optimal utilization of equipment, in that, equipment shall be back loaded at the earliest opportunity if no longer required. CONTRACTOR shall render all assistance to COMPANY in this regard. Nevertheless, equipment and / or materials shall only be shipped and back loaded with the prior consent of COMPANY. The effectiveness and benefits of the actions taken may be measured as part of the Performance Management System.

3.0 PERSONNEL

- 3.1 CONTRACTOR shall provide fully trained, competent personnel to perform the WORK in accordance with the applicable WORK ORDER. The number of personnel required will be



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determined by operational and engineering need as agreed by COMPANY and CONTRACTOR. To ensure continuity and operational learning(s), personnel assigned to a WORKSITE shall not be replaced without COMPANY's approval which shall not be unreasonably withheld.

- 3.2 CONTRACTOR may be required to provide co-located engineering or technical support in COMPANY's local offices. "Co-located" support is defined as those personnel working on COMPANY operations and located in one or more of COMPANY's various local offices. CONTRACTOR staff designated for such positions will be pre-qualified and approved by COMPANY. Such CONTRACTOR staff is expected to perform as members of multi-discipline COMPANY teams, with shared accountability for team performance.
- 3.3 The CONTRACTOR will supply a nominated Account Manager who is accountable for the performance of all personnel provided by the CONTRACTOR. The Account Manager is expected to provide a single point of contact for contractual issues, HSSE performance, and for issues relating to compliance with the Scope of Work contained herein.
- 3.4 The CONTRACTOR, with approval from COMPANY, will develop and deploy a program to maximize savings at the WORKSITE by employing multi-skilled personnel and thereby reducing the number of personnel required to an absolute minimum. Such reductions shall not at any time compromise safety, efficiency, or quality.
- 3.5 Additional personnel may be provided as required by the CONTRACTOR and/or COMPANY for operational or other reasons. The requirement for such additional personnel must be agreed to in advance and shall be affected by a CHANGE ORDER at rates as specified in Section 4 – Remuneration.
- 3.6 A Personnel Plan may be requested from time to time for various activities (e.g., large development projects). These Personnel Plans may include – but not be limited to – number of personnel by category required to discharge all duties needed to complete the WORK; organization charts; manner in which any applicable local content requirements will be satisfied; and other items that may be specified.
- 3.7 Personnel shall be trained appropriately for the duties for which they will be responsible. Specifically, this requirement shall include, as applicable, all statutory and COMPANY requirements relating to WORKSITE safety, survival, and well control. In addition, supervisors shall be capable of performing Behavioral Safety Audits on CONTRACTOR tools, processes, and equipment. All applicable CONTRACTOR personnel shall participate in COMPANY sponsored initiatives and must comply with safety training requirements as defined or required by COMPANY.

4.0 EQUIPMENT

- 4.1 CONTRACTOR shall provide all equipment necessary to perform the WORK. CONTRACTOR shall be fully responsible for implementation of the techniques and equipment used which must be entirely consistent with good oilfield practice and meet all COMPANY standards as stated herein.
- 4.2 CONTRACTOR shall be required to mobilize and demobilize its tools and equipment in accordance with the specific requirements of each operation. Unless agreed to in advance by



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COMPANY, CONTRACTOR shall provide adequate back up tools, equipment, spares and consumables to ensure that service disruption is minimized due to tool or equipment failures.

- 4.3 Upon receipt of a WORK ORDER, or CHANGE ORDER to a WORK ORDER from COMPANY, the CONTRACTOR shall provide, or procure the requested tools, equipment, spares, or materials, to be available for transport by the specified time. Where the CONTRACTOR cannot supply such tools or equipment from its own inventory, it shall notify COMPANY, and upon receipt of COMPANY's written approval, shall procure same through a Third Party and supply to COMPANY at the rates contained in this CONTRACT.
- 4.4 CONTRACTOR shall develop and maintain an up to date inventory and utilization report in Microsoft Excel or other acceptable format for:
 - 4.4.1 All CONTRACTOR owned tools and equipment used during all or a portion of the CONTRACT term.
 - 4.4.2 All COMPANY owned equipment used during all or a portion of the CONTRACT term, inclusive of those items being held on consignment for future use and their respective Purchase Order value.
 - 4.4.3 All materials consumed during the then current invoice period and collectively throughout the entire term of the CONTRACT.
 - 4.4.4 In addition, CONTRACTOR shall make the above referenced inventory and utilization reports available for inspection by the COMPANY as and when requested.
 - 4.4.5 Further, this inventory and utilization report must be maintained on a well by well basis, and must be submitted to COMPANY when invoicing for services. Failure to provide the specifics of inventory and utilization shall be deemed to be a breach of Section 2, Clause 14.6.
- 4.5 CONTRACTOR shall be responsible at its own cost for stock control, maintenance, and servicing of its equipment, and shall use best efforts to ensure that sufficient spares are available for maintenance requirements and to meet contingency requirements.
- 4.6 COMPANY shall have the right to inspect the CONTRACTOR's equipment, materials, and supplies at any time to observe their condition and to ensure that no deficiencies exist. Such inspection by COMPANY shall not imply any acceptance of the condition of the said equipment, materials, and supplies by COMPANY and the CONTRACTOR shall not be relieved of its obligations under this CONTRACT by any such inspection.
- 4.7 CONTRACTOR shall provide equipment that meets the requirements outlined in Section 6 – Quality Assurance and Quality Control and Section 3, Appendix 7 – Technical Integrity herein.
- 4.8 All tools, material, and equipment used for the execution of the WORK shall be fit for purpose and maintained in accordance with manufacturers' recommendations. In addition, a full history record and certification shall be maintained in accordance with CONTRACTOR's existing preventive maintenance and quality management systems.
- 4.9 CONTRACTOR shall create and implement a 'Total Quality Management' process or use an existing approach for the process of recording and reporting the history of tools and



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equipment from procurement to end use.

Features of the system shall include:

- 4.9.1 Capable of Audit.
 - 4.9.2 Record full traceability from mill material test reports and test certificates, through manufacture, procurement, and subsequent service life.
 - 4.9.3 Ability to manage and control stock levels.
 - 4.9.4 Identifies items under repair as potential stock.
 - 4.9.5 Ability to reserve or allocate items in stock for specific well service / completion requirements and subsequently complete transfer and amend stock level.
 - 4.9.6 Record and display tools and equipment in specific generic groupings, i.e., packers, safety valves etc., for ease of reviewing availability.
 - 4.9.7 Ability to record tool or equipment history by well.
 - 4.9.8 Show the well file as the final reconciliation for well costs with a summary statement showing all items consumed and associated service costs. The final reconciliation shall be submitted with CONTRACTOR's invoice to COMPANY.
- 4.10 All work shall be conducted under agreed procedures and fully in accordance with COMPANY Technical Integrity requirements.

5.0 TRANSPORTATION OF EQUIPMENT AND MATERIALS

- 5.1 If the WORK includes marine transportation of equipment and materials, the CONTRACTOR shall be required to give not less than the SPU-specific minimum notice time for offshore transportation requirements. The COMPANY's decision as to the availability of vessel and / or helicopter transportation at any particular time shall be final.
- 5.2 In supplying equipment and materials to the COMPANY's designated supply base, the CONTRACTOR shall take due consideration of the magnitude and urgency of each consignment. The CONTRACTOR shall liaise with the COMPANY's nominated supply base sufficiently in advance of each consignment to agree timing of collection and delivery.
- 5.3 CONTRACTOR shall at all times comply with appropriate regulations and guidelines for the transportation of dangerous and hazardous goods. Copies of Material Safety Data Sheets (MSDS) for all products shall be made available to COMPANY upon demand by the COMPANY or its delegate.
- 5.4 All packaging is to be of suitable quality to withstand operating area climatic conditions. All materials shall be palletized, strapped, and shrink-wrapped. COMPANY shall have the right to reject any materials deemed unsuitably packaged for the conditions or where the packaging is of poor quality. Materials received by COMPANY without the required packaging will not be accepted and will be returned to the CONTRACTOR for the CONTRACTOR's account.



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All packaged equipment shall be externally marked using suitable means so as to allow ready identification of the enclosed items;

- 5.4.1 Parts and equipment shall have exposed metallic surfaces protected against corrosion.
 - 5.4.2 Exposed seals, seal surfaces, threads, and operating parts shall be protected from mechanical damage during shipping.
 - 5.4.3 Loose components shall be separately packed and identified.
 - 5.4.4 Exposed hydraulic end fittings shall be capped.
 - 5.4.5 Special provisions for shipment and storage of electronic items in accordance with manufacturer instructions shall be made.
 - 5.4.6 Units and assemblies shall be securely crated or mounted on skids to suit the proposed shipment method. These shall be designed to prevent damage and to facilitate handling.
 - 5.4.7 Special provisions for transportation vibration protection for both land and sea shall be made to ensure no damage to equipment.
 - 5.4.8 The packaging / shipment method shall take into account any limitations in maximum or minimum allowable temperature, UV, and humidity protection. This shall include storage for extended periods in the local climate.
- 5.5 CONTRACTOR will be responsible for loading equipment efficiently into its Cargo Carrying Units (CCU) at its local facility and will endeavor to minimize the number of CCUs used. Equipment transported within CCUs shall be adequately secured such that there is no risk of injury through either opening the CCU or equipment falling out or through accessing equipment within the CCU.

6.0 FACILITIES

- 6.1 CONTRACTOR shall support the WORK from local facilities that provide comprehensive warehousing, laboratory, workshop, and service support. The services to be provided by CONTRACTOR at the local facility will include but would not be limited to the storage, preservation, handling, preparation, inspection, testing, maintenance, and repair of CONTRACTOR's tools, equipment, and materials.
- 6.2 Where CONTRACTOR is unable to comply fully with the requirements of Clause 6.1 above, CONTRACTOR shall identify the exceptions and provide details of alternative support services to be offered to enable CONTRACTOR to perform the WORK in a manner satisfactory to COMPANY.

7.0 SPECIFICATIONS AND PROCEDURES

The CONTRACTOR, during the performance of WORK, shall adhere to the methods and procedures as specified in Section 3, Appendix 7 – Technical Integrity and in Section 6 – Quality Assurance and Quality Control.



Section 3 – Scope of Work

8.0 COMPANY'S GENERAL OBLIGATIONS

The following items shall be for COMPANY's account for all offshore WORK:

- 8.1 Accommodation and messing for CONTRACTOR's personnel while onboard any COMPANY offshore facility.
- 8.2 Installed services required to perform WORK, including diesel fuel, air, water, and electricity.
- 8.3 Marine and air transport of CONTRACTOR's materials, tools, equipment, and personnel between COMPANY's designated marine and air supply bases and the offshore location. COMPANY shall select type of transport.



Section 3 – Scope of Work
Appendix 1 – Supplier Performance Management

Appendix 1 – Supplier Performance Management



Section 3 – Scope of Work
Appendix 1 – Supplier Performance Management

In accordance with Section 2, Clauses 32.1 through 32.7, performance management will be integral to the WORK. The mandatory global Key Performance Indicators (KPIs) includes metrics for HSSE, Cost, Efficiency, Quality, and Incremental Benefit Delivered (IBD).

1.0 SUPPLIER PERFORMANCE MANAGEMENT

1.1. Definition of Supplier Performance Management

Supplier Performance Management (SPM) is one of eight COMPANY common processes and it is the process by which COMPANY gains assurance that CONTRACTOR's performance is meeting or exceeding the CONTRACT requirements. The process, as more fully described herein, comprises the measurement of CONTRACTOR's performance against predefined targets; rating of performance, identification of gaps in performance, and implementation of actions that are required in order to ensure CONTRACTOR's achievement of the agreed performance levels. By implementing the SPM process and through working in a cooperative manner, COMPANY and CONTRACTOR shall create the potential for CONTRACTOR's performance to exceed COMPANY's expectations and targets.

1.2. Key Objectives of SPM

The SPM process is implemented in order to deliver the following objectives:

- 1.2.1 To drive continuous performance improvement;
- 1.2.2 To ensure CONTRACTOR's alignment with COMPANY's business processes, objectives, drivers and expectations;
- 1.2.3 To encourage a culture of performance enhancement and assist in identifying performance gaps;
- 1.2.4 To create transparency of performance allowing COMPANY to benchmark performance over a wider sector;
- 1.2.5 To ensure that focus is maintained on performance through regular, structured, and significant performance reviews;
- 1.2.6 To assist in the development of a long term relationship which promotes enhanced delivery; and
- 1.2.7 To allow management of the relationship between COMPANY and CONTRACTOR at the various levels of:
 - (a) Well Section
 - (b) Well;
 - (c) Project; and
 - (d) Product Line / Supply Market Sector

1.3. COMPANY Commitment to Supplier Performance Management

The SPM process is a key element of COMPANY's Procurement and Supply Chain Management process. Accordingly, COMPANY places a high level of importance on



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implementing a robust process that is designed to sustain and enhance the overall delivery. COMPANY shall work cooperatively with CONTRACTOR in order to promote continuous improvement.

1.4. CONTRACTOR Commitment to Supplier Performance Management

CONTRACTOR shall work with COMPANY in order to implement SPM throughout the various phases of each individual product line or sector. The measures described herein shall be subject to ongoing monitoring and review by COMPANY in conjunction with CONTRACTOR. As such, CONTRACTOR shall work in a cooperative manner with COMPANY in order to implement appropriate changes to the measures and targets that may be required in sustaining continuous improvement.

2.0 SUPPLIER PERFORMANCE MANAGEMENT PROCESS

2.1 General:

In implementing a successful SPM process, three key elements require consideration:

2.1.1 Organizational Support and Competency

A fundamental requirement of the SPM process is to develop a relationship between COMPANY and CONTRACTOR which enables the delivery of extraordinary performance. This relationship shall be developed at three levels:

- (a) Management level within the individual Wells programs or Strategic Performance Units (SPU);
- (b) Management level within individual Projects; and
- (c) Executive level beyond the Project to the Product Line / Supply Market Sector

2.1.2 Measures and Targets

- (a) Clear and objective targets against which performance can be measured shall be set and where appropriate, corrective action taken. The key to successful implementation of SPM is to have clearly defined and agreed targets and a measurement system that will provide visibility of actual performance against a predefined benchmark. To this end COMPANY and CONTRACTOR have agreed a series of balanced score cards which are fed by the measurement and recording of performance against lower level Key Performance Indicators (KPIs); and
- (b) The balanced score cards and KPIs will be agreed between COMPANY and CONTRACTOR. From time to time, both the balanced score card and the KPIs will be subject to change in order to improve performance monitoring to increase the quality of the results for subsequent analysis.

2.1.3 Performance Review

Formal meetings to cover performance shall be held at the SPU level and executive level. The requirements and function of the performance reviews are detailed under Clause 3.2 herein.



Section 3 – Scope of Work
Appendix 1 – Supplier Performance Management

2.2 Balanced Score Card

COMPANY and CONTRACTOR will agree on a balanced score card which shall be used by the PARTIES to monitor and record CONTRACTOR's performance. The balanced score card considers a range of metrics which are designed to provide an objective view of CONTRACTOR's overall performance. Each element within the score card is assigned a value which is a weighting that represents its importance in determining the overall standard of performance of CONTRACTOR. The minimum performance metrics utilized within the balanced score card are:

- 2.2.1 HSSE;
- 2.2.2 Quality;
- 2.2.3 The specific SPU and / or service line content;
- 2.2.4 Technical and Operational Performance;
- 2.2.5 Commercial;
- 2.2.6 People;
- 2.2.7 Innovation; and
- 2.2.8 Incremental Benefit Delivered (IBD)

The weightings of the balanced score card may be adjusted in order to represent changes in risk and / or priorities. COMPANY and CONTRACTOR shall review the relevance of the weightings during the scheduled Performance Reviews and prior to the commencement of WORK. However, to ensure some level of consistency across all of COMPANY SPUs, score cards will only be reviewed for material changes to the metrics, KPIs, weightings, and / or score card appearance on an annual basis. If such changes have a valid business case and show a positive return on the investment, and do not materially impact the SPM process at other SPUs, they will be submitted for modification.

2.3 Key Performance Indicators (KPIs)

2.3.1 At a level below the balanced score card as described under Clause 2.2 herein, a series of KPIs will be developed to enable meaningful and accurate measurement. At the outset of the CONTRACT, the KPIs will be established by COMPANY as being of importance in determining the overall standard of CONTRACTOR's performance. In agreeing to the KPIs, each PARTY has given consideration to:

- (a) Identification of risks to the overall success of the individual Projects and mitigation of same;
- (b) What processes need to be measured in order to demonstrate that the identified risks are being managed and mitigated effectively;
- (c) What performance levels represent a benchmark for current performance;
- (d) What the performance target shall be;
- (e) Establishing a targeted balance of forward looking KPIs and retrospective KPIs; and



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Appendix 1 – Supplier Performance Management

(f) The contribution and relationship each individual KPI has in determining the performance rating at balanced score card level.

2.3.2. During the term of the CONTRACT the applicability, risks, and priority may change. Equally, as performance levels become visible it will be necessary for targets and benchmarks to be reset in order to drive continuous improvement. Accordingly the KPIs will be subject to an ongoing process of review and refinement throughout the CONTRACT.

2.3.3. The relevance of the KPIs shall be reviewed by COMPANY and CONTRACTOR during the scheduled Performance Reviews and prior to the commencement of each individual project.

2.3.4. Notwithstanding anything else contained herein, CONTRACTOR recognizes that the implementation of SPM is an integral part of COMPANY's business processes. As such, COMPANY seeks to ensure that a level of consistency is maintained across its CONTRACTORS working within the same sector. Accordingly, CONTRACTOR acknowledges and accepts that the establishment and agreement of KPIs will be influenced by COMPANY's sector benchmarking requirements. To this end, COMPANY has the right to implement such KPIs with or without CONTRACTOR's explicit agreement. In these circumstances CONTRACTOR shall continue to provide COMPANY with such information, reporting, and support that it would otherwise have provided shall the KPI have been agreed to in advance by CONTRACTOR.

2.4 Weighting of Score Cards and KPIs

Weightings are used to recognize the relationship and more particularly the importance of individual aspects of the balanced score card and individual KPIs. KPI weightings will be established at the outset of the CONTRACT and may be adjusted during the term of the CONTRACT.

2.5 CONTRACTOR Personnel

CONTRACTOR shall assign one member to assume overall responsibility for reporting performance, liaising with COMPANY on SPM issues, developing action plans for continuous improvement, and working with COMPANY in order to refine the KPIs and balanced score cards. Further, the individual shall have responsibility for increasing awareness of SPM within CONTRACTOR's wider project team. Such an individual shall be classified as a member of CONTRACTOR's key personnel and shall be assigned to SPM duties on a part-time basis.

CONTRACTOR shall commit other appropriate personnel as may be required to support the SPM process and to participate in the appropriate performance review meetings. Such personnel shall be at the appropriate management level.

2.6 COMPANY Personnel

COMPANY shall notify CONTRACTOR of the specific roles and responsibilities of the personnel appointed to implement and manage the SPM process on behalf of COMPANY. General roles that may be performed may include, but not necessarily be limited to the following:

2.6.1 Relationship Manager (REM) – Works at a high level with CONTRACTOR's senior management in order to ensure alignment with COMPANY's expectations and objectives for delivery;



Section 3 – Scope of Work
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- 2.6.2 Sector Team Lead (STL) / Sub-Sector Specialist – Provides input regarding sector strategy, performance targets, and achievements for the relevant sector and ensures SPM supports the business strategy;
- 2.6.3 Contract Accountable Manager (CAM) – Responsible for monitoring the CONTRACTOR's performance and is the focal point for interaction with CONTRACTOR;
- 2.6.4 Specialists – Responsible for providing assistance in appropriate performance areas such as HSSE, Quality, Technical, Supply Chain Management, etc. Such personnel may be engaged to suit particular needs or focus.
- 2.6.5 Supplier Performance Management Champion – Each Strategic Performance Unit (SPU) may designate an individual that is accountable for providing support to the SPM process, liaising with the SPU Line and Management, ensuring efficacy of system and being the focal point for score card / metrics issues and improvements and communication of same to Drilling and Completions Wells Services;
- 2.6.6 Drilling and Completions Wells Services SPM Administrator – Accountable for system architecture and compliance to COMPANY Common Processes. Liaison between SPUs and software provider to troubleshoot, manage score card and system additions and changes and management of the KPI libraries. Responsible for improving user interfaces, relevant reporting output, and compliance to budgeted system maintenance and support costs.

3.0 PERFORMANCE REVIEW

3.1 KPI Scoring Process

- 3.1.1 At least every six months, COMPANY shall review and score the CONTRACTOR performance against the KPIs. Where appropriate, the scoring shall be supplemented with information, documentation, and feedback from other COMPANY personnel.
- 3.1.2 CONTRACTOR's overall performance shall be assessed by collating and reviewing the individual score cards and KPIs. COMPANY shall use this information in order to generate an overall balanced score card which shall be used to monitor CONTRACTOR's performance. CONTRACTOR's performance, trends, divergences in performance between projects and wells and any resultant action plans shall be discussed as part of the formal performance review meeting.

3.2 Performance Review Process

The COMPANY's relationships with CONTRACTOR occurs at different levels of each party's organization. The Supplier Performance Management (SPM) process is focused at operational and performance-based levels. To manage the relationship at these hierarchically higher levels the SPM process drives continuous performance through Performance Review Meetings (PRM). The most important of those are described as follows:

3.2.1 Performance Review Meetings (PRMs);

- (a) On a quarterly basis, or other frequency as mutually agreed, a performance review meeting shall be conducted where CONTRACTOR's performance shall be benchmarked for the prior KPI measurement period; and



Section 3 – Scope of Work
Appendix 1 – Supplier Performance Management

- (b) The PRM meeting shall provide a forum to discuss issues related to performance, management, future workload and organizational issues. While COMPANY shall offer a summary view of CONTRACTOR's quarterly performance, the focus of the PRM is on identifying future actions required, misalignment between the PARTIES, corrective action, risk mitigation actions, performance improvement, or re-establishing KPIs and targets in order to ensure that the performance standards are achieved if not exceeded.
- (c) The output from the PRM shall be a clear and concise action list, which shall include, but not be limited to, the following information: action description; action party; date raised; target date for completion; actual date completed; action status; and issues
- (d) CONTRACTOR shall be responsible for implementing, populating, updating and maintaining the action log and tracking system and provide COMPANY with unrestricted access to this information at all times. CONTRACTOR shall also prepare regular analysis of the entire system in order to identify recurring actions, trends, and common themes. This information will be presented at the PRM and will be used to demonstrate the effectiveness of the remedial actions implemented.

3.2.2 Global Business Reviews (GBR)

For certain strategic Contractors, Global Business Reviews may be held in addition to the regular PRM. The GBR is conducted between the Senior Leadership of COMPANY and CONTRACTOR, either annual or biannually. The intent of these meetings is to create strategic alignment and drive performance-based relationships by considering local, regional, and global trends against globally consistent KPIs and "best in class" performers.

4.0 KEY PERFORMANCE INDICATORS

In reference to Section 3 – Scope of Work, Appendix 1 – Supplier Performance Management, Clause 2.3, above, Key Performance Indicators (KPIs) have been developed. This information is found in Section 3 – Scope of Work, Appendix 5 – Description of the Work.



**Section 3 – Scope of Work
Appendix 2 – Work Order**

Appendix 2 – WORK ORDER



Section 3 - Scope of Work
Appendix 2 - Work Order

WORK ORDER

Date: _____

WORK ORDER requested by: _____
(Name)

This WORK ORDER is subject to the terms and conditions of CONTRACT No. _____ between COMPANY, _____, and CONTRACTOR, _____ effective (MM/DD/YYYY). NOTHING CONTAINED IN THIS WORK ORDER SHALL BE CONSTRUED AS AN AMENDMENT TO THE TERMS OF THE REFERENCED CONTRACT.

CONTRACTOR: _____

WORK ORDER No: _____

Pay Key No, if applicable: _____

Project Identification: _____

Value of WORK ORDER:
Estimated Maximum Price: _____

Expected completion date: _____

Description / Scope of Work: _____

Forward invoices / statements to: _____

Attention: _____
WORK ORDER No. _____
Pay Key No. _____

ACCEPTED BY: _____

APPROVED BY: _____

CONTRACTOR
Date: _____

COMPANY
Date: _____

Notices: _____

Attention: _____
Mail Code: _____
Office Phone: _____
Cell Phone: _____
Fax: _____
Email: _____

Attention: _____
Mail Code: _____
Office Phone: _____
Cell Phone: _____
Fax: _____
Email: _____

Appendix 3 – CHANGE ORDER



**Appendix 4 – SUBCONTRACTORS / CONTRACTOR's Key
Personnel**



Section 3 – Scope of WORK
Appendix 4 – Subcontractors / CONTRACTOR's Key Personnel

1.0 SUBCONTRACTORS

CONTRACTOR intends to employ the following SUBCONTRACTORS which, collectively, account for a minimum of 80% of the WORK to be outsourced. This list of SUBCONTRACTORS must be a rank-order of SUBCONTRACTORS in descending order of anticipated total payments.

Subcontractor	Work to be Performed	% Value of Work
<p>This Table is not applicable to this CONTRACT.</p>		

2.0 CONTRACTOR KEY PERSONNEL

COMPANY designates the following as key positions of CONTRACTOR.

Position	Minimum Competency Requirements
Project Coordinator	<ul style="list-style-type: none"> • Bachelors degree in a science or engineering discipline, or have commensurate industry experience. • Must have Drilling Fluids School • Proven ability to analyze drilling programs / operations and integrate objectives into fluids programs. • Current knowledge of drilling fluid products, applications, and Innovations. • Engineer has worked as an in-house offshore operations engineer for a minimum of 7 years, of which 3 must have been in the GoM. • Desired field experience 10 years • Familiar with COMPANY procedures for ordering, receiving, shipping, and documenting. • Be capable of manage several PFM projects in GoM Deepwater.
Project DESC Engineer	<ul style="list-style-type: none"> • Bachelors degree in a science or engineering discipline, or have commensurate industry experience. • Must have Drilling Fluids School • Proven ability to analyze drilling programs / operations and integrate objectives into fluids programs. • Current knowledge of drilling fluid products, applications and



Section 3 – Scope of WORK
Appendix 4 – Subcontractors / CONTRACTOR's Key Personnel

Position	Minimum Competency Requirements
	<p>Innovations</p> <ul style="list-style-type: none"> • Engineer has worked as an in-house offshore operations engineer for a minimum of 3 years of which 2 must have been in the GoM. • Desired field experience – 9 years with 2 wells using Synthetic Based Mud system • Good understanding of sub salt drilling practices in GoM, and is capable of discussion salt drilling issues with the team. • Ability to use or willing to learn the COMPANY DIMS reporting system. • Have general knowledge of and actively contribute to the COMPANY well planning tools (e.g., Risk Analysis Tool – RAT, Drilling & Completion Uncertainty Statement – DCUS, Well Plan, Well Control toolkit)
Lead Mud Engineer	<ul style="list-style-type: none"> • Bachelors degree in a science or engineering discipline, or have commensurate industry experience. • Must have Drilling Fluids School • Proven ability to analyze drilling programs / operations and integrate objectives into fluids programs. • Current knowledge of drilling fluid products, applications and Innovations • Engineer has worked as field offshore fluids engineer for a minimum of 7 years of which 4 must have been in the GoM. • Desired field experience – 7 years with 2 wells using Synthetic Based Mud system • Good understanding of sub salt drilling practices in GoM, and is capable of discussion salt drilling issues with the team. • Ability to use or willing to learn the COMPANY DIMS reporting system. • Proven knowledge of COMPANY deepwater well control procedures • Ability to provide drilling hydraulics planning and real time analysis.
PFM Compliance Engineer	<ul style="list-style-type: none"> • Bachelors degree in a science or engineering discipline, or have commensurate industry experience. • Must have Drilling Fluids School • Proven ability to analyze drilling programs / operations and integrate objectives into fluids programs. • Current knowledge of drilling fluid products, applications and Innovations • Engineer has worked as field offshore compliance engineer for a minimum of 3 years of which 1 must have been in the GoM. • Desired minimum field experience – 5 years. • Desired to have certified TFP training. • Proven knowledge of Best Management Practices and Waste Management Programs. Must have experience in regulatory discharge compliance.
Mud Engineer	<ul style="list-style-type: none"> • Should have sufficient industry experience to execute project requirements. • Must have Basic Drilling Fluids School • Proven ability to analyze fluid programs / operations and identify

2

Section 3 – Scope of WORK
Appendix 4 – Subcontractors / CONTRACTOR's Key Personnel

Position	Minimum Competency Requirements
	<p>potential for reducing waste stream.</p> <ul style="list-style-type: none"> • Must have worked as Mud Engineer or PFM Specialist for a minimum of 3 years in GoM. • Desired field experience – 5 years.
<p>Completion's Fluid Engineer</p>	<ul style="list-style-type: none"> • Should have sufficient industry experience to execute project requirements. • Must have Drilling Fluids and Completion Fluid School • Proven ability to analyze brine programs / operations and identify potential for reducing waste stream. • Must have worked as completion engineer for a minimum of 5 years in GoM. • Desired field experience – 7 years.



Appendix 5 – Description of the WORK



Section 3 – Scope of Work
Appendix 5 – Description of the WORK

1.0 GENERAL SERVICE REQUIREMENTS

- 1.1 CONTRACTOR shall provide some or all of the following services as requested by COMPANY: Performance Fluids Management (PFM) services, which include drilling fluids, completion fluids, waste management / solids control equipment, well-bore clean out tools, and if offshore, environmental compliance and monitoring, as well as associated engineering services in support of COMPANY operations. PFM services will include but not be limited to the provision of all necessary field management, support and engineering expertise, office and operational personnel, equipment, tools, spare parts, consumables, rig site optimization of drilling fluids systems, the management of associated waste and any other items or services necessary for the delivery of top quartile performance of the WORK described herein.
- 1.2 COMPANY reserves the right to design the fluid program as deemed appropriate by COMPANY. COMPANY may utilize CONTRACTOR provided Design and Evaluation Services for Clients (DESC) engineers when deemed appropriate.
- 1.3 In the event COMPANY designs a PFM Program, COMPANY shall notify CONTRACTOR of this election, and afford CONTRACTOR ten (10) business days from receipt of notice of election to review and approve said Program in advance of CONTRACTOR performing the WORK.
- 1.4 COMPANY reserves the option to evaluate CONTRACTOR's engineering personnel slated for rig site or office placement prior to or after CONTRACT award. COMPANY reserves the option to supply rig site fluid engineering services from other sources.
- 1.5 Prior to making any changes in personnel assignments associated with this CONTRACT, CONTRACTOR is required to provide COMPANY with the following:
- A slate of not less than three (3) qualified candidates for the position to be back-filled
 - Their respective resume / CV
 - A completed skill assessment attached below
 - A Management of Change (MOC) document, compliant with COMPANY standards
- 1.6 CONTRACTOR, on request by COMPANY, will make immediate provision of drilling fluids, completion fluids, spacers, and workover fluids, herein collectively referred to as "fluids" together with suitable bulked, sacked, or drummed chemicals as are necessary to maintain or alter the fluid properties as to COMPANY specification.
- 1.7 CONTRACTOR, on request by COMPANY will:
- 1.7.1 Supply technical assistance on site in the form of laboratory testing and oral / written advice.
- 1.7.2 Supply and maintain a complete range of fluid testing equipment on site to allow testing to API recommended practices (RP) 13 B-1 and 13 B-2 as applicable for drilling fluids; API RP 13 C for waste management / shaker screen designation; API RP 13 J for testing of heavy brines, or modified as required by COMPANY.



Section 3 – Scope of Work
Appendix 5 – Description of the WORK

- 1.7.3 Supply and maintain all the necessary equipment and test kits to comply with all testing requirements and regulatory or COMPANY environmental regulations.
- 1.7.4 Provide PFM services as required by COMPANY at the WORKSITE or in COMPANY office.
- 1.7.5 Provide shaker screens in the event the Drilling Unit Contractor does not provide shaker screens, and any new solids control equipment as required by COMPANY; and CONTRACTOR shall provide technical recommendations in regards to performance improvements and necessary maintenance for any existing solids control equipment at the WORKSITE.
- 1.7.6 COMPANY reserves the right to select a different waste management COMPANY from CONTRACTOR; however, it is expected that CONTRACTOR will still be responsible for overall PFM performance and management.
- 1.7.7 COMPANY reserves the right to supply CONTRACTOR with completion fluids provided by Third Parties.
- 1.7.8 The Project Coordinator as described in Section 3, Appendix 5 Clause 9.1, shall in support of this role:
- (a) be responsible for setting up an engineering planning process for COMPANY that is compatible with the planning process within COMPANY's System of Work (SoW). The planning process should include documents to be produced for the project and individual wells, information required to prepare the documentation; and
 - (b) shall ensure that all produced documentation pertaining to COMPANY comes under a document control system where signatory authorities will be described through the SoW process; and
 - (c) shall, in the event COMPANY designs a PFM Program, CONTRACTOR shall review and approve said Program in advance of CONTRACTOR performing the WORK. CONTRACTOR is expected to challenge any deficiencies noted in said Program, and bring notice of said deficiencies to the attention of COMPANY. Prior to execution of the Program, the PARTIES shall amend the Program, or otherwise reach mutual agreement on the Program.

2.0 PERFORMANCE FLUIDS MANAGEMENT SERVICES

- 2.1 CONTRACTOR shall define and optimize all aspects of the WORK to drill and complete the wells demonstrating a structured route for continuous performance improvement. CONTRACTOR shall provide all engineering support as it pertains to the WORK required to plan wells from conception through execution. In the event the COMPANY designs the fluids program, the CONTRACTOR will be involved with the review, provide feedback, recommendations, and endorse the plan prior to execution.
- 2.2 CONTRACTOR shall support the WORK and provide comprehensive warehousing, workshop and service support facilities. The services to be provided by CONTRACTOR at the various locations shall include but shall not be limited to the storage, handling, preparation, testing, and maintenance of CONTRACTOR's chemicals, fluids, and equipment.



Section 3 – Scope of Work
Appendix 5 – Description of the WORK

- 2.3. CONTRACTOR shall provide a fast, effective, and efficient problem and failure investigation service that provides rapid feedback to COMPANY on the likely cause of operational problem(s), and a well documented root cause analysis.
- 2.4. CONTRACTOR shall only propose alternative equipment and services at the WORKSITE on the understanding that it has previously approached COMPANY and received written acceptance to a rate for the inclusion of such equipment or services in the CONTRACT. It is incumbent upon CONTRACTOR to proactively advise COMPANY of new equipment and services for potential inclusion in the CONTRACT.
- 2.5. CONTRACTOR shall develop and maintain procedures for the transfer and management of fluids in all aspects of performance of the WORK.
- 2.6. COMPANY reserves the right to procure products and services from a Third Party if in COMPANY's opinion, CONTRACTOR's product or service does not meet the specifications required for performing the WORK or any other reason that COMPANY deems appropriate.
- 2.7. CONTRACTOR shall have available at the WORKSITE and provide to COMPANY and Drilling Unit Contractor the following in respect to performance of the WORK:
- All pertinent plans and recommendations
 - Operating manual and laminated MSDS and product data sheets for all tools, equipment and materials
 - Inventory of equipment and material available at the WORKSITE
 - An inspection report with all equipment and tools sent to the WORKSITE to ensure the equipment is in satisfactory condition to be used
 - All shipping manifests for equipment and chemicals
- 3.0. **PROVISION OF DRILLING FLUIDS AND / OR COMPLETION FLUIDS AND ENGINEERING SERVICES**
- 3.1. CONTRACTOR on the request of COMPANY will provide, in a reasonable time, drilling and / or completions fluids together with suitable bulked, sacked or drummed chemicals as are necessary to build, maintain or alter the fluid properties to COMPANY's specification.
- 3.2. CONTRACTOR will be responsible for drilling and / or completion fluids and bulks until transferred to COMPANY at COMPANY's WORKSITE and the materials are actually used in COMPANY's down-hole drilling operations.
- 3.3. Notwithstanding COMPANY providing transportation or warehousing of any sort, CONTRACTOR shall retain ownership and the attendant rights and obligations for said materials for all drilling and / or completion fluids and bulks provided under the terms of this CONTRACT. CONTRACTOR shall be encouraged to advise COMPANY on ways to optimize the transportation and warehousing logistics. The implementation of any recommendation for optimization shall be at the discretion of COMPANY.



Section 3 - Scope of Work
Appendix 5 - Description of the WORK

- 3.4 CONTRACTOR shall provide assurance by developing and updating checklists and procedures covering effective management to reduce waste and losses. CONTRACTOR shall be encouraged to advise COMPANY on ways to minimize any loss of drilling and / or completion fluids and bulks while on the rig. The implementation of any recommendation to minimize losses shall be at the discretion of COMPANY.
- 3.5 CONTRACTOR shall confirm the acceptability and cleanliness of the tanks of marine vessels and verify volumes of drilling and / or completion fluids and bulks prior to transferring to and from the marine vessel, Drilling Unit, and fluid plant. CONTRACTOR shall ensure that a comprehensive up to date procedure for the transfer of drilling and / or completion fluids and bulks is available at the relevant transfer points.
- 3.6 CONTRACTOR shall provide the necessary personnel to manage the drilling and / or completion fluids and bulks at the WORKSITE. The number of personnel will be dictated by operational needs as agreed to by COMPANY and CONTRACTOR.
- 3.7 COMPANY reserves the right to supply CONTRACTOR with completion fluids provided by Third Parties.
- 3.8 CONTRACTOR shall provide Barite and Bentonite that meet API RP 13 B-1 and B-2 (with the exception of 4.1 specific gravity Barite).
- 3.9 COMPANY reserves the right to specify any chemicals provided by a Third Party for which COMPANY deems CONTRACTOR does not have a suitable alternative. CONTRACTOR shall ensure that such Third Party chemicals are compatible with the drilling and / or completion fluids supplied by CONTRACTOR prior to purchase by COMPANY.
- 3.10 CONTRACTOR shall provide, maintain, and re-supply as necessary a comprehensive mud kit per drilling unit to conduct regular fluid tests in accordance with COMPANY requirements. The test kit shall include all necessary chemical reagents plus associated glassware sufficient for the comprehensive testing of all water based and oil based drilling and completion fluids as determined by both COMPANY and CONTRACTOR in order to maintain the fluid properties as specified by COMPANY.
- 3.11 CONTRACTOR shall provide calcium carbonate that is metamorphic and not sedimentary.
- 3.12 Any oil based or synthetic based mud provided to WORKSITE or supply base, should have an oil based ratio of 70:30 to 90:10. COMPANY reserves the right to request fluids outside specification in which COMPANY will pay for additional base oil and / or products to meet COMPANY requests.
- 3.13 When COMPANY designs the PFM Program, COMPANY may request CONTRACTOR to run hydraulics analysis using the COMPANY provided data and design parameters.



Section 3 – Scope of Work
Appendix 5 – Description of the WORK.

4.0 PROVISION OF WASTE MANAGEMENT AND SOLIDS CONTROL ENGINEERING SERVICES

- 4.1 CONTRACTOR shall be responsible for ensuring compliance with the relevant environmental regulations, standards, guidelines, and COMPANY Environmental Management System as based on ISO 14001 Environmental Management System. This shall be done in consultation with COMPANY's PFM champion or designate.
- 4.2 CONTRACTOR is encouraged to suggest ways to control the production of all discharges ranging from reduction in hole size, fluid type, drilling unit equipment, solids control management, closed loop mud systems and de-watering process and cuttings re-injection.
- 4.3 CONTRACTOR shall be required to provide expertise with respect to managing and minimizing all discharges including cement and sewerage.
- 4.4 CONTRACTOR shall provide the necessary personnel to manage the solids control and provide waste management service at the WORKSITE. The number of personnel shall be dictated by operational needs as agreed by COMPANY and CONTRACTOR.
- 4.5 Upon the commencement of the WORK, CONTRACTOR shall perform an audit of the solids control capability of the Drilling Unit and advise COMPANY of the necessary modifications required to achieve the required solids control and waste management efficiency as mutually agreed to by COMPANY and CONTRACTOR.

5.0 PROVISION OF WASTE MANAGEMENT AND SOLIDS CONTROL EQUIPMENT

- 5.1 CONTRACTOR shall be responsible for managing all CONTRACTOR supplied waste management and solids control equipment.
- 5.2 CONTRACTOR may be required to supply and install solids control equipment and waste management equipment as identified per the audit performed and as agreed by COMPANY.
- 5.3 CONTRACTOR shall be required to supply consumables such as screens not covered under the Drilling Unit contract for the performance of the WORK.
- 5.4 CONTRACTOR shall be required to supply consumables and spares associated with the CONTRACTOR supplied waste management and solids control equipment in order to minimize disruptions in the performance of the WORK.
- 5.5 CONTRACTOR shall provide the necessary personnel to manage the CONTRACTOR supplied waste management and solids control equipment at the WORKSITE. The number of personnel shall be dictated by operational needs as agreed by COMPANY and CONTRACTOR.

6.0 PROVISION OF WELLBORE CLEAN-OUT EQUIPMENT

- 6.1 CONTRACTOR shall be responsible for managing all well-bore clean out tools.



Section 3 – Scope of Work
Appendix 5 – Description of the WORK

- 6.2 CONTRACTOR may be required to supply well-bore clean out tools as part of the assembly as agreed by COMPANY.
- 6.3 CONTRACTOR shall be required to supply shirting balls as needed for various jetting tools.
- 6.4 CONTRACTOR shall be required to supply consumables and spares associated with the well-bore clean-out equipment supplied in order to minimize disruptions in the performance of the WORK.
- 6.5 CONTRACTOR shall be able to provide the necessary personnel to manage the well-bore clean-out equipment at the WORKSITE if required by COMPANY. The number of personnel shall be dictated by operational needs as agreed by COMPANY and CONTRACTOR.

7.0 DRILLING PERFORMANCE OPTIMIZATION AND INNOVATION

- 7.1 CONTRACTOR shall operate a formal post-analysis review of well performance so that lessons learned are fed back into the plans for the next section of the well or on subsequent wells. Where applicable, all relevant COMPANY specialists, technologies, and facilities shall be made available to CONTRACTOR to facilitate this process. Such assistance shall be provided at the sole discretion of COMPANY but shall not be unreasonably withheld.
- 7.2 CONTRACTOR shall provide an execution plan before a well is spud to monitor the achievement of the objectives, which shall be monitored and recorded using the PFM weekly report. The performance criteria with objectives shall be monitored whether CONTRACTOR has worksite representation or providing engineering support elsewhere.
- 7.3 CONTRACTOR shall proactively execute, monitor, evaluate, and promote the use of new technology where appropriate.
- 7.4 CONTRACTOR shall provide a process for accessing its global engineering resources and shall analyze the data both at the WORKSITE for real-time decision-making and subsequently in the office to achieve a systematic improvement in performance.
- 7.5 Provide linkage to contractor's global knowledge management and lessons-learned data bases for technical and HSSE issues.

8.0 REPORTING, RECORD KEEPING AND MEETINGS

- 8.1 CONTRACTOR shall be responsible for inputting all relevant PFM data on COMPANY's SPM tool and / or other system to be determined by COMPANY, in addition to fulfilling CONTRACTOR's own internal reporting requirements.
- 8.2 On completion of either a drilling phase or completion phase, CONTRACTOR shall prepare a Final Well Report consistent with COMPANY requirements as specified in the SoW. This shall be completed within two (2) weeks of completing the well.



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8.3 CONTRACTOR may be required to submit one or more of the following reports in an electronic format compatible with COMPANY's computer software. These reports shall be distributed to the relevant COMPANY personnel. Hard copies of these reports may be requested by COMPANY.

Type	Frequency
EMS Internal Observations / Potential Non-conformances	Bi-monthly
PFM Audits	Quarterly
Mud report	Daily
PFM Report, CRI Log, Discharge Log, ROC Report	Daily
PFM Report, Waste with Effluent Discharge	Weekly
Discharge model, PFM recap, SPM Tool	Per Well
Spill Reports, SPCC*	As required
Safety Reports	Quarterly
Performance Measures, SPM Tool	Per well and QPR
Inspection Reports	As required
Failure / Problem analysis	As required
Guide book update	Semi-annual
BOD	Updated every well
End of Well Reports	Per well
Project / Study reports	As required
Quality Improvement Plan Status	Updated Quarterly

* SPCC – Spill Prevention Containment and Countermeasure

The content, style, and structure of the above reports shall be agreed between COMPANY and CONTRACTOR. COMPANY will not entertain any charges for the above reports.

- 8.4 Inspection and Failure / Problem analysis reports shall be discussed and agreed on an individual basis by COMPANY and CONTRACTOR. CONTRACTOR must provide full details on problems and issues to ensure capture of lessons learned and continuous improvement.
- 8.5 Project / Study Reports shall be undertaken as necessary following identification of issues from the above reports. Such projects / studies shall have an agreed scope of work, objective, and deliverable prior to commencement. This type of work shall be part of CONTRACTOR's commitment to improve drilling performance.
- 8.6 CONTRACTOR's personnel may be required to attend a variety of meetings both in COMPANY office and at the WORKSITE. COMPANY encourages full, effective, open, honest, proactive participation in all meetings and encourages CONTRACTOR personnel to share this goal. Cost associated with these activities is covered under Section 4 – Remuneration, Appendix 3 – Schedule of Rates and Charges, Clause 1.4.
- 8.7 Prior to a well or hole section, CONTRACTOR personnel shall lead briefings to introduce new technology tools / new mud systems / equipment to all personnel involved in the operations. CONTRACTOR personnel shall ensure that literature is available to familiarize rig floor personnel with any handling issues or hazards associated with the tools / equipment and mud systems.

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9.0 PERSONNEL REQUIREMENTS:

The following positions listed herein are deemed to be Key Personnel and may be utilized during the term of the CONTRACT.

- 9.1 The Project Coordinator shall be competent in all the required skill sets necessary to support the activities listed herein. The roles and responsibilities shall include but shall not be limited to the following issues relating to compliance and execution of the WORK.
- 9.1.1 Provides a single point of contact for all contractual issues including HSSE, quality, cost, people, and performance.
 - 9.1.2 Accountable for all personnel provided by CONTRACTOR and the preparation of a RACI chart covering all personnel and attendant processes.
 - 9.1.3 Responsible for instituting an engineering planning process that is compatible with COMPANY's System of Work (SoW). This planning process should include but not be limited to documents to be produced for the project such as the SoW document, the PFM guide book, the PFM generic field program, the information required to produce these documents and the timeframe within which these documents would be produced and finalized.
 - 9.1.4 Ensures that all documentation pertaining to the CONTRACT is governed by a document control system where signing authorities will be described through the RACI process. Electronic copies of all documentation are required and must be filed within COMPANY's system.
 - 9.1.5 Ensures compliance to the project's SoW and PFM Programs as approved by COMPANY.
 - 9.1.6 Promotes the agreed safety program and actively follows up on action plans.
 - 9.1.7 Coordinates PFM activities to meet and exceed environmental standards outlined by CONTRACTOR and COMPANY.
 - 9.1.8 Ensures adherence to all QA / QC procedures.
 - 9.1.9 Ensures that personnel, material, and equipment are at the WORKSITE or shore base as agreed to by COMPANY.
 - 9.1.10 Provides technical support for all projects and ensures that lessons learned are transferred. Identifies potential problems and recommends solutions to maintain and improve the quality of service.
 - 9.1.11 Review and approves PFM programs generated by the Project Engineer.
 - 9.1.12 Attends all planning meetings for the project (risk assessment, SoW, section meeting, etc.) and ensures the transfer of pertinent information to all CONTRACTOR personnel involved in the performance of the WORK.
 - 9.1.13 In the event the COMPANY designs the fluids program, the Project Coordinator will be involved with the review, provide feedback, recommendations, and endorse the plan prior to execution.
- 9.2 The Project DESC Engineer, if used, shall be competent in all required skill sets necessary to support the activities listed herein. The roles and responsibilities shall include but shall not be limited to the following:



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- 9.2.1 Produces and updates the SoW document for the project. This work shall include all background engineering required to develop the generic field PFM program and the PFM guide book which will incorporate as a minimum the following:
- area experience
 - formation damage
 - well bore stability
 - hydraulics - swab / surge calculations, ECD management
 - corrosion Monitoring and Management
 - fluid displacements from one fluid to another
 - logistics and rig constraints
 - commercial balance (cost benefit analysis)
 - cementing interface considerations
 - environmental controls
 - hole cleaning procedures including suggested gpm / max ROP and trip procedures
 - lost circulation procedures - including a decision tree for expected lost circulation root causes.
 - differentially stuck pipe-freeing procedures.
- 9.2.2 Updates the project PFM guidebook.
- 9.2.3 Generates PFM programs with reference to the PFM guidebook. The PFM program will include the projected cost for drilling and completions of wells, material consumption, and other subject areas specified by COMPANY.
- 9.2.4 Coordinates and distributes weekly PFM summaries and all other reports such as end of well recap, section reviews etc., to all the relevant COMPANY personnel. There shall be special emphasis on recommendations for continuous performance improvement, and feedback to maintain and update the PFM Basis of Design (BOD).
- 9.2.5 Promotes the agreed safety program and actively follows up on action plans.
- 9.2.6 Ensures adherence to all QA / QC procedures.
- 9.2.7 Attends morning meetings, reviews all daily reports and ensures adherence to the PFM program.
- 9.2.8 Tracks, reports, and benchmarks drilling, waste management, and solids control performance measures as per SPM performance score cards. Pre-fills the SPM performance score cards prior to spudding the well and completes the SPM performance score cards at the end of each well.
- 9.3 The Lead Mud Engineer is the primary liaison with COMPANY and shall be competent in all required skill sets necessary to support the activities listed herein.
- 9.3.1 Production of daily drilling fluids and treatment reports to API 13-G standards as a minimum, or as required by COMPANY. This will be entered on COMPANY's DIMS / OpenWells reporting system or as specified. A minimum of one complete fluid test will be performed per 12 hour period – results of two tests will be recorded on the daily report. More frequent testing will be performed as necessary to maintain fluid specifications as established in the well plan.
- 9.3.2 Daily chemical and physical testing of drilling fluids and brines.



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- 9.3.3 Making recommendations to COMPANY for continuous improvements as and when opportunities arise.
 - 9.3.4 Making daily inventory checks and reconciling stocks, billing and credits at the end of the well.
 - 9.3.5 Monitoring and assisting with the optimization of solids control equipment. If COMPANY puts in place a Third-Party to fill this role, CONTRACTOR personnel will cooperate and assist as required.
 - 9.3.6 Executing a corrosion monitoring and mitigation plan for the circulating system, pits, and drill string.
 - 9.3.7 Accurately recording and documenting the solid and fluid waste streams produced from the well. CONTRACTOR rig site personnel will work proactively with COMPANY and Third Party personnel to minimize waste disposal volumes and costs.
 - 9.3.8 Ensures that the fluid in the well (mud, drill-in fluid, brine, and spacers) is in the appropriate condition and used in the most effective manner.
 - 9.3.9 Ensures that the agreed parameters as defined in the well PFM Program, approved by COMPANY, are carried out in a professional and cost effective manner.
 - 9.3.10 Ensures that the goals of the PFM program are achieved while complying with all COMPANY's and CONTRACTOR's requirements regarding Quality, Health, Safety, and Environment (QHSE).
 - 9.3.11 Promotes the agreed safety program and actively follows up on action plans.
 - 9.3.12 Manages the personnel under his supervision.
 - 9.3.13 Ensures adherence to all QA / QC procedures.
 - 9.3.14 May supervise the PFM Compliance Engineer and the Mud Engineer and plans ahead for all fluids discharged from WORKSITE, as per environmental requirements and COMPANY guidelines
 - 9.3.15 Monitors COMPANY's PFM waste stream management plan. This includes daily documentation of date, time, quantity, quality of material discharged, entry of solids control and waste management data into CONTRACTOR data base computer program for record keeping on the rig.
 - 9.3.16 Monitors the material discharged. Ensures that the synthetic content of cuttings discharged on a daily and interval basis comply with and exceed environmental requirements and COMPANY guidelines.
 - 9.3.17 Anticipates material movement, works closely with solids control personnel and mud engineer to reduce waste.
 - 9.3.18 Identifies potential problems and recommends solutions to maintain and / or improve the quality of service.
- 9.4 The PFM Compliance Engineer ensures that design parameters specified in the approved PFM program are obtained in a professional and cost effective manner. Complies with and ensures that the personnel under their supervision comply with all COMPANY's requirements regarding Quality, Health, Safety, and Environment (QHSE).



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- 9.4.1 Ensures all QA / QC procedures are completed prior to commencement of the WORK.
 - 9.4.2 Monitors discharge of fluids per environmental requirements and COMPANY guidelines. This includes daily documentation of date, time, quantity, and quality of material discharged. Also included is daily entry of solids control and waste management data into CONTRACTOR's and COMPANY's database such as the SPM tool.
 - 9.4.3 Ensures that the materials discharged comply with environmental and COMPANY requirements.
 - 9.4.4 Monitors synthetic oil base mud content of cuttings discharged on a daily and interval basis.
 - 9.4.5 Anticipates material movement; liaises with solids control personnel and mud engineers to reduce waste.
 - 9.4.6 Identify potential problems and recommend solutions to maintain and / or improve the quality of service.
 - 9.4.7 Maintains and communicates the PFM weekly report to CONTRACTOR and COMPANY personnel.
 - 9.4.8 Promotes the agreed safety program and actively follows up on action plans.
- 9.5 The Mud Engineers shall be competent in both drilling and completion skill sets. The rig site mud engineering service provided will include, but not be limited to:
- 9.5.1 Production of daily drilling fluids and treatment reports to API 13-G standards as a minimum, or as required by COMPANY. This will be entered on COMPANY's DIMS / OpenWells reporting system or as specified. A minimum of one complete fluid test will be performed per 12 hour period – results of two tests will be recorded on the daily report. More frequent testing will be performed as necessary to maintain fluid specifications as established in the well plan.
 - 9.5.2 Daily chemical and physical testing of drilling fluids and brines.
 - 9.5.3 Making recommendations to COMPANY for continuous improvement as and when opportunities arise.
 - 9.5.4 Making daily inventory checks and reconciling stocks, billing and credits at the end of the well.
 - 9.5.5 Monitoring and assisting with the optimization of solids control equipment. If COMPANY puts in place a Third Party to fill this role, CONTRACTOR personnel will cooperate and assist as required.
 - 9.5.6 Executing a corrosion monitoring and mitigation plan for the circulating system, pits, and drill string.
 - 9.5.7 Accurately recording and documenting the solid and fluid waste streams produced from the well. CONTRACTOR rig site personnel will work proactively with COMPANY and Third Party personnel to minimize waste disposal volumes and costs.



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- 9.5.8 Supervision, evaluation, and optimization of the PFM processes including personnel involved in PFM operations at the WORKSITE.
- 9.5.9 Manages and coordinates all PFM services including cost analysis at the WORKSITE.
- 9.5.10 Promotes communication between all parties involved with the PFM process.
- 9.5.11 Communicates the PFM program emphasizing goals and objectives to all personnel at the WORKSITE.
- 9.5.12 Performs solids control engineering to ensure optimum use of all solids control equipment including shale shaker screens at the WORKSITE.
- 9.5.13 Manages PFM services to prevent high treatment costs and / or unnecessary chemical usage.
- 9.5.14 Co-ordinates the shipping of material (chemicals and mud samples) to and from the WORKSITE. This will include packaging, dispatching, and documenting as required.
- 9.5.15 Maintains inventory and performs daily inventory checks of fluids, chemicals, and equipment at the WORKSITE.
- 9.5.16 Inputs and updates all applicable sections within the SPM tool on a daily basis.
- 9.5.17 Produces the daily drilling fluid reports, PFM and completion fluid reports in a timely and professional manner.
- 9.5.18 Prepares daily and monthly reporting of all fluids and cuttings discharged from facilities.
- 9.5.19 Performs all necessary environmental and COMPANY compliance testing and reporting.
- 9.5.20 Performs daily sampling, chemical and physical testing of drilling fluid.
- 9.5.21 Performs static sheen test weekly or any time large quantities of mud are discharged.
- 9.5.22 Monitors well-bore stability and hole conditions and makes daily recommendations for continuous performance improvement.
- 9.5.23 Recommends the use of drilling and tripping practices, as agreed in the SOW.
- 9.5.24 Manages all completions activities including well-bore displacement clean-up, tool make-up, tool operation, packer fluid, and pill construction.
- 9.5.25 Ensures the transfer of lessons learned from WORKSITE to shore based team.
- 9.5.26 Participate in the rig S.T.O.P. program or equivalent.
- 9.5.27 Leads daily safety meeting regarding applicable aspects of the PFM services and equipment. Documents meeting and topics discussed on the mud check report every morning.
- 9.5.28 Attends daily safety meeting and pre-tour meetings with COMPANY Representative, Toolpusher, and other Contractors.
- 9.5.29 Performs and documents weekly safety audit of PFM operation.



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- 9.5.30 Monitors the oil content and total volume of shipped cuttings if required. Implements, supervises, and optimizes procedures for tracking volumes of oil / mud recovering systems.
- 9.6 The Completion Engineers shall be competent in both completion and drilling skill sets. The rig site completion engineering service provided will include, but not be limited to:
- 9.6.1 Supervision, evaluation, and optimization of the fluid processes including personnel and equipment involved in completion operations at the WORKSITE.
 - 9.6.2 Manages and coordinates all completion fluid services including cost analysis at the WORKSITE.
 - 9.6.3 Promotes communication between all parties involved with the completion process.
 - 9.6.4 Communicates the completions program emphasizing goals and objectives to all personnel at the WORKSITE.
 - 9.6.5 Performs fluid filtration supervision to ensure optimum use of the filtration unit equipment and personnel at the WORKSITE.
 - 9.6.6 Manages completion services to prevent high treatment costs and / or unnecessary chemical usage.
 - 9.6.7 Co-ordinates the shipping of material (chemicals and brine samples) to and from the WORKSITE. This will include packaging, dispatching, and documenting as required.
 - 9.6.8 Maintains inventory and performs daily inventory checks of completion fluids, chemicals, and equipment at the WORKSITE.
 - 9.6.9 Inputs and updates all applicable sections within SPM tool on a daily basis.
 - 9.6.10 Produces the daily completion fluid reports in a timely and professional manner.
 - 9.6.11 Prepares daily and monthly reporting of all completion fluids and cuttings discharged from facilities.
 - 9.6.12 Performs all necessary environmental and COMPANY compliance testing and reporting.
 - 9.6.13 Performs daily sampling, chemical and physical testing of completion fluid.
 - 9.6.14 Performs static sheen test weekly or any time large quantities of fluid discharged.
 - 9.6.15 Manages all completions activities including well-bore displacement clean-up, tool make-up, tool operation, packer fluid, spacers and pill construction.
 - 9.6.16 Ensures the transfer of lessons learned from WORKSITE to shore based team.
 - 9.6.17 Participate in the rig S.T.O.P. program or equivalent.
 - 9.6.18 Leads daily safety meeting regarding applicable aspects of the completion fluid services and equipment. Documents meeting and topics discussed on the completion fluid check report every morning.



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- 9.6.19 Attends daily safety meeting and pre-tour meetings with COMPANY Representative, Toolpusher, and other Contractors.
- 9.6.20 Performs and documents weekly safety audit of completion operations.
- 9.6.21 Monitors the oil content and total volume of shipped waste if required. Implements, supervises, and optimizes procedures for tracking volumes of oil / brine recovering systems.

10.0 CONTRACTOR'S EQUIPMENT

- 10.1 CONTRACTOR's comprehensive listing of equipment and specifications to be used in connection with the WORK is described in Article 11 of Section 3.
- 10.2 CONTRACTOR shall be responsible at its own cost for the stock control, maintenance and servicing of its equipment supplied for the WORK and shall ensure that sufficient spares and back up tools are available for all normal maintenance requirements and to meet any reasonably foreseeable contingency.
- 10.3 COMPANY shall have the right to inspect CONTRACTOR's equipment, spares, and supplies at any time to observe their condition and to ensure that no deficiencies exist therein. Such inspection by COMPANY shall not imply any acceptance of the condition of the said equipment, spares, and supplies provided by CONTRACTOR and CONTRACTOR shall not be relieved of its obligations under this CONTRACT by any such inspection.
- 10.4 All packaging shall be of suitable quality to withstand adverse weather conditions. COMPANY shall have the right to reject any equipment deemed unsuitably packaged for the conditions or where the packaging is of poor quality. The equipment shall be returned to CONTRACTOR at CONTRACTOR'S cost.

11.0 EQUIPMENT LIST AND SPECIFICATIONS

- 11.1 The following list identifies the primary Solids Control and Waste Management equipment and the specification that shall be supplied by CONTRACTOR as may be requested by COMPANY.
 - 11.1.1 Dryer System: Only vertical units verified to be able to handle one hundred and twenty five percent (125%) of the maximum expected cuttings and fluids from the well discharge and produce a cutting discharge ROC of less than four percent (4%).
 - 11.1.2 Cuttings Transfer System from Shakers to Dryer: Engineered augers, vacuums, or pneumatic transfer equipment verified to be able to handle 125% of the maximum expected cuttings and fluids from the well discharge with a proven verified continuous discharge capability.
 - 11.1.3 High Speed / High Volume Centrifuge: Variable speed centrifuge capable of minimum 500 g forces to a maximum of 3,000 g forces, with a mechanical solids process of about 200 GPM of drilling mud.
 - 11.1.4 Orbital or Elliptical motion Shakers: Stand alone or integrated units with no less than 2.5 g force and minimum screening area of 20 sq ft per unit. Each unit must be capable of handling up to 80 mesh screens and process a minimum of 350 gpm 15 ppg EMW at 120 degrees F.



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11.1.5. Linear Motion Primary Shakers: Linear motion machine capable of up to 8.5 g forces with a screening area of no less than 30 sq. ft. and capable of decline to negative 1 degree and positive 5 degrees and ability to screen fluid with no loss over basket weir at a minimum of 300 gpm flow rate of 15 ppg EMW at 120 degrees F.

11.1.6 Triple Deck Shaker: Shaker must have 3 decks capable of running in parallel or series mode for LCM recovery, must be able to return discard material from second screen to active system in LCM recovery mode.

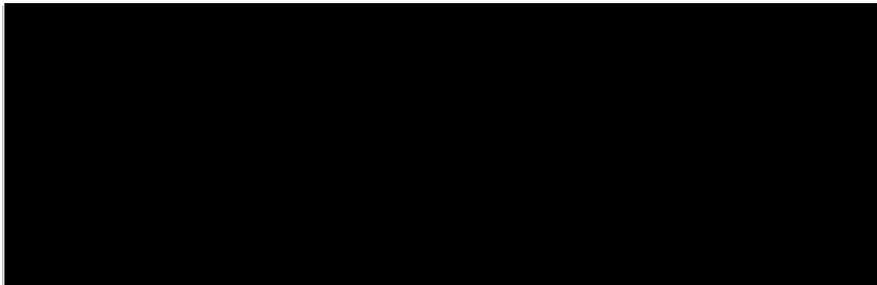
11.2 Typical use of solids handling and transfer equipment to meet the environmental regulations:

- 100 HP Vacuum system
- Cuttings dryer package
- Continuous feed system
- HS / HV Centrifuge package
- 14", 12" auger systems with all safety components
- Personnel

11.3 The following items identify the primary Wellbore Clean-out Tools and equipment and the specification that shall be supplied by CONTRACTOR as requested by COMPANY for offshore purposes: risers brushes, casing scrapers / magnets / brushes for each size of production casing, appropriately sized jetting tools, and fluid circulating devices which may be required for well-bore displacements and clean-out operations, clean-out bits and crossovers back to the appropriate rig's workstring. Wellbore clean-out tools will be made into assemblies which will aid in handling on each rig.

12.0 PERFORMANCE MEASUREMENT

12.1 The intent of the CONTRACT is for CONTRACTOR to deliver excellent performance and continuous improvement throughout the CONTRACT period. Key Performance Indicators (KPIs) as set forth below are to be used to manage CONTRACTOR's performance in Drilling Fluids, Completion Fluids, and Waste Management. At the start of the CONTRACT, COMPANY and CONTRACTOR shall agree on the targets for these KPIs measured against the delivery of the WORK. Targets shall be set to encourage the delivery of continuous improvement. CONTRACTOR shall supply all information required for the standard COMPANY reporting system. CONTRACTOR shall complete performance data score cards for every well, as detailed on COMPANY SPM website.



CONTRACTOR will select from COMPANY's SPM tool and COMPANY shall approve the following drilling fluids objectives, which cover forty percent (40%) of the

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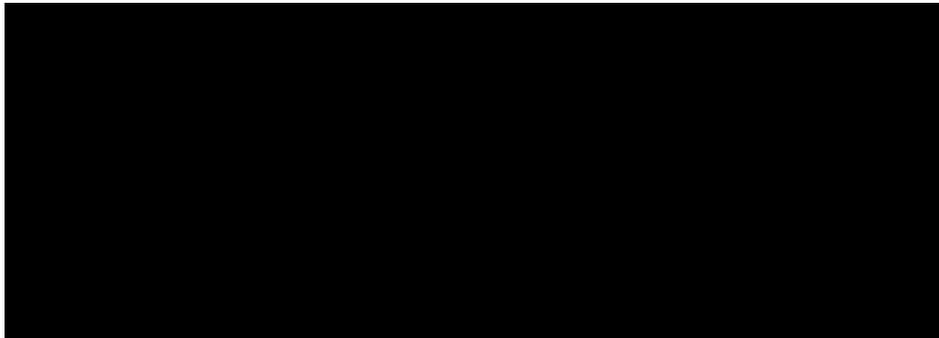
well performance objectives. The remaining sixty percent (60%) of the well performance objectives will be selected from the balance of the performance objectives contained within the COMPANY's SPM tool.

- (a) Consequential NPT less than seven and a half percent (7.5%) of the drilling NPT from DIMS
- (b) Drilling Performance: Down-hole mud losses to the formation to be no greater than those in the fluids program.
- (c) Drilling performance: Produce stable and clean hole for the specified hole sections measured by the ability to run casing to section depth first time and within planned time for the running of the casing.
- (d) Drilling Performance: No stuck pipe due to either hole cleaning or instability problems.



CONTRACTOR will select from COMPANY's SPM tool and COMPANY shall approve the following completions fluids objectives, which cover forty percent (40%) of the well performance objectives. The remaining sixty percent (60%) of the well performance objectives will be selected from the balance of the performance objectives contained within the COMPANY's SPM tool.

- (a) Rig site engineers of the required competence and quality available for the job.
- (b) Actual rig time to displace to completion fluids and clean the well to the programmed standard <= P50 planned time
- (c) No COMPANY agreed supplier related NPT
- (d) Completion fluid and well cleaned to completion program.



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CONTRACTOR will select from COMPANY's SPM tool and COMPANY shall approve the following waste management objectives, which cover forty percent (40%) of the well performance objectives. The remaining sixty percent (60%) of the well performance objectives will be selected from the balance of the performance objectives contained within the COMPANY's SPM tool:

- (a) Rig-site engineers of the required competence and quality available for the job.
- (b) Waste Management system allows drilling at agreed system designed ROP excluding weather.
- (c) No wells team agreed product line NPT.
- (d) All planned maintenance done as per plan.

12.5 COMPANY and CONTRACTOR shall hold regular reviews, as agreed to by the PARTIES for their respective SPUs, to review performance against targets by well, operating unit (Field) and overall performance. COMPANY may re-allocate WORK based on performance. CONTRACTOR shall pre-fill the SPM score card prior to spudding the well with approval from COMPANY drilling engineer on objectives and their relative weighting. The objectives shall be tracked with the PFM weekly report. The SPM score card shall be submitted to COMPANY within fourteen (14) days of completing the well.

12.6 In addition to the prescribed set of KPIs and Weighted Objectives, CONTRACTOR and COMPANY will meet and decide the specific KPIs to be used to manage the CONTRACTOR performance within the GOM SPU.

13.0 PREVENTATIVE MAINTENANCE

13.1 CONTRACTOR shall have a documented preventative maintenance plan for each piece of powered and non-powered equipment.

13.2 COMPANY or designated COMPANY REPRESENTATIVE will review CONTRACTOR's preventative maintenance plan and schedule. The review will verify compliance to contractual requirements.

13.3 Preventative maintenance program shall include but not be limited to:

- Regularly scheduled inspection and maintenance procedures.
- Pre-Job equipment check.
- Post-Job equipment check.
- Performance standards.

14.0 ADDITIONAL GENERAL INFORMATION RELATIVE TO SPECIFIC SPUS

14.1 Drilling Fluids

CONTRACTOR shall be required to perform the following functions:

14.1.1 follow the COMPANY Salt Exit Strategy.



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- 14.1.2 CONTRACTOR shall record product usage/inventory, mud type, mud weight, footage drilled, bit O.D., surface discharges, other discharges and maximum fluid discharge rate, on a daily basis.
 - 14.1.3 CONTRACTOR shall supply and maintain mercury and cadmium certificates of analysis with each shipment of barite to be submitted to COMPANY at the end of each well.
 - 14.1.4 CONTRACTOR shall supply and maintain synthetic base oil stock limitation certificates identifying polynuclear aromatic hydrocarbon content, base oil 10 day sediment toxicity and, 275 day biodegradation rate for each shipment of synthetic base oil at the rig-site to be submitted to COMPANY at the end of each well.
 - 14.1.5 CONTRACTOR shall maintain calibration certificates for retort, triple-beam balance, thermometer, JP tubes, balance weights and maintain purity certificates 1% NIST Crude and IPA at the rig-site to be submitted to COMPANY at the end of each well.
 - 14.1.6 CONTRACTOR shall monitor and record refrigerator temperature daily when maintaining samples in refrigerator.
 - 14.1.7 CONTRACTOR shall monitor and record percent ROC (retention on cuttings) every 500 feet maximum 3 times per day, static sheen analysis on all discharged fluids and cuttings weekly.
 - 14.1.8 CONTRACTOR shall supply and maintain GC/MS certification of no formation oil contamination prior to drilling to be submitted to COMPANY at the end of each well.
 - 14.1.9 CONTRACTOR shall monitor formation oil content in SBM either using GCMS analysis or RPE test weekly when discharging.
 - 14.1.10 CONTRACTOR shall monitor contamination of drilling fluids using GCMS analysis. CONTRACTOR may perform analysis at CONTRACTOR laboratory or send samples to COMPANY approved laboratory.
 - 14.1.11 CONTRACTOR shall sample and submit for toxicity analysis (Aquatic and Sediment toxicity), samples of drilling fluid to COMPANY approved laboratory.
 - 14.1.12 CONTRACTOR shall monitor and record mud, cuttings, cement (at the sea floor) source water, and sand using visual sheen and static sheen analysis
 - 14.1.13 CONTRACTOR shall segregate all spent laboratory chemicals into a COMPANY approved DOT waste container and maintain a Hazardous Waste Generation Log for all spent fluids laboratory chemicals.
 - 14.1.14 CONTRACTOR shall submit copies of all monitoring and measurement records to COMPANY at the end of each well.
 - 14.1.15 CONTRACTOR shall supply operating staff that have been adequately trained to perform discharge monitoring and waste handling duties as required by COMPANY.
- 14.2 Completion Fluids
- 14.2.1 CONTRACTOR shall perform the following functions:
 - (a) Static sheen analysis on each type of fluid discharged, daily when discharging.



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- (b) CONTRACTOR shall sample and submit, for oil and grease analysis, samples of each type of fluid discharge to COMPANY approved laboratory.
- (c) CONTRACTOR shall perform static sheen or visual sheen analysis on diatomaceous earth filter media, daily when discharging.
- (d) CONTRACTOR shall submit copies of all monitoring and measurement records to COMPANY at the end of each well.
- (e) For those fluids intended to discharge, CONTRACTOR shall provide a fluid free of priority pollutants.
- (f) CONTRACTOR shall supply operating staff that have been adequately trained to perform discharge monitoring and waste handling duties as required by COMPANY.

14.2.2 CONTRACTOR is responsible for:

- (a) Brine weight at their shore base at +/0.1 ppg, -/0.0 ppg.
- (b) Brine clarity of less than 20 NTU and un-dissolved solids content less than 0.1%.
- (c) Ensuring boat tanks are satisfactory clean and isolated prior to loading completion fluids.
- (d) Designing and testing all spacers at 40 degree Fahrenheit and maximum bottom hole temperatures as required by COMPANY.

14.3 Waste Management

CONTRACTOR acknowledges that waste management equipment could be provided by a Third Party, which CONTRACTOR would be expected to supervise and manage.

14.4 Wellbore Clean Out Tools

CONTRACTOR acknowledges that well-bore clean tools could be provided by a Third Party, which CONTRACTOR would be expected to collaborate with.



Appendix 6 – Functional and Technical Specifications



NO FUNCTIONAL AND TECHNICAL SPECIFICATIONS ARE INCLUDED IN SECTION 3 – SCOPE OF WORK, APPENDIX 6 – FUNCTIONAL AND TECHNICAL SPECIFICATIONS



Appendix 7 – Technical Integrity

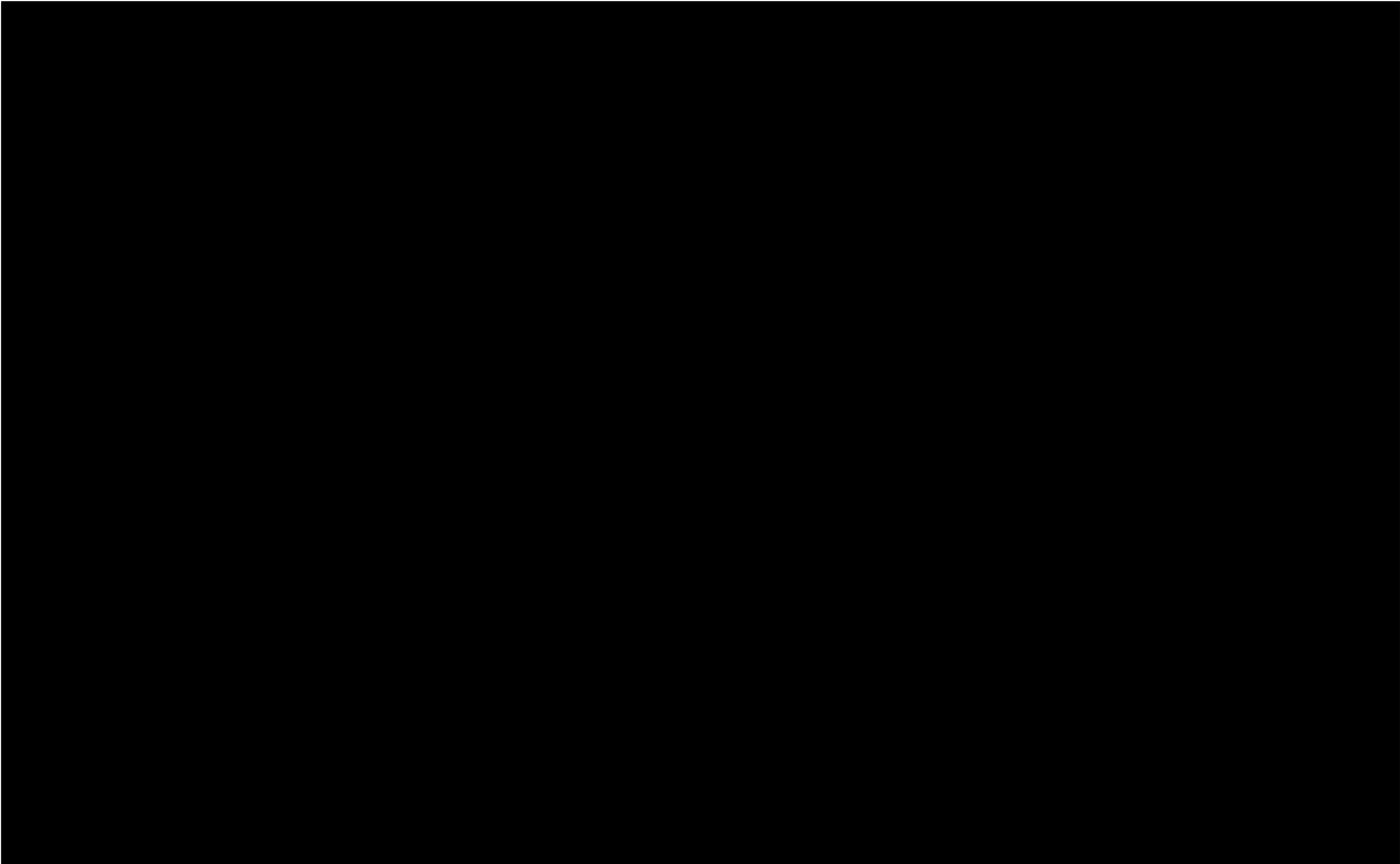


**Section 3 – Scope of Work
Appendix 7 – Technical Integrity**

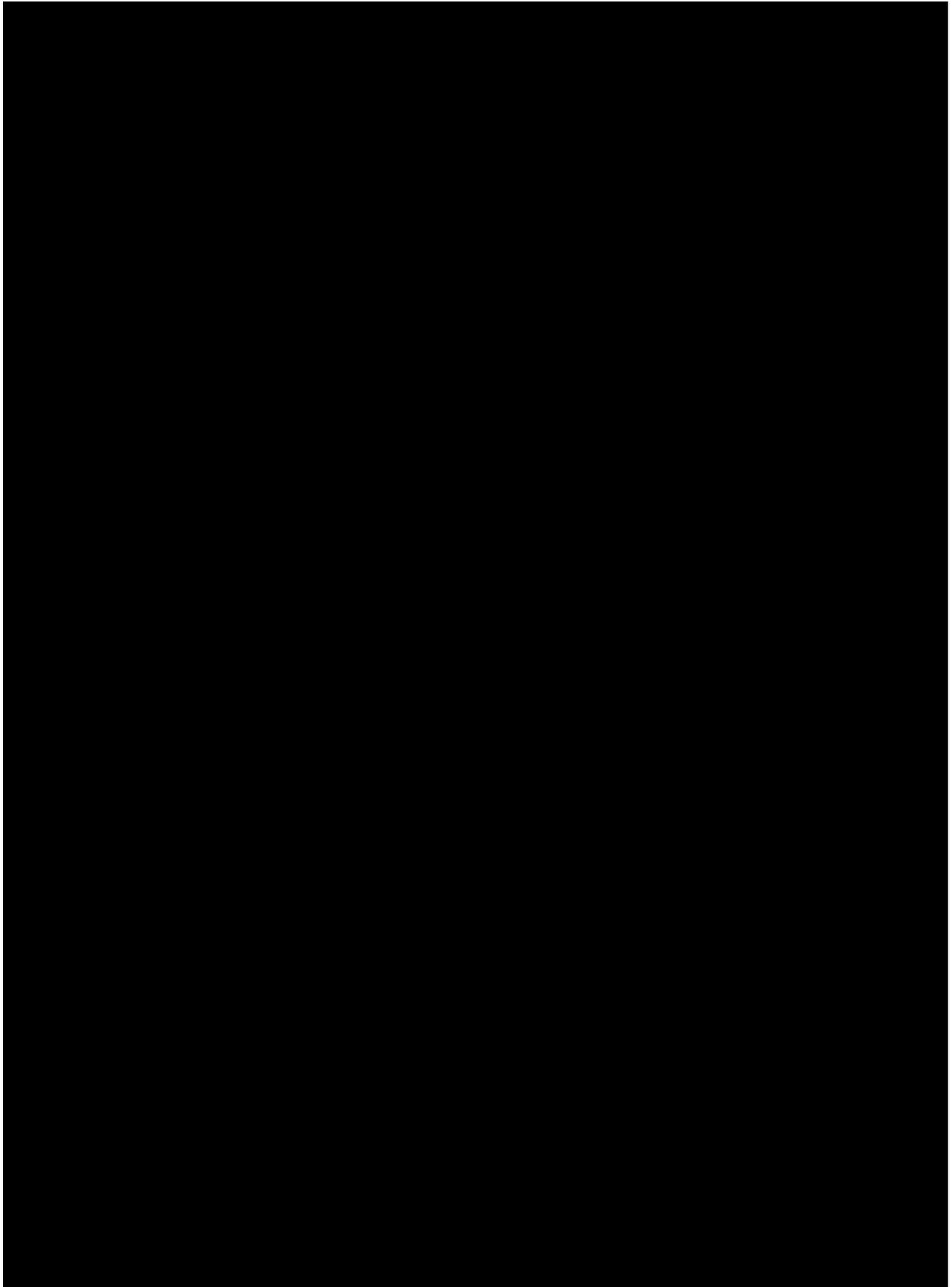
1.0 GENERAL GUIDELINES AND PRINCIPLES

- 1.1 CONTRACTOR will be required to submit a QA / QC plan for the equipment, services, materials, and personnel furnished to COMPANY for review and approval. This QA / QC plan shall be tailored after a recognized quality standard such as API-Q1, ISO 9001, MIL-Q9858A, or equivalent. Upon approval by COMPANY, this mutually agreed QA / QC plan shall be made a part of this CONTRACT and shall apply not only to the CONTRACTOR's activities, but also to those of any SUBCONTRACTORS. The QA / QC plan shall, at a minimum, include:
 - 1.2 The mutually agreed upon QA / QC guidelines are to be site specific for a particular area of operations.
 - 1.3 Detailed description of the stages of performance of a service or manufacture of equipment components and final product.
 - 1.4 Location of service to be provided, sources of materials and equipment, and manufacture, inspection, assembly, testing and storage of any purchased equipment.
 - 1.5 A matrix that shall list the full description of the individual services, products, and equipment utilized in conducting required services, or of individual components and assembly of purchased equipment, along with the documentation, traceability, testing, inspection, and process that shall be performed by the CONTRACTOR or his agents. This matrix shall be utilized by the COMPANY to list any COMPANY required inspections, standards and testing in addition to COMPANY's witness, review, traceability, and documentation requirements.
 - 1.6 Provisions for COMPANY to review and approve CONTRACTOR's and SUBCONTRACTOR's QA / QC plans, processes, procedures, documentation, drawings, materials, parts lists and non-conformance deviation reports.
 - 1.7 Location of the handling and disposal of rejected parts after service.
 - 1.8 The QA / QC plan shall contain certain inspections and manufacturing processes which COMPANY may or may not witness, verify or review. This does not absolve CONTRACTOR from performing any and all tests, inspections, equipment calibrations, or dimensional measurements that are required in the CONTRACTOR's approved QA / QC plan.
 - 1.9 COMPANY reserves the right to conduct any and all tests and any other inspection deemed necessary by COMPANY at COMPANY's sole expense.
 - 1.10 CONTRACTOR shall afford COMPANY reasonable access to:
 - Perform audits.
 - Perform relevant inspections.
 - Review all QA / QC records and documents.
 - Review all Safety and Environmental documents.

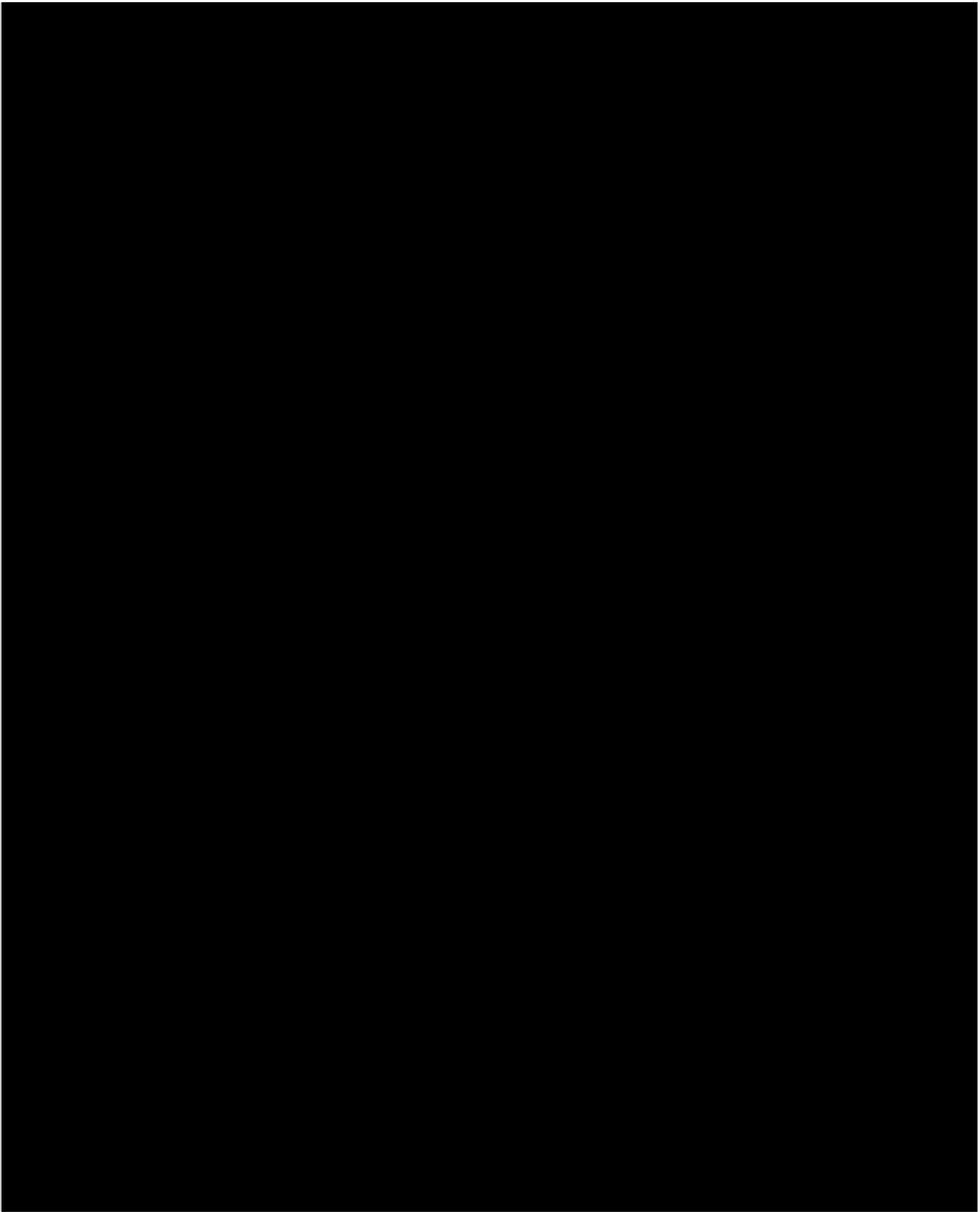




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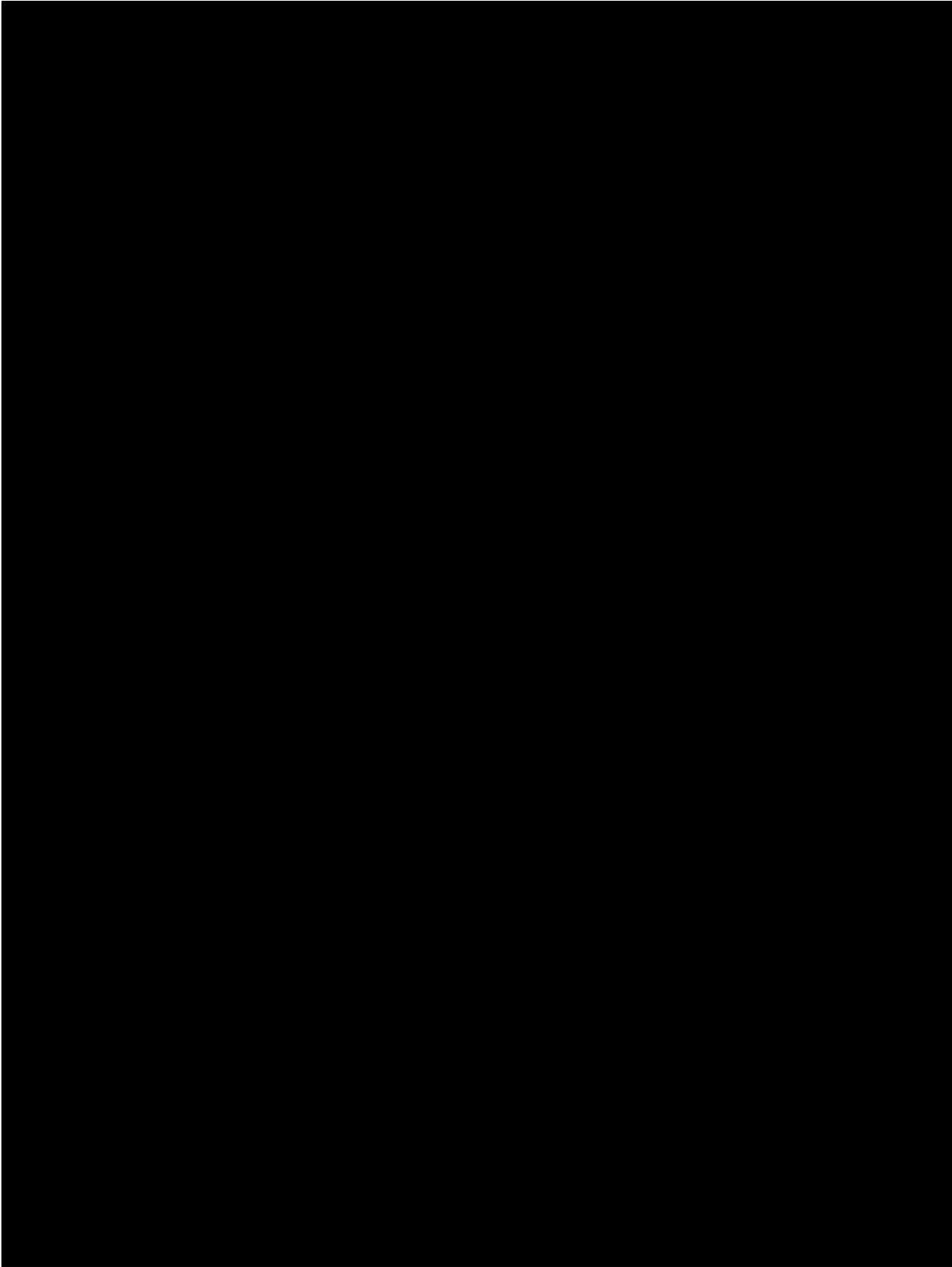
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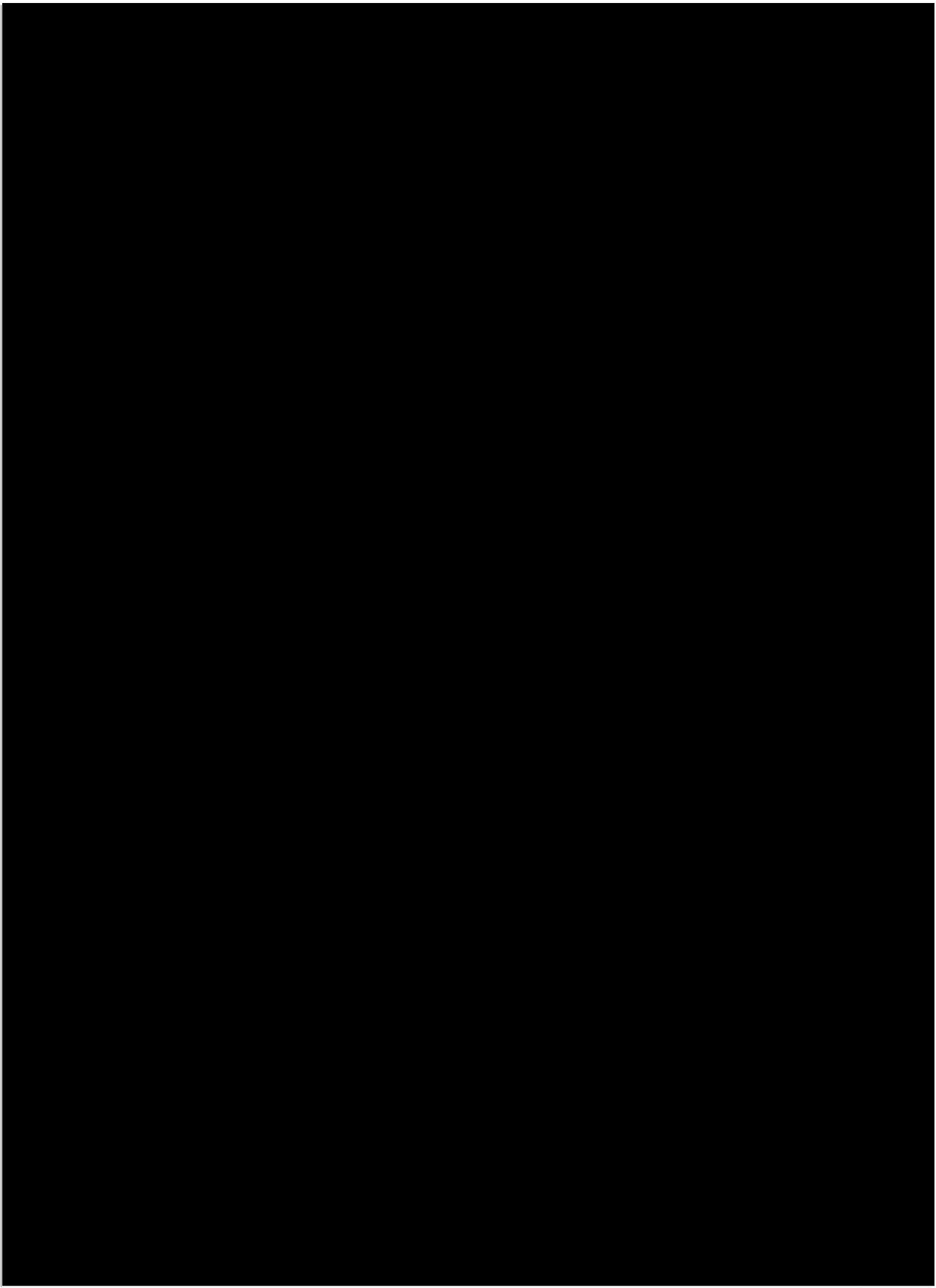
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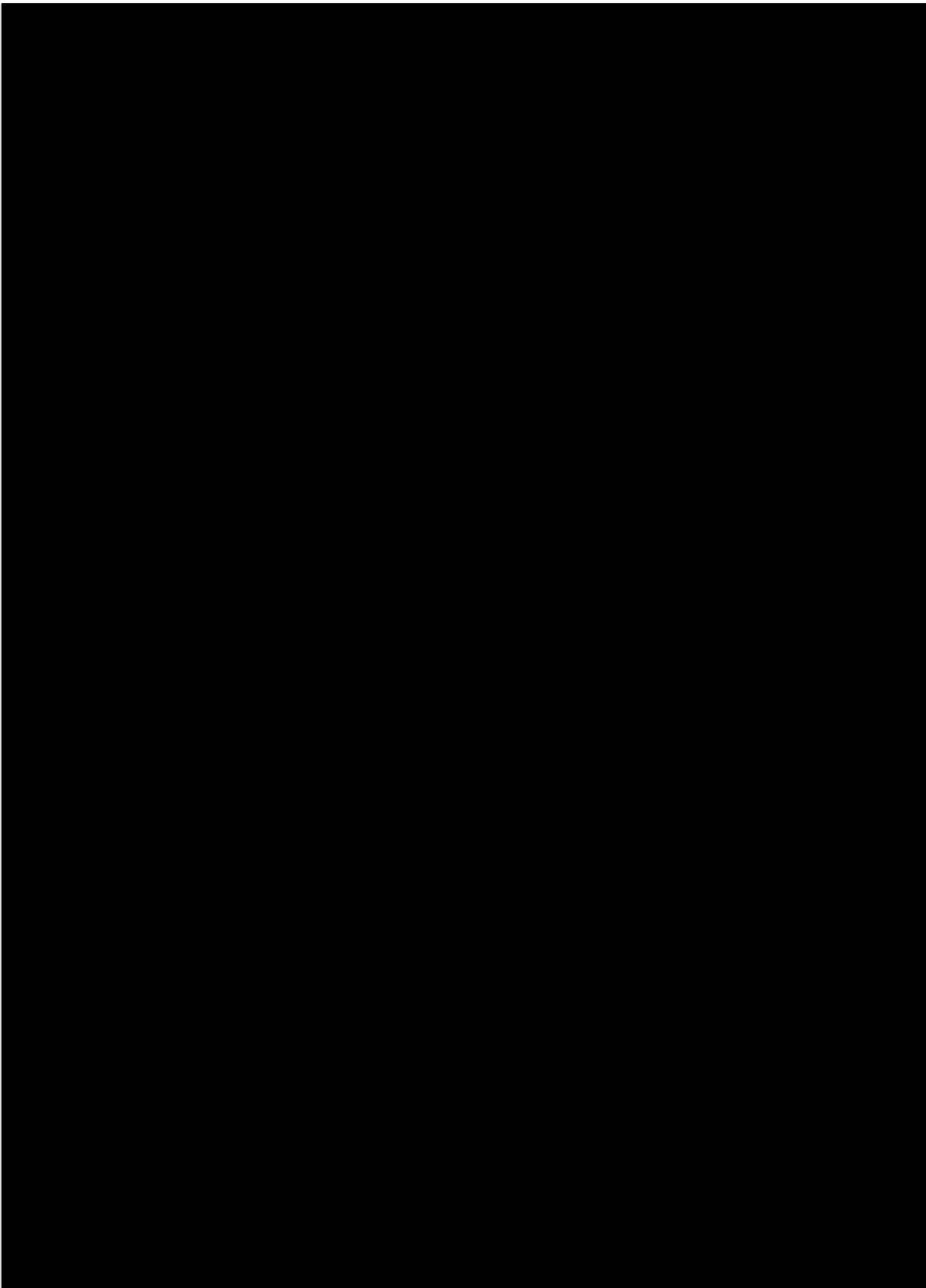
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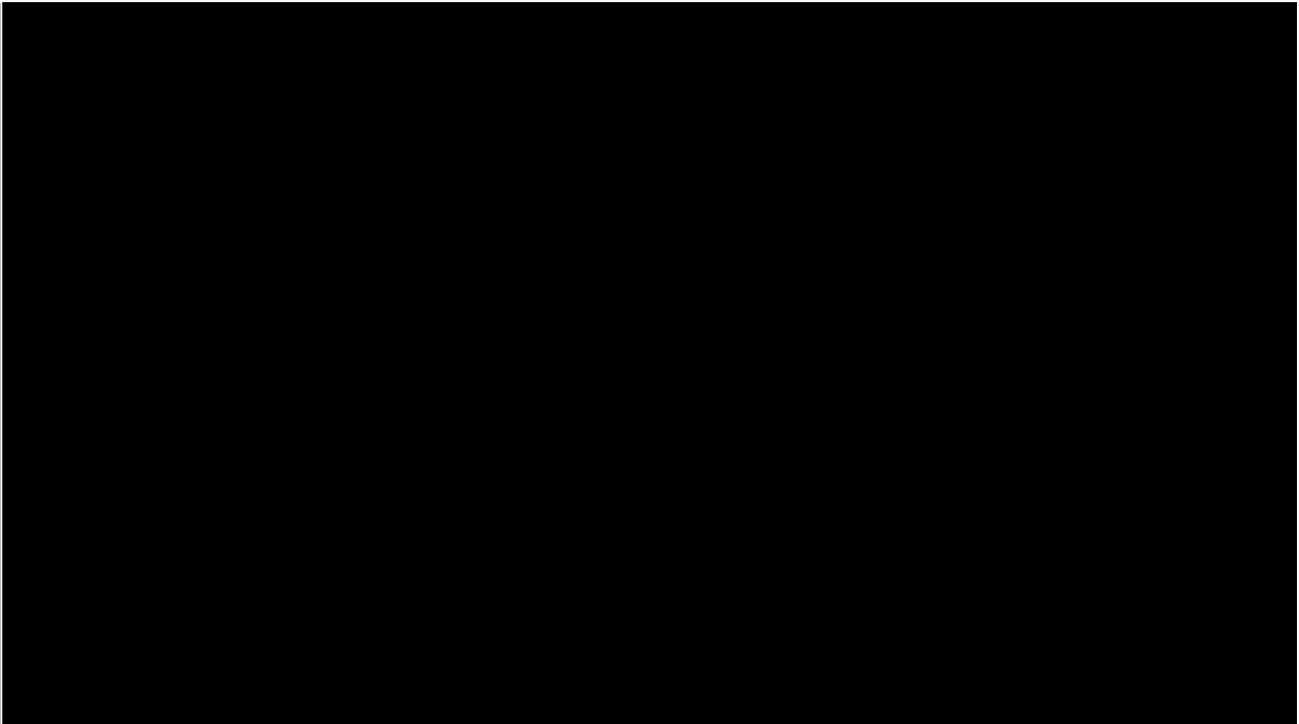
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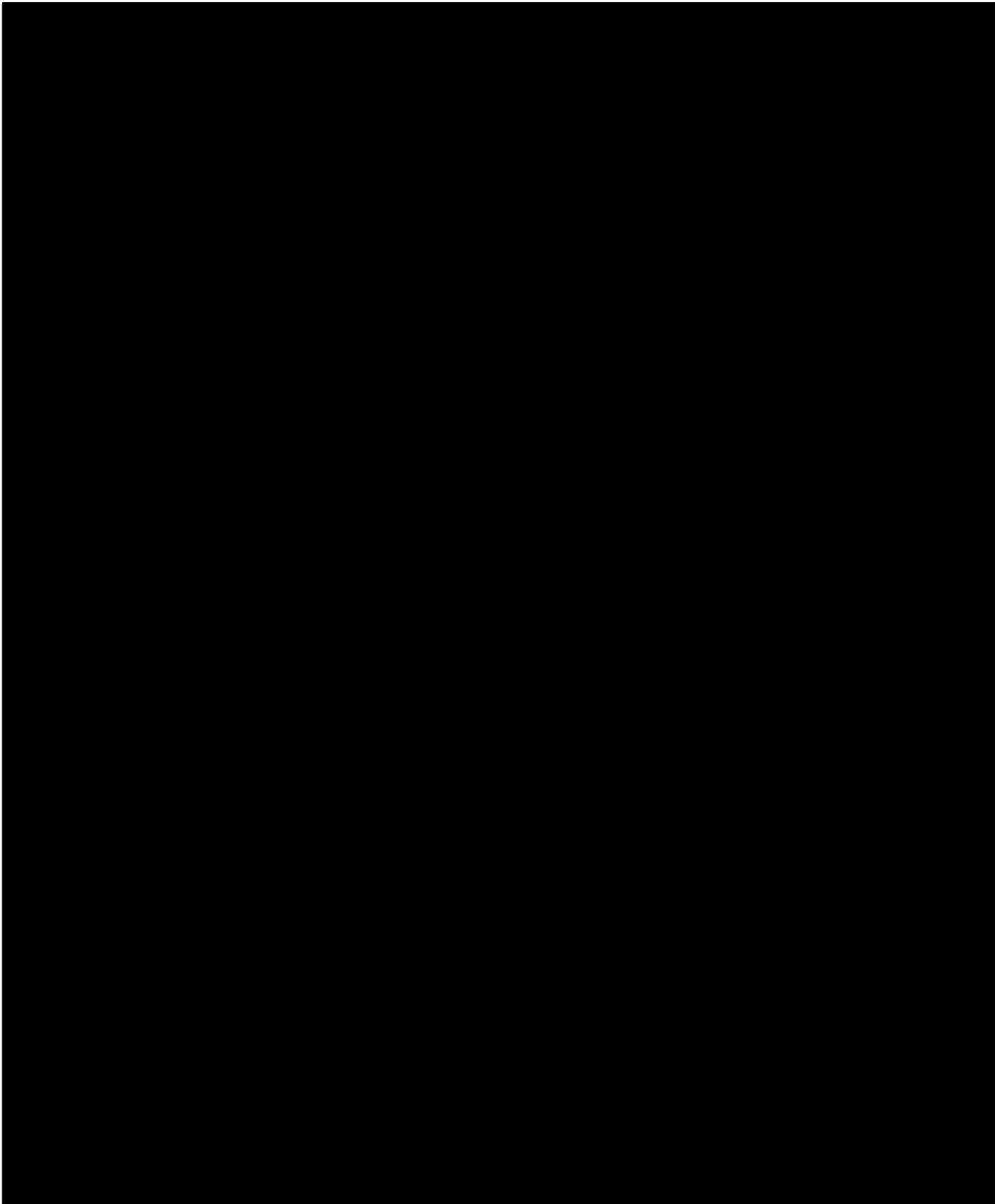
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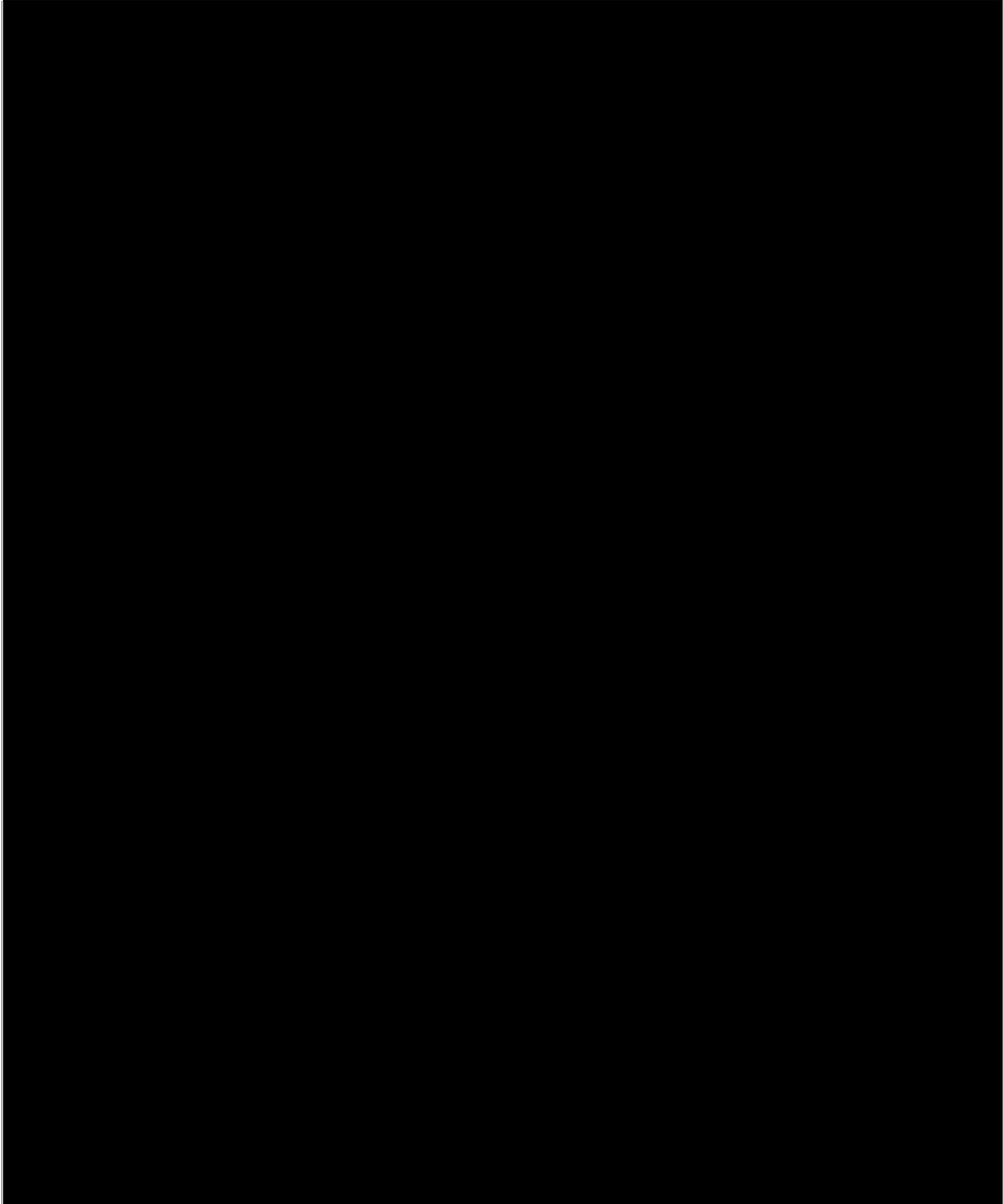


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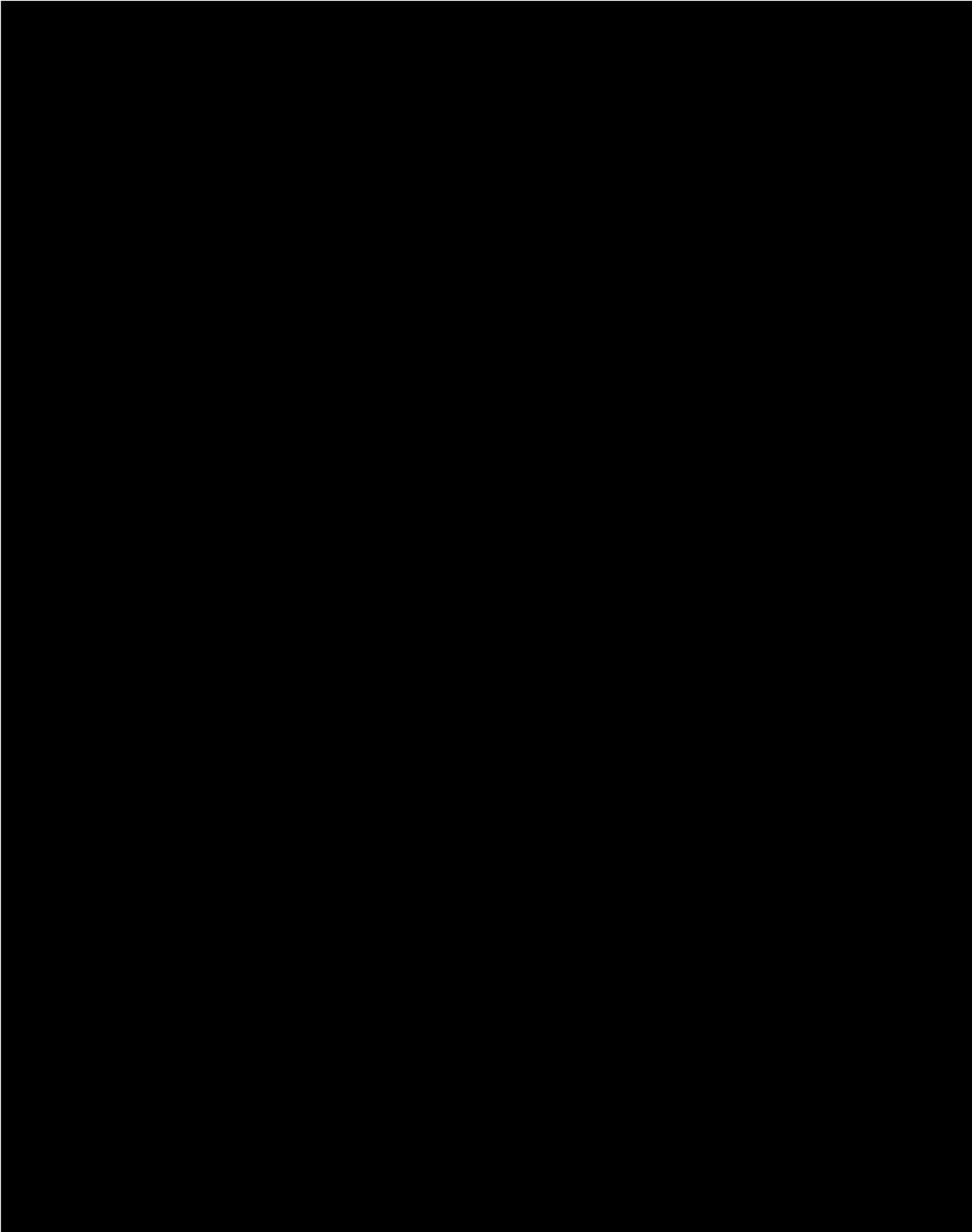


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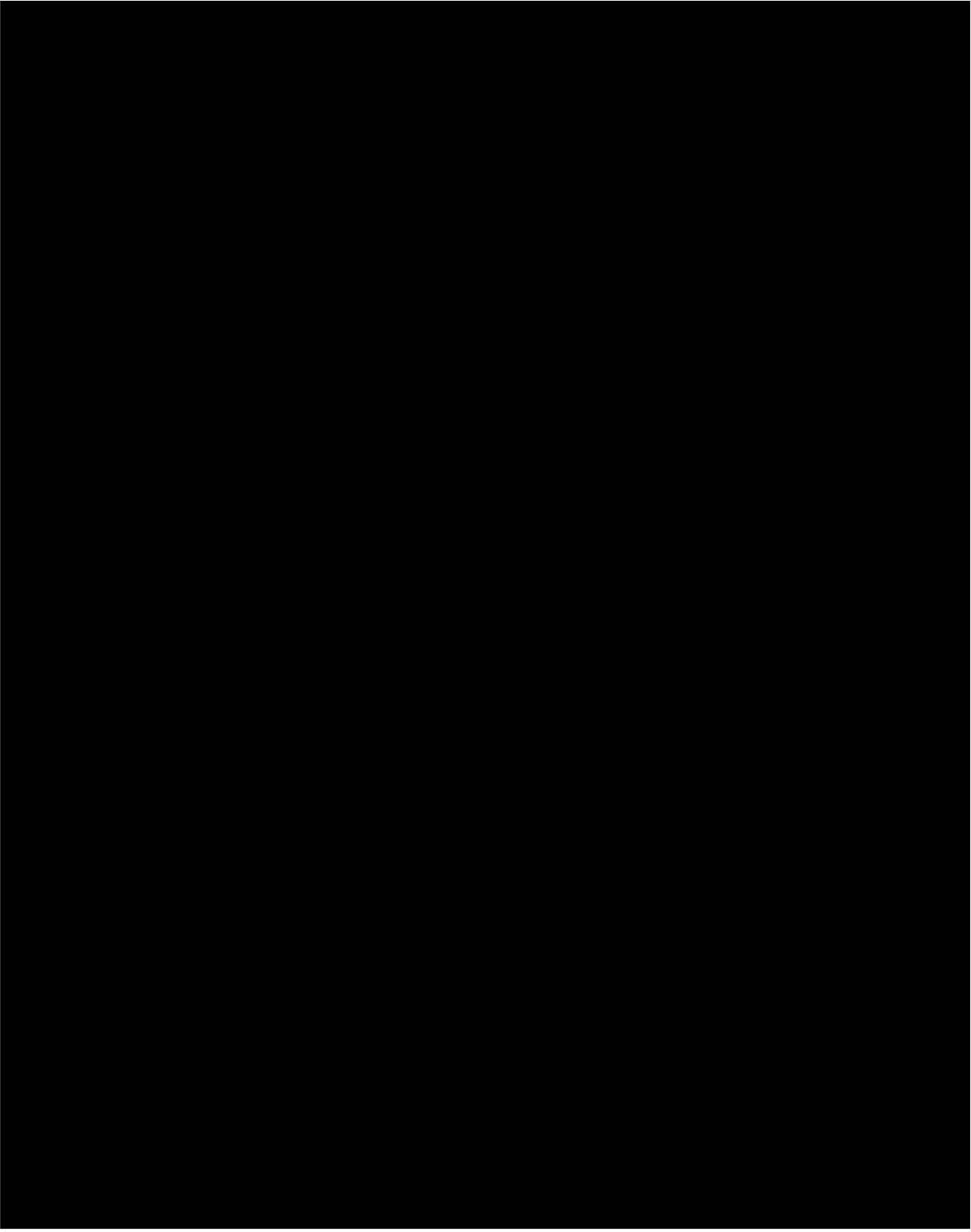
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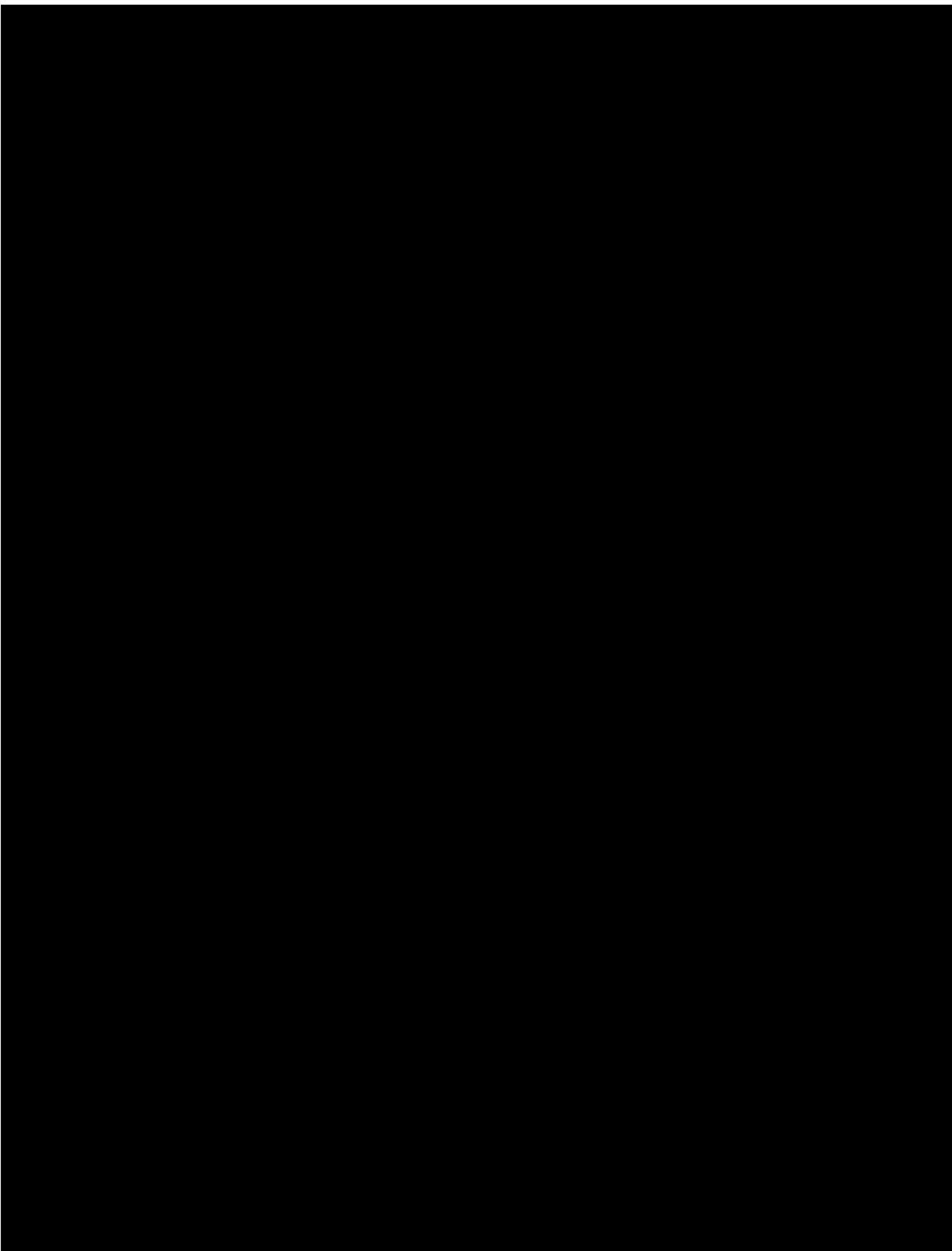
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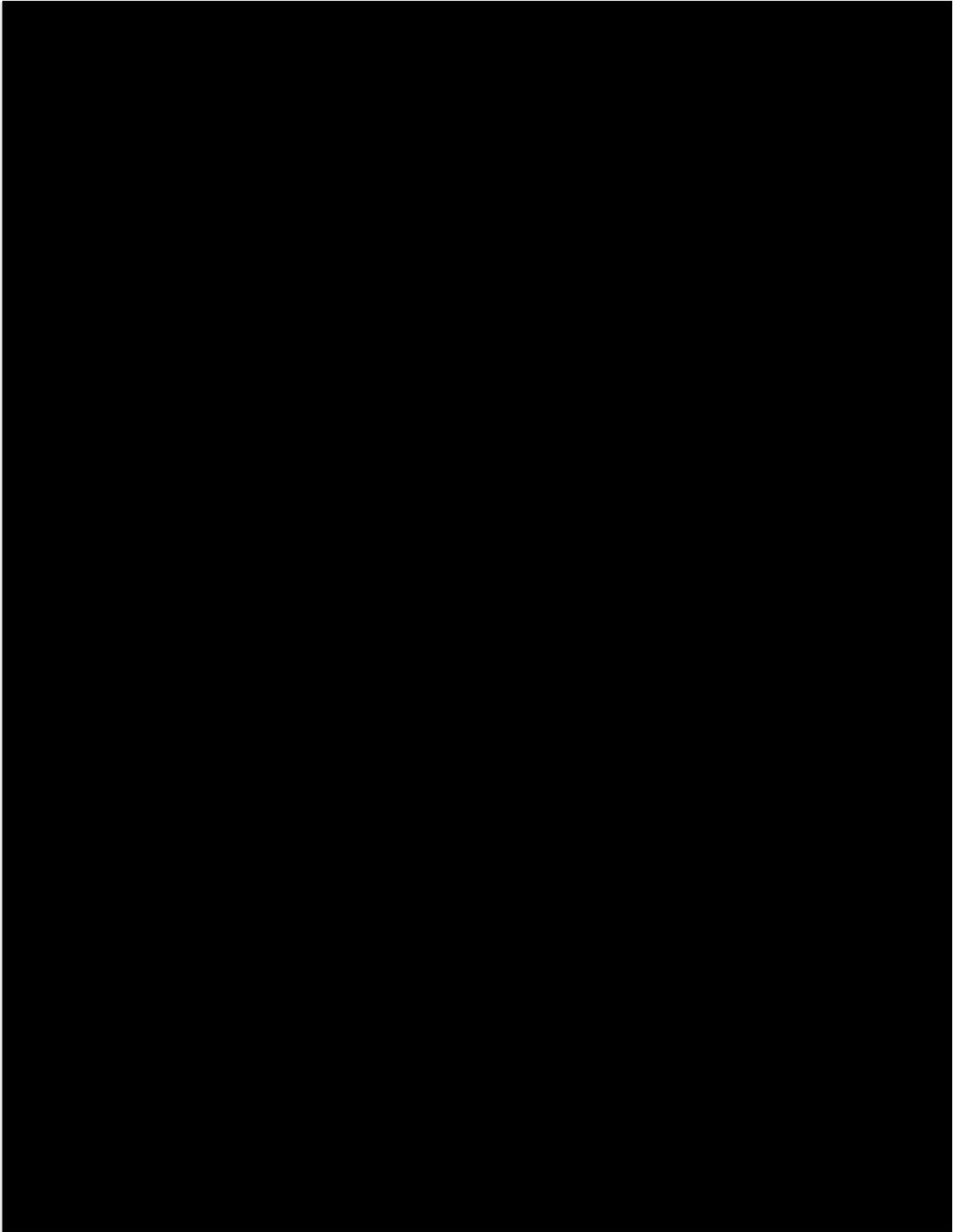


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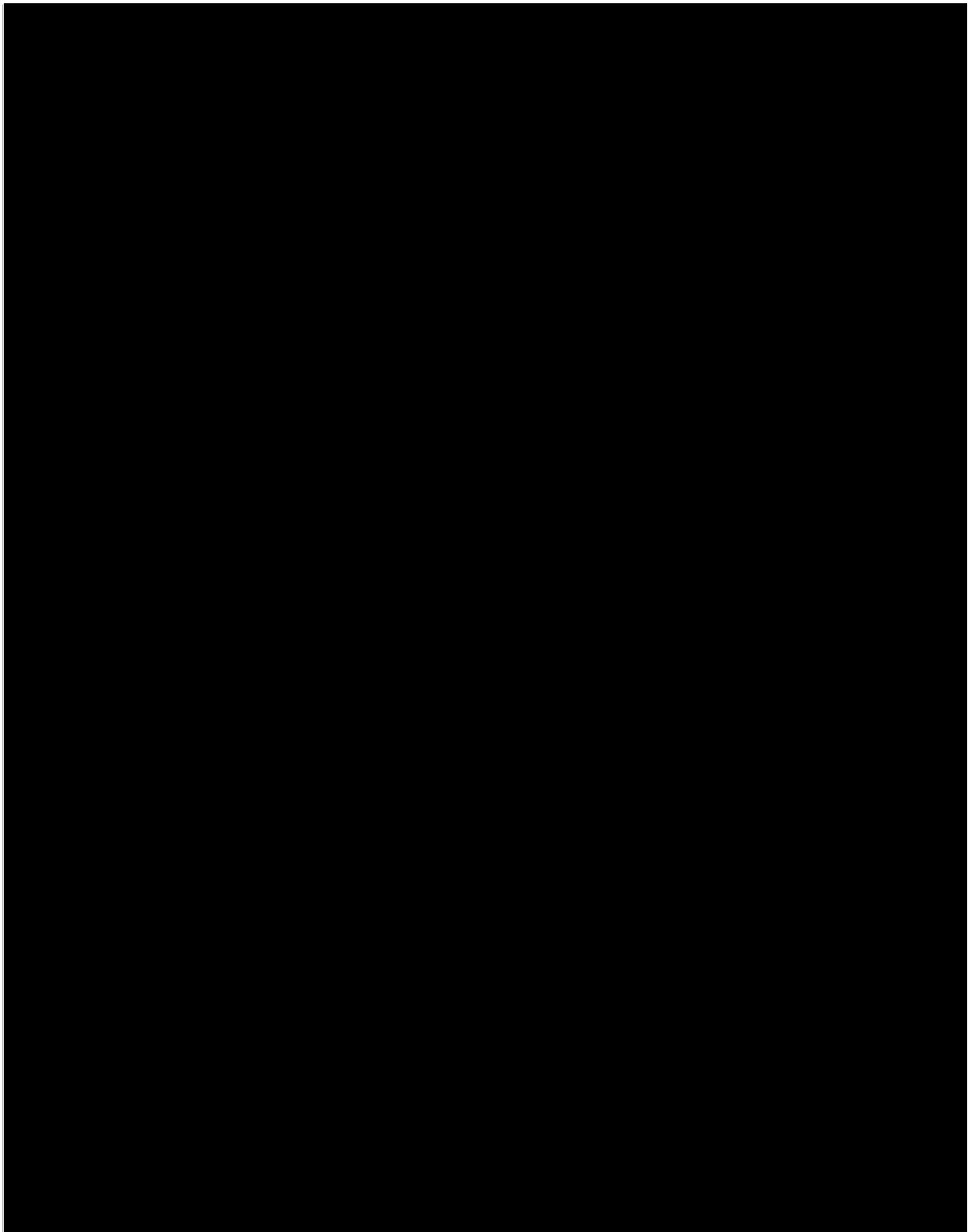


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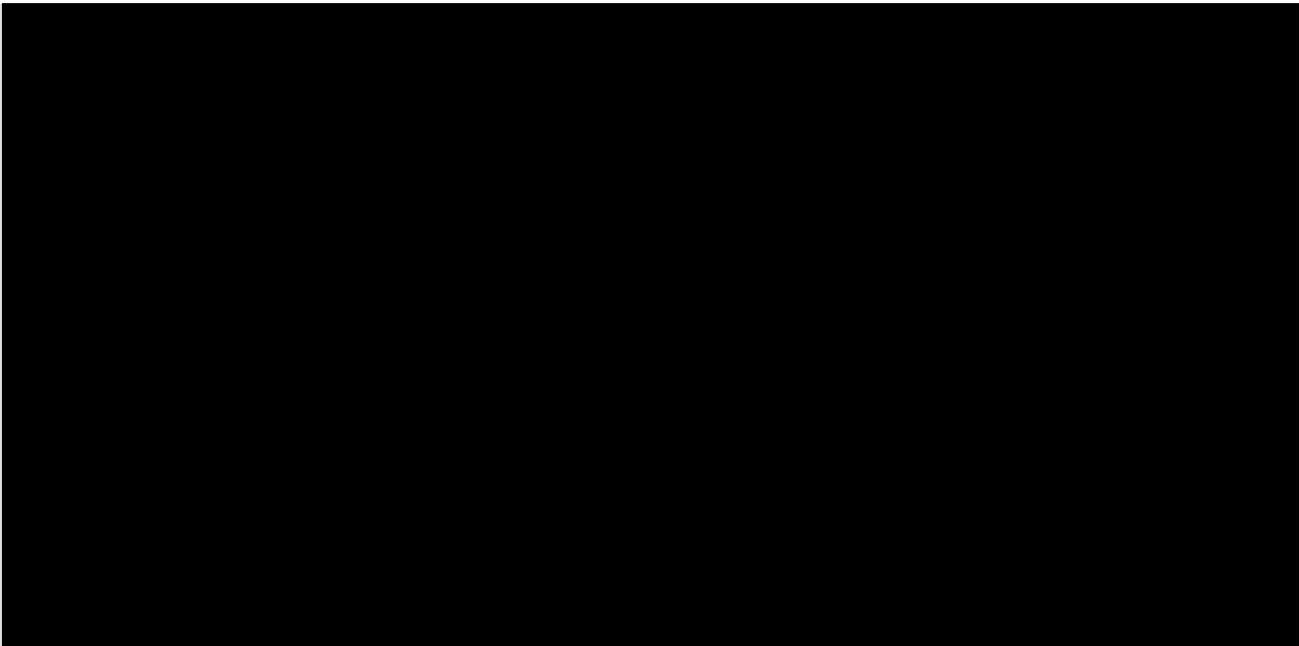


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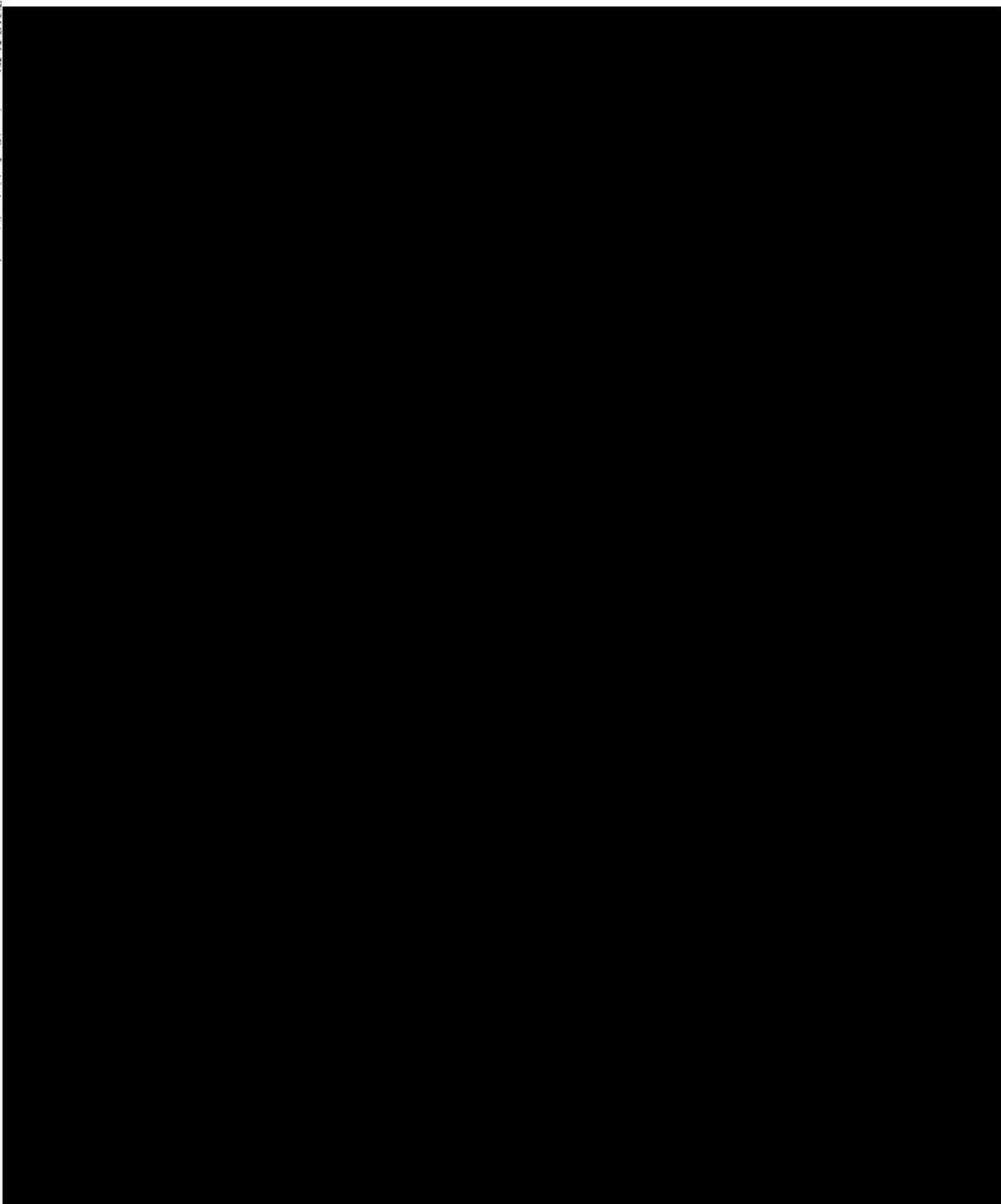
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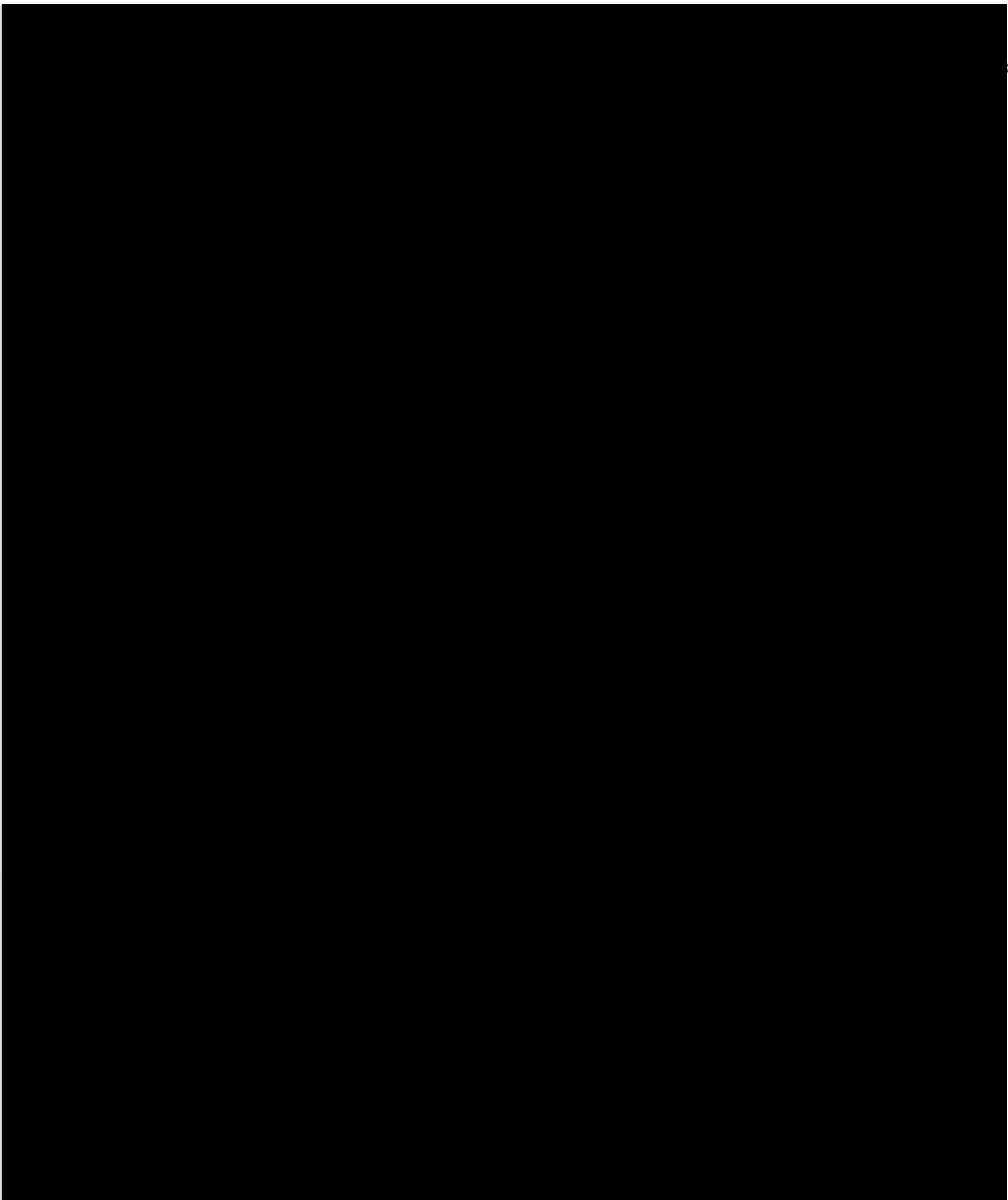


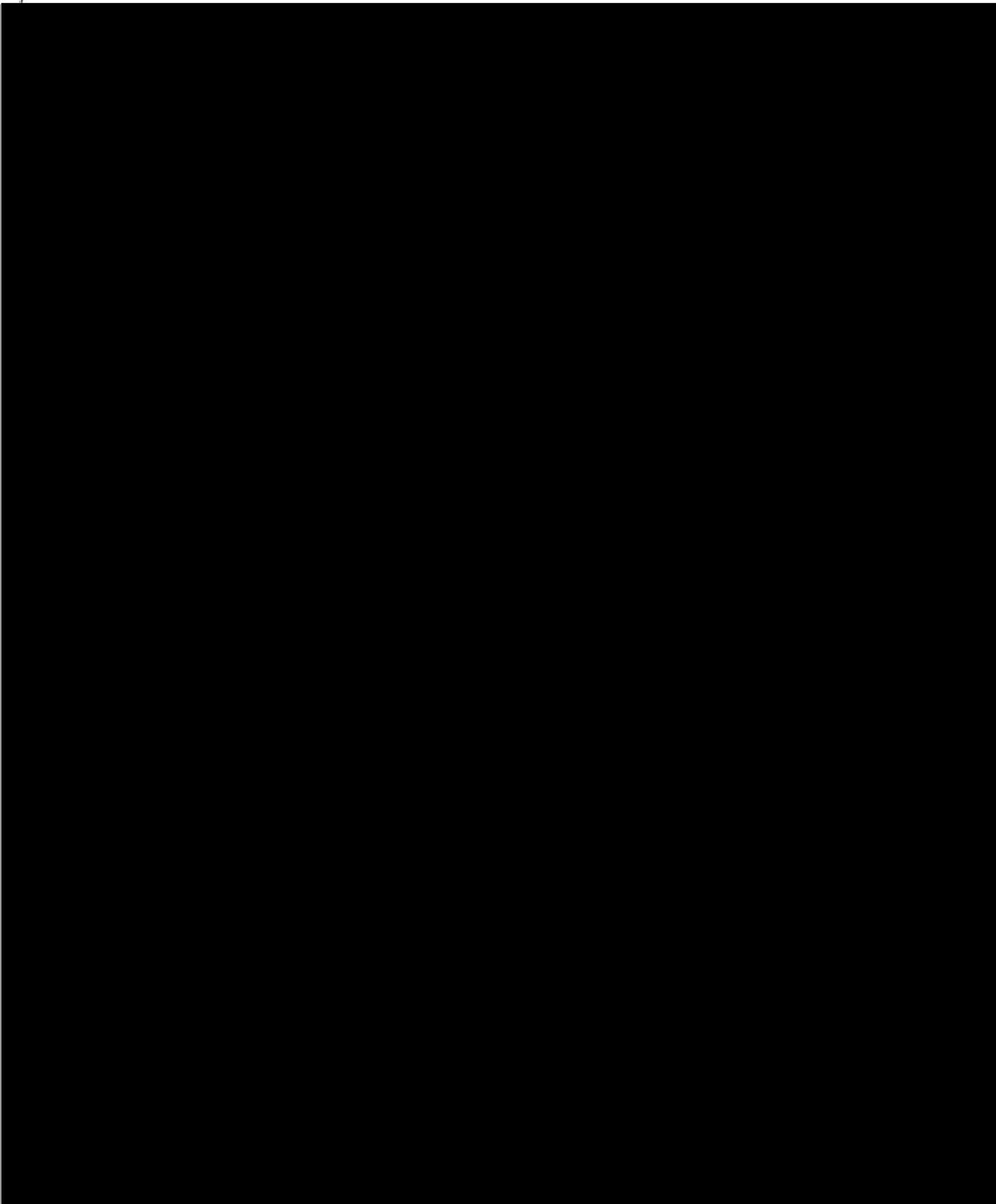
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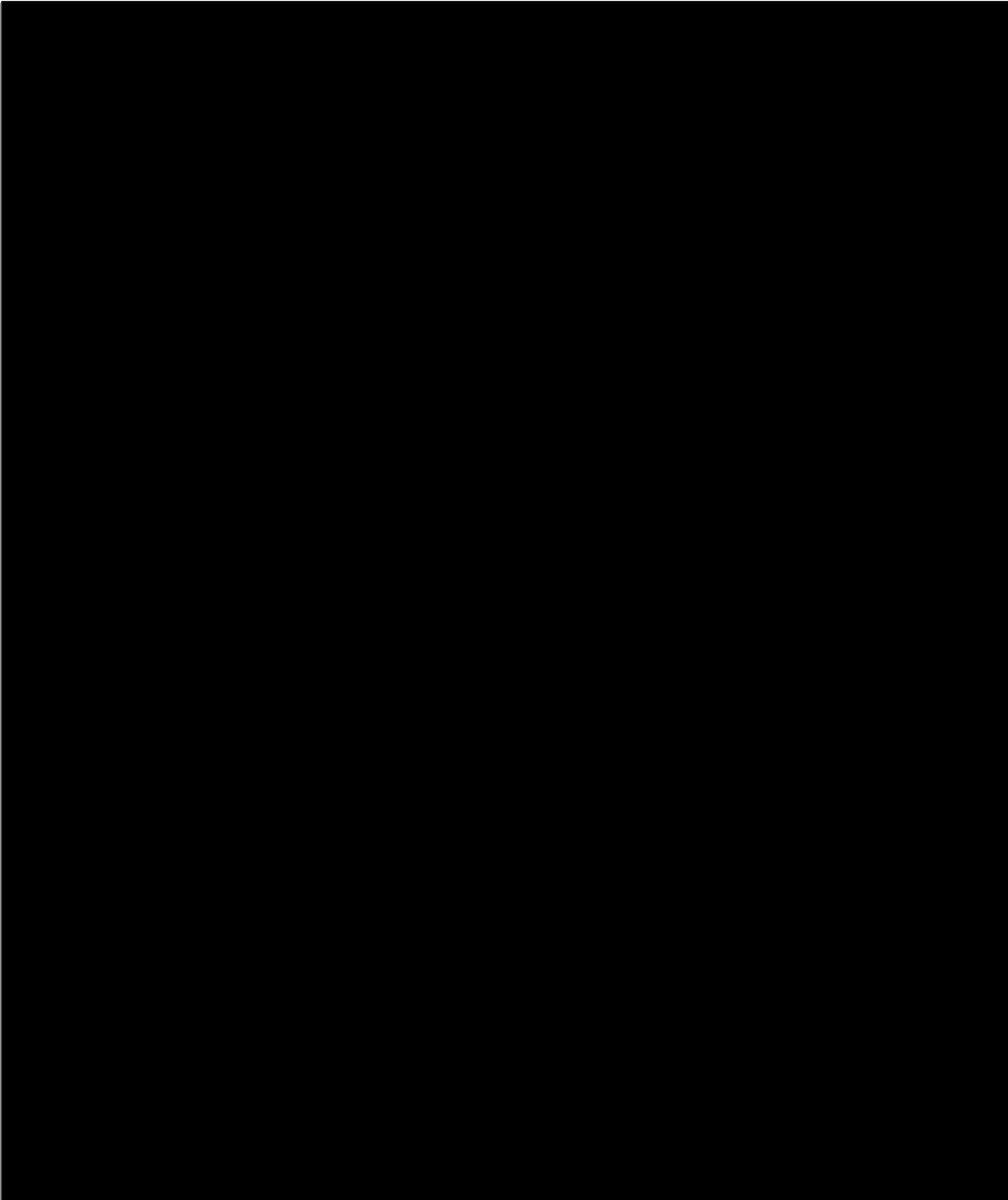


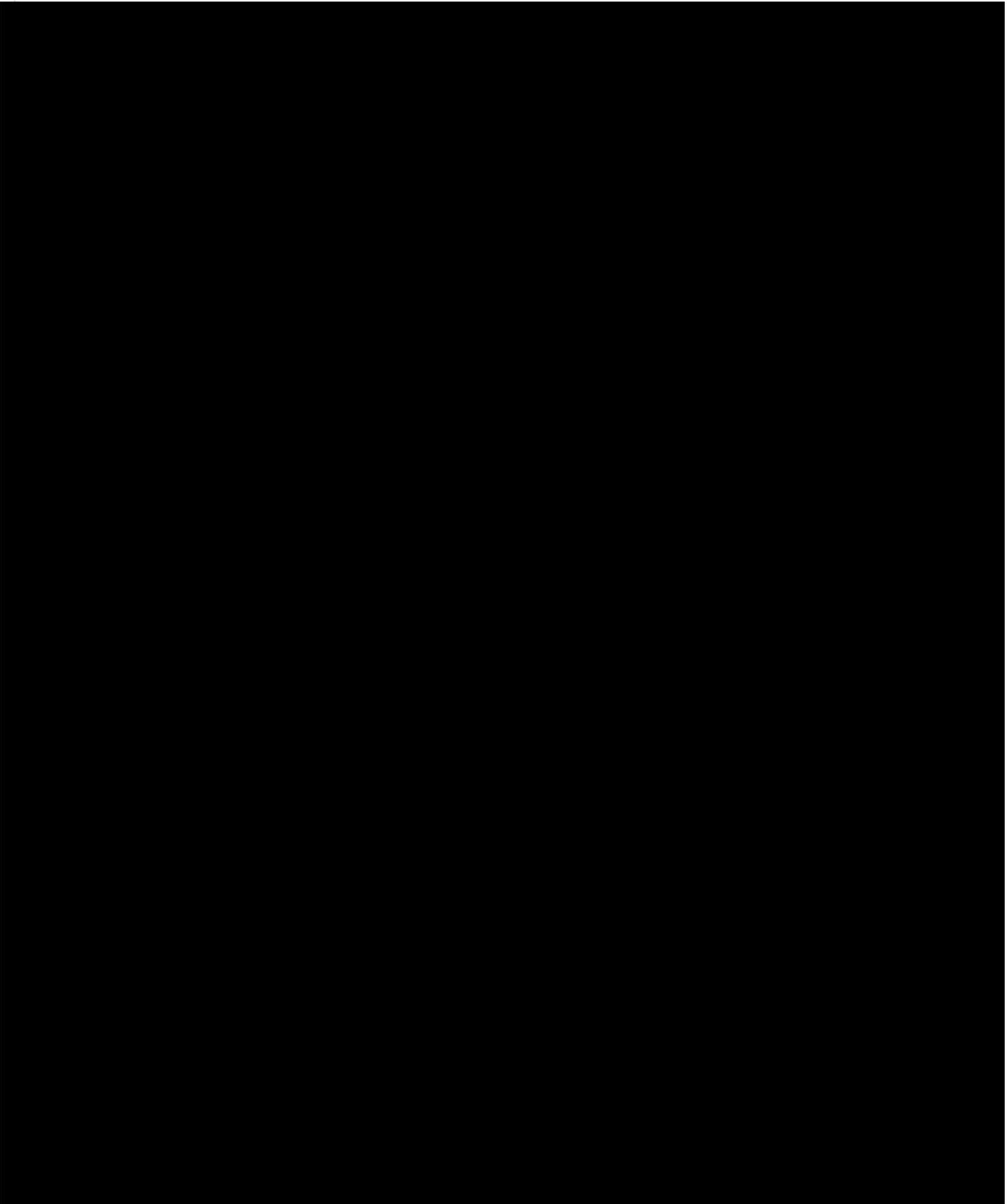
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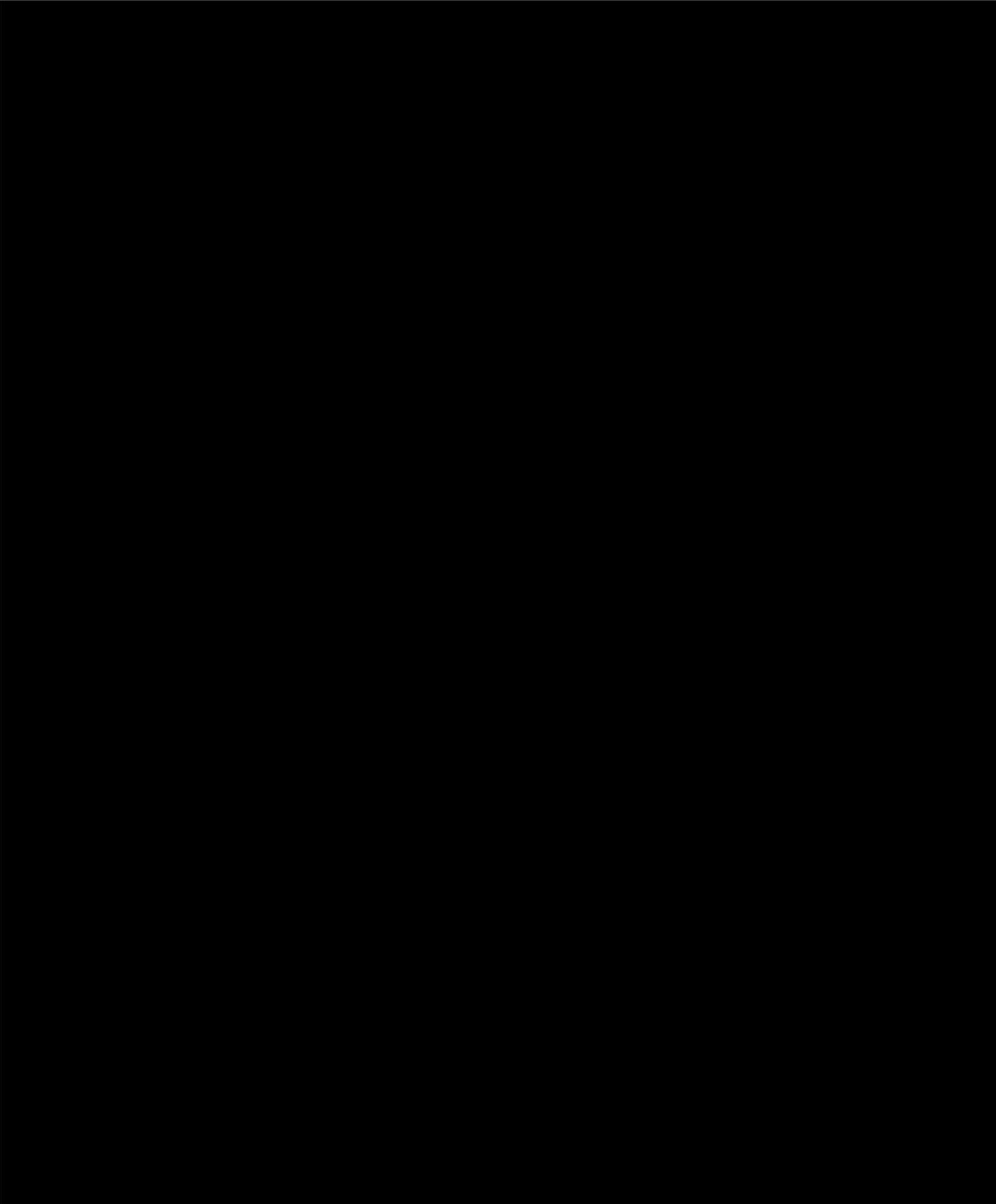


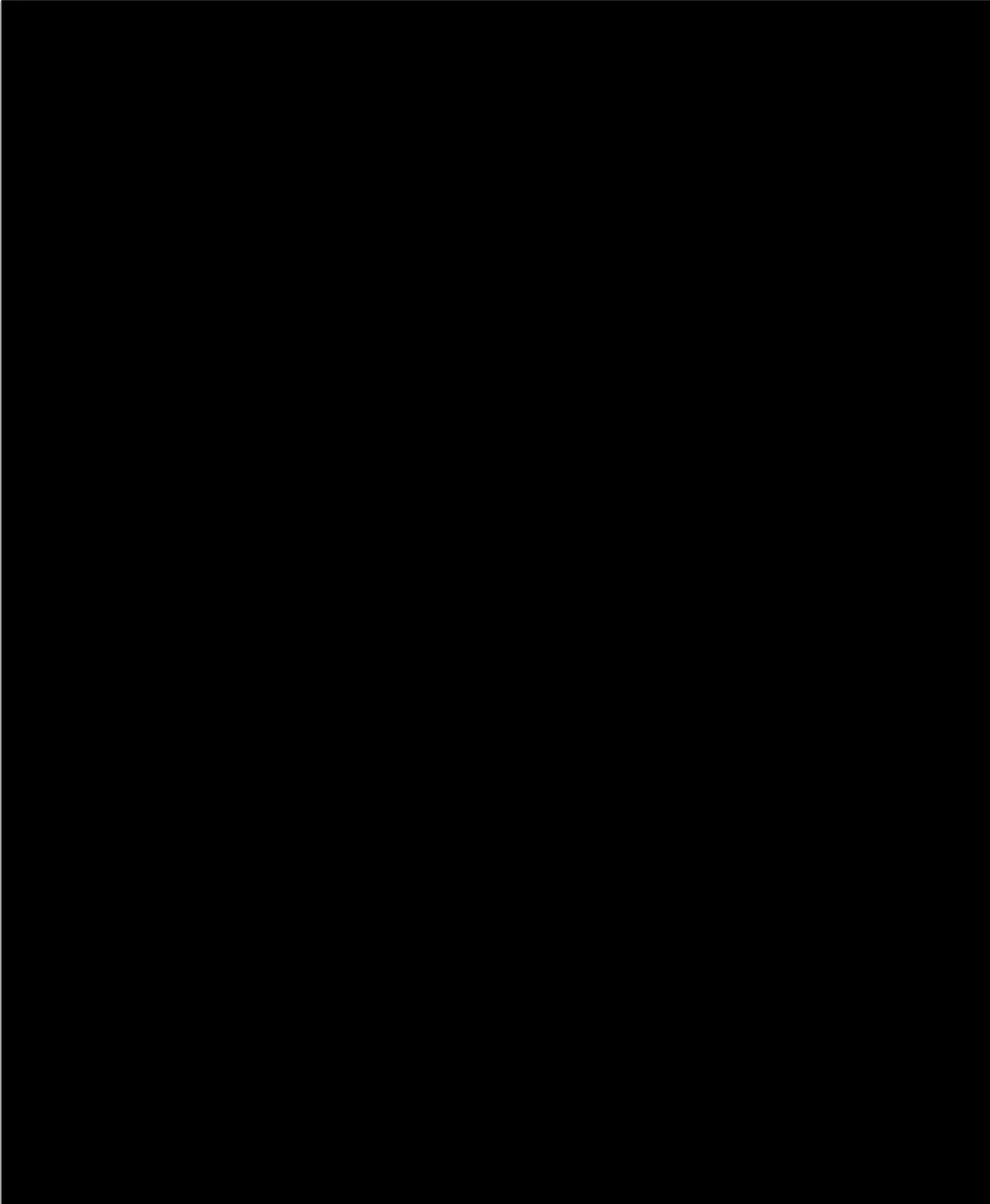


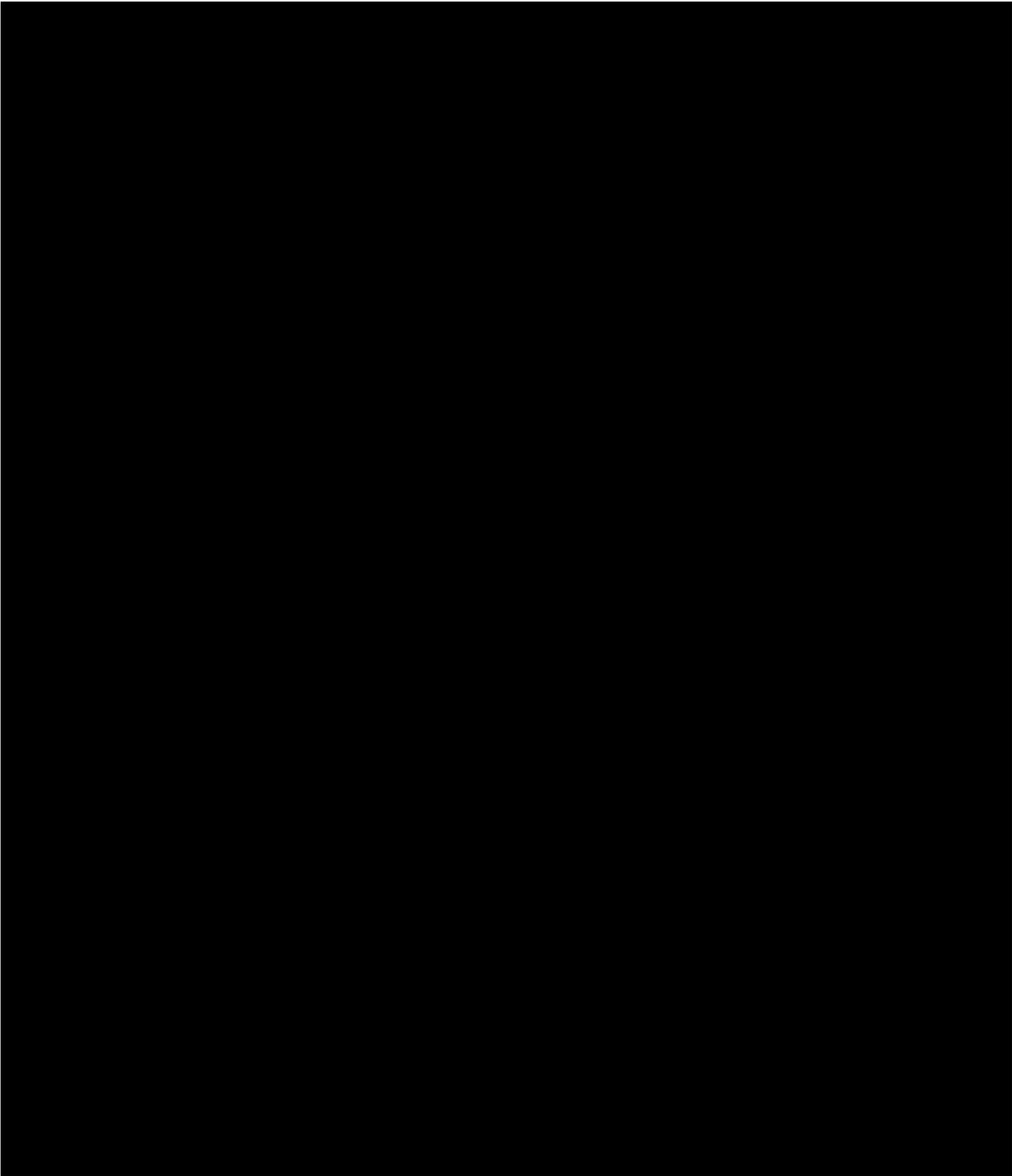


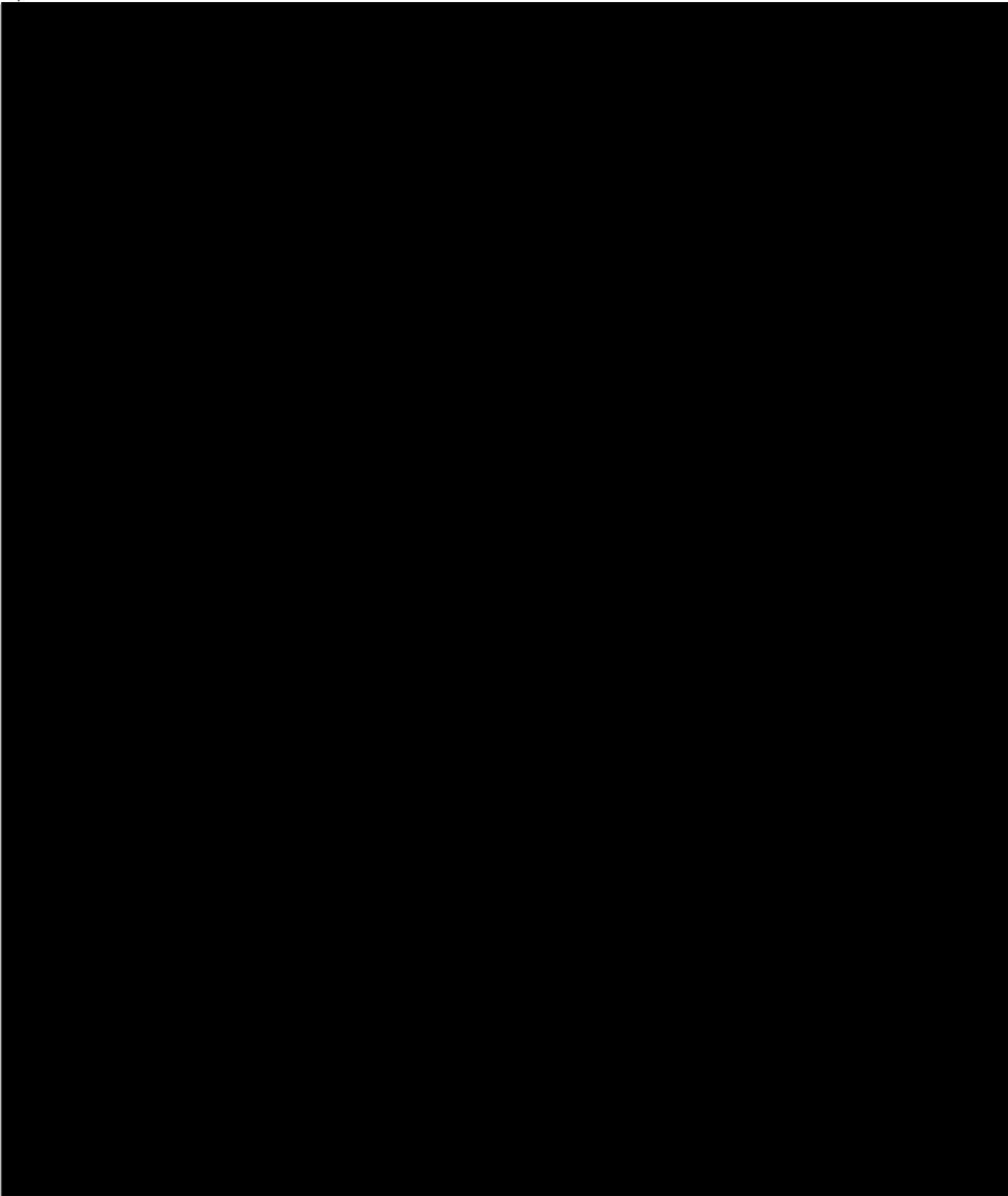


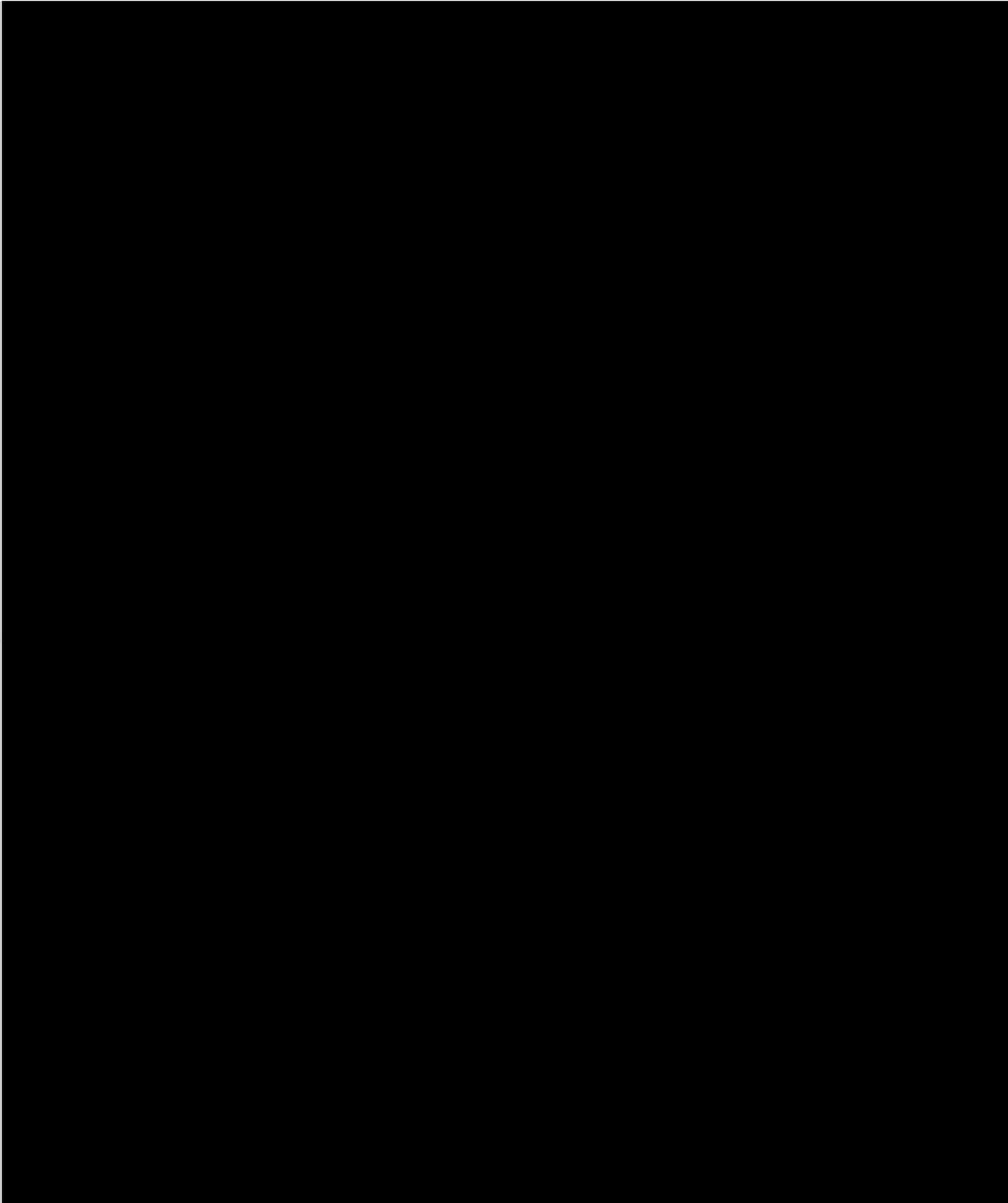


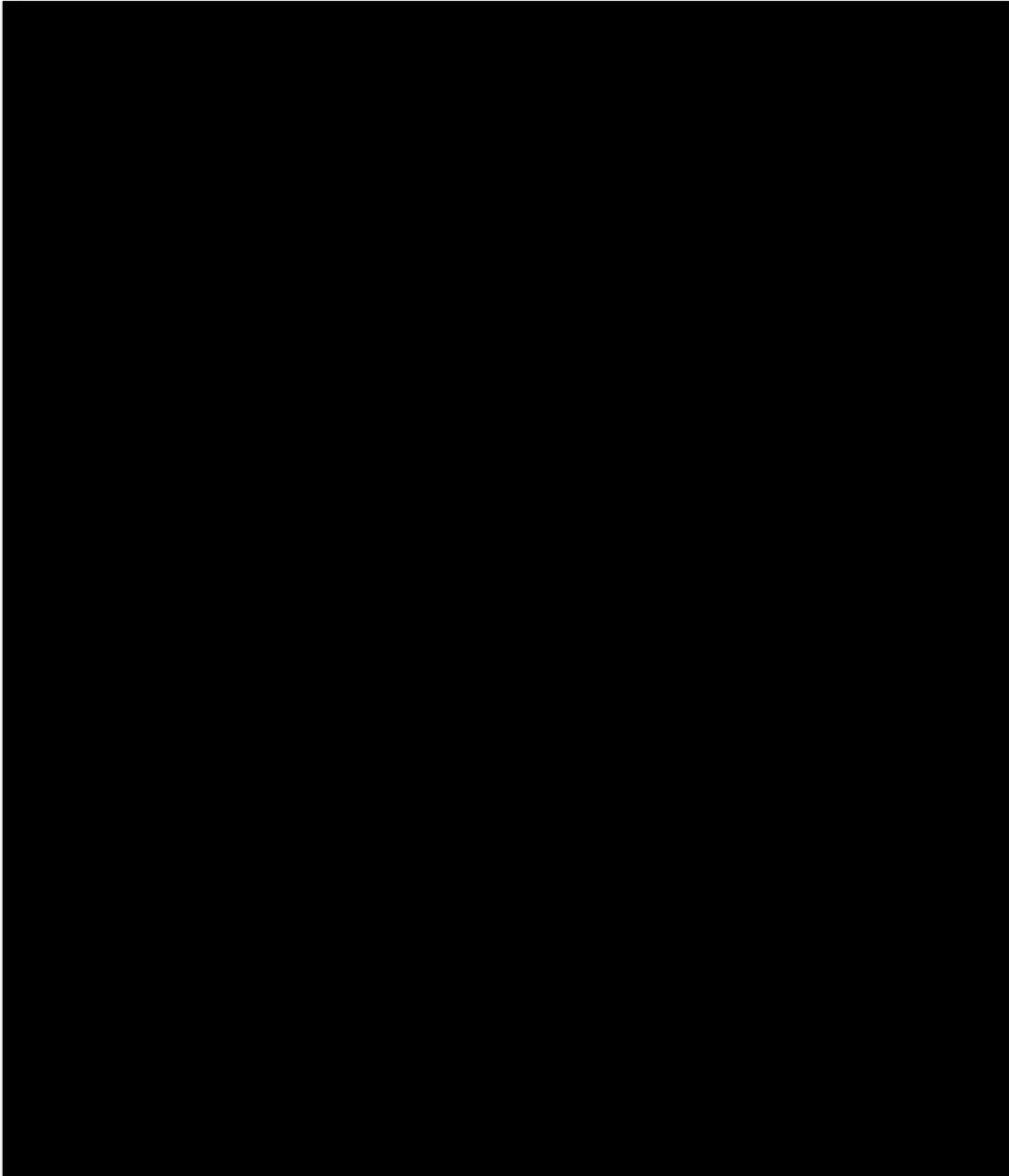


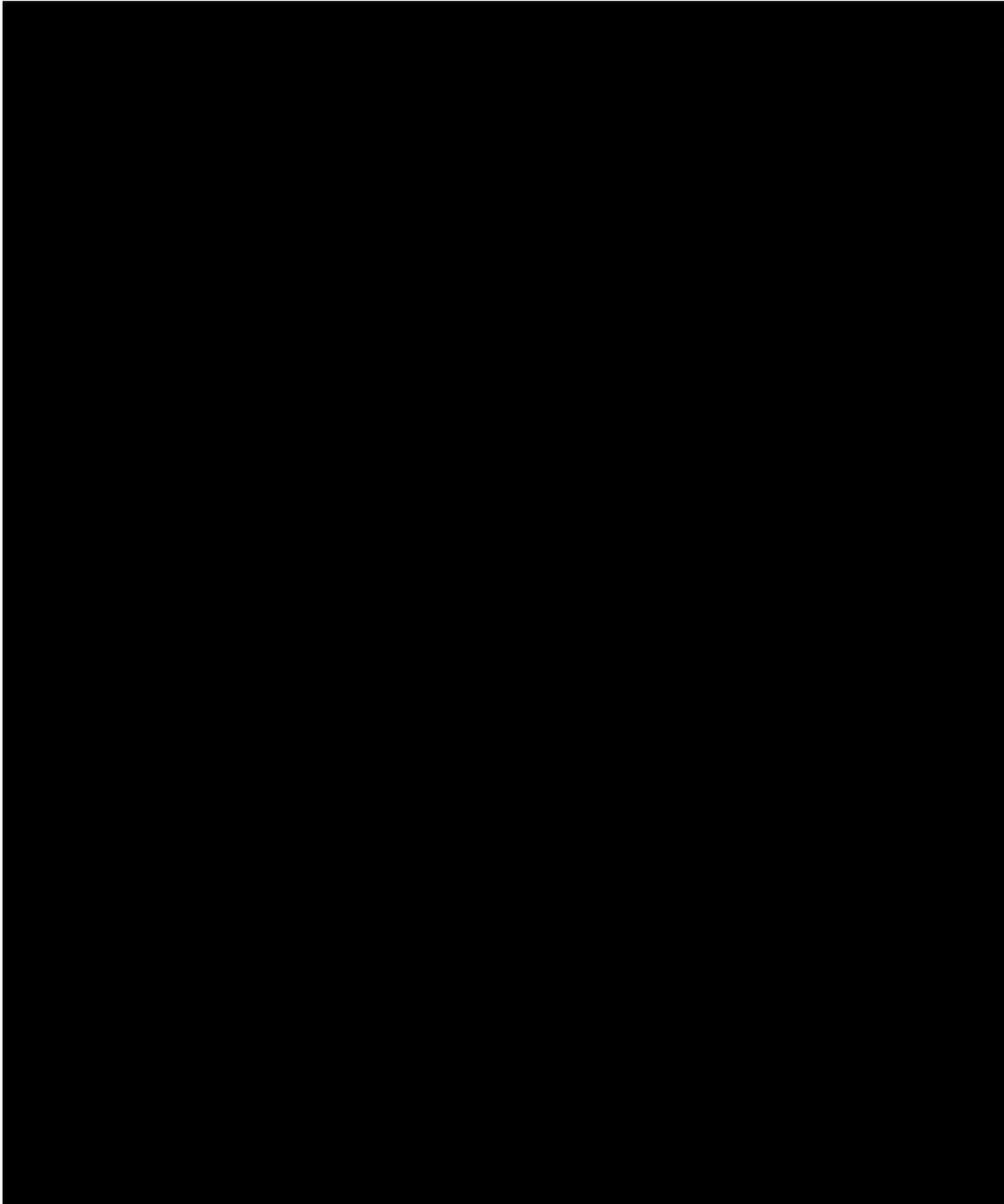


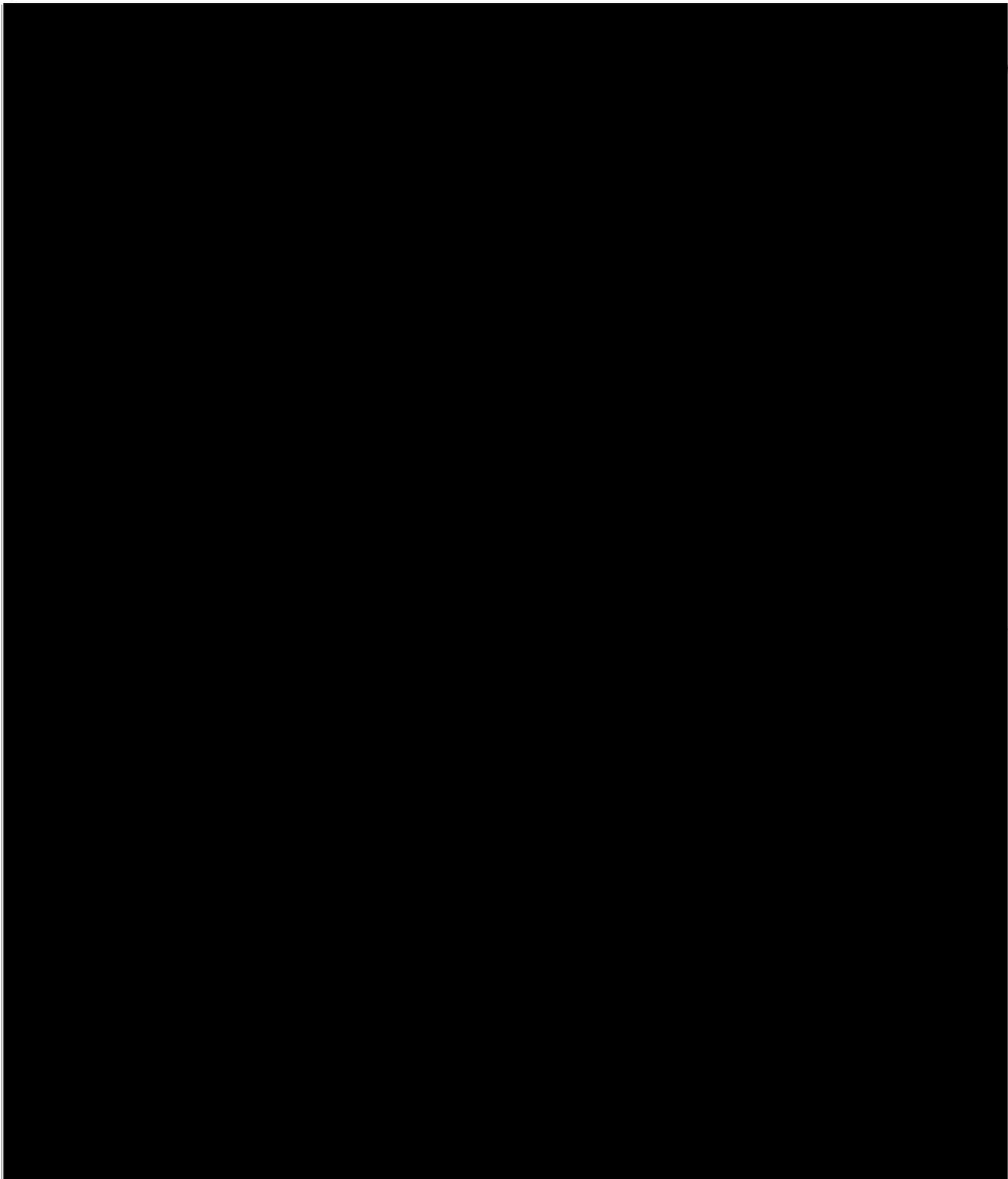


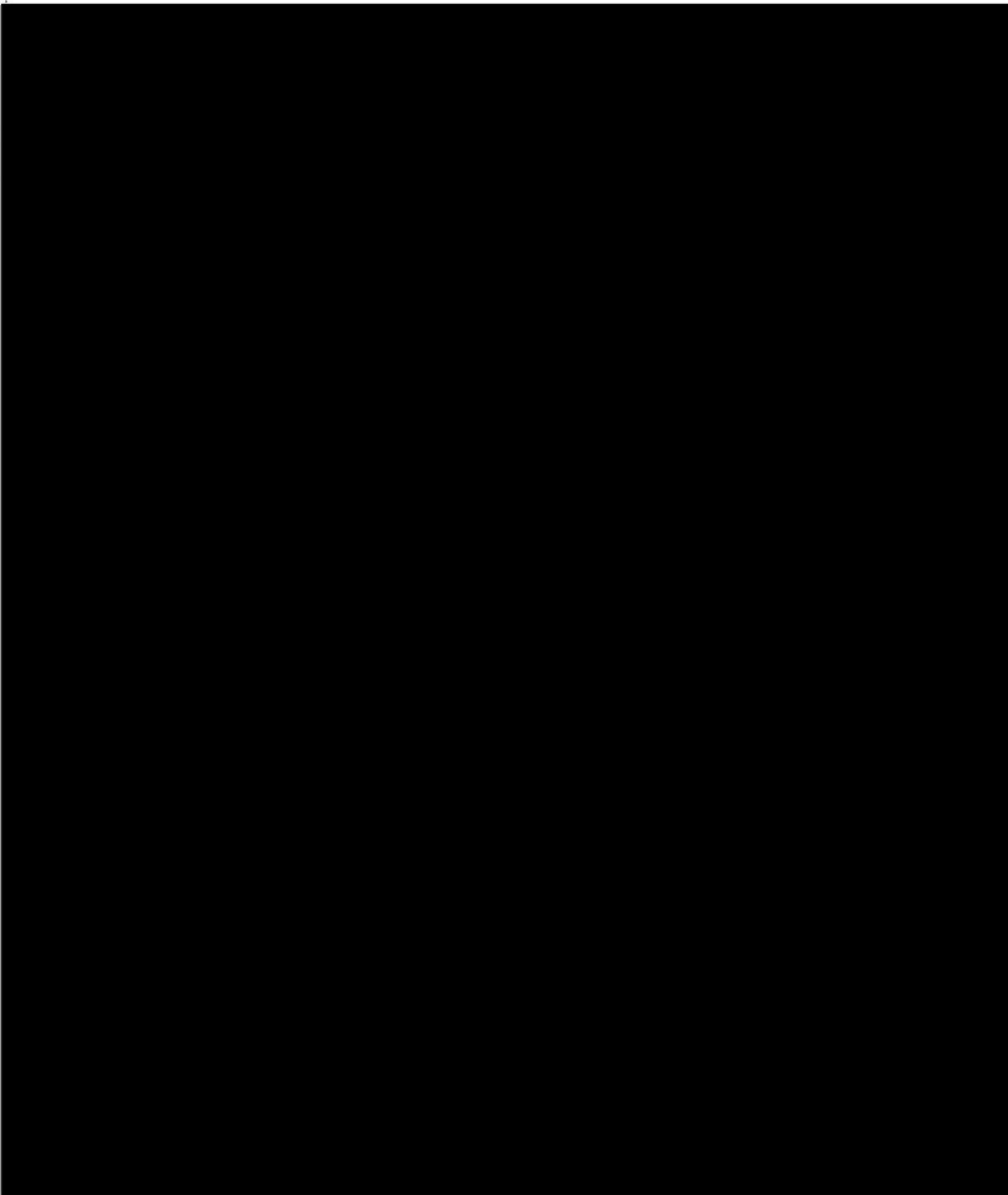


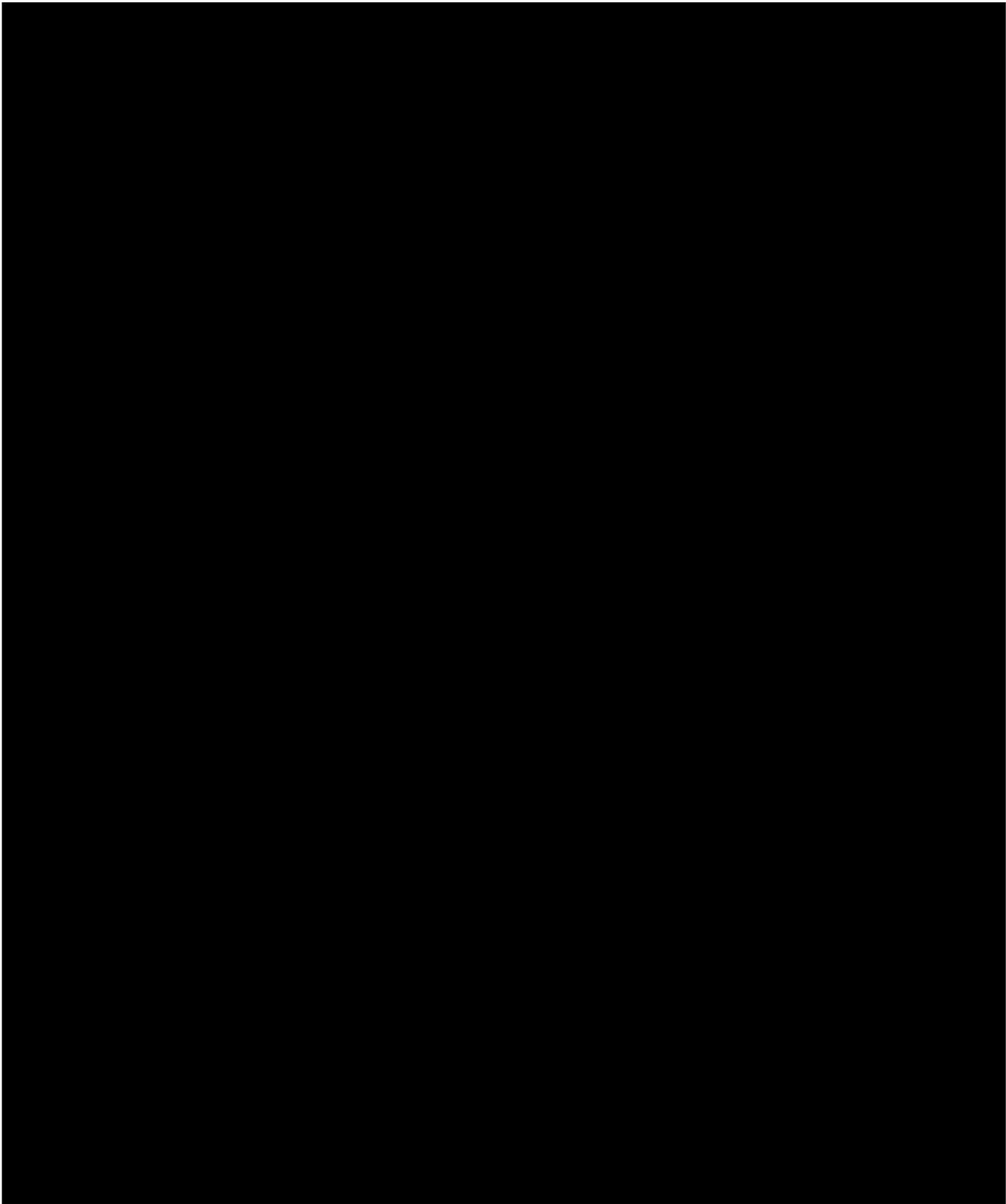


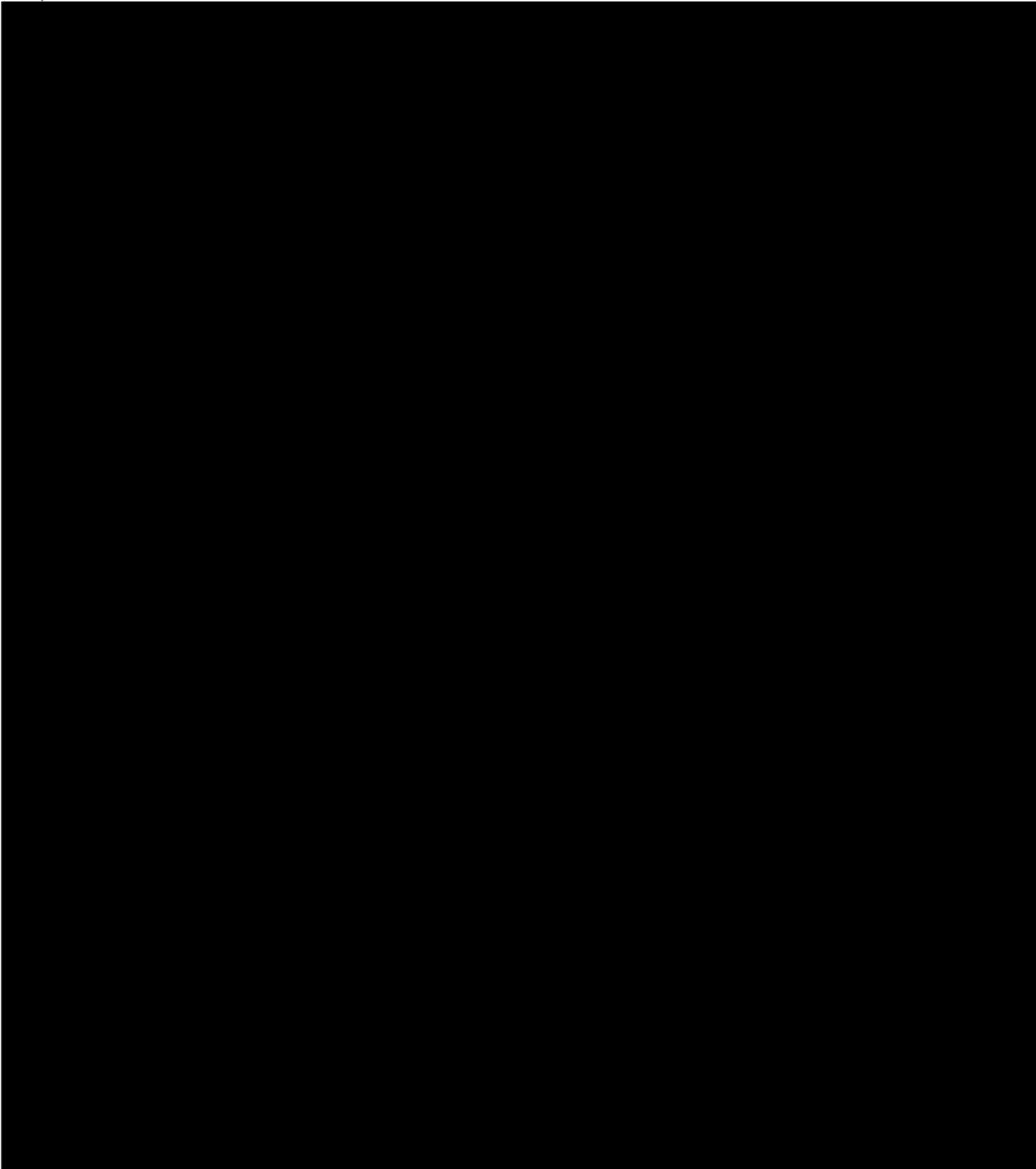


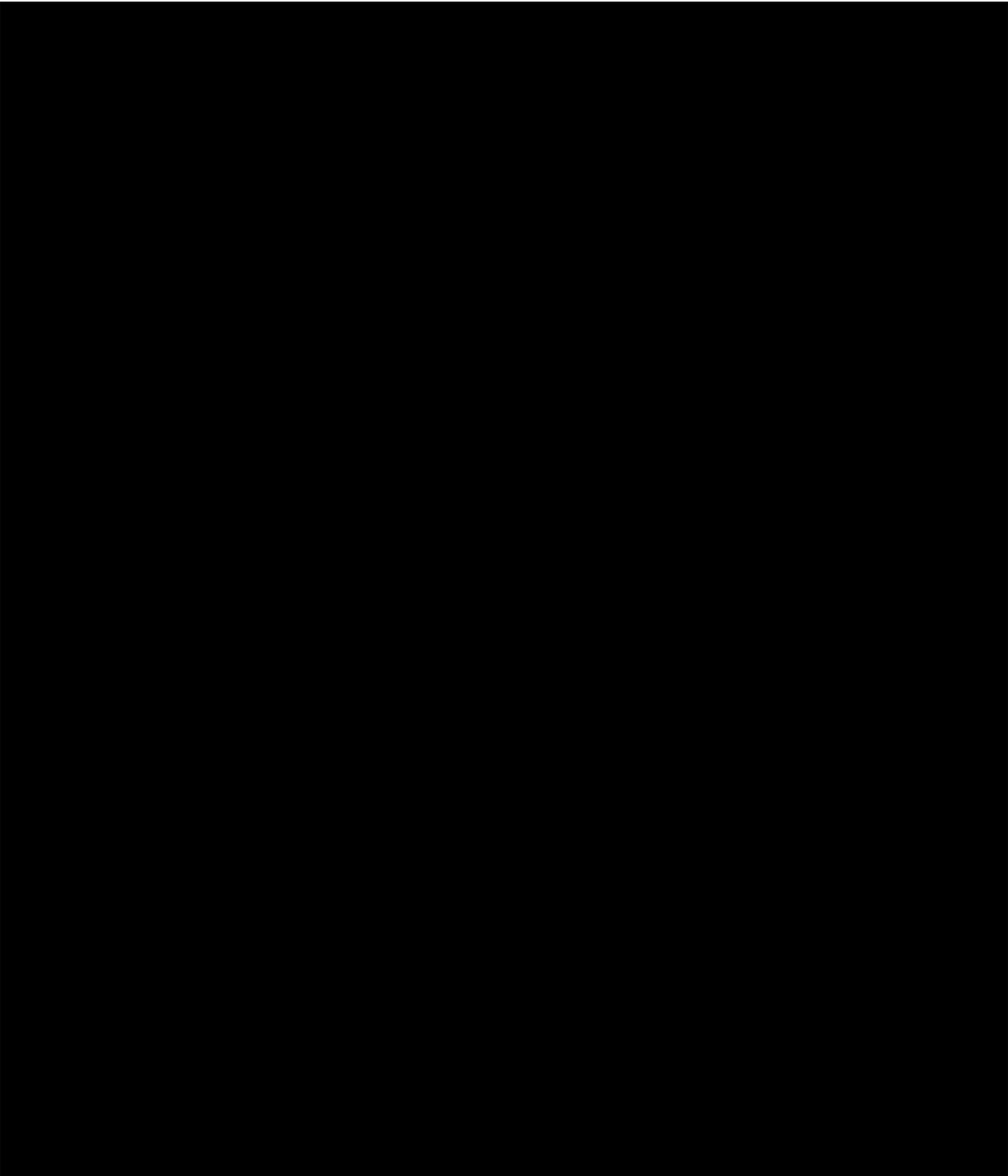


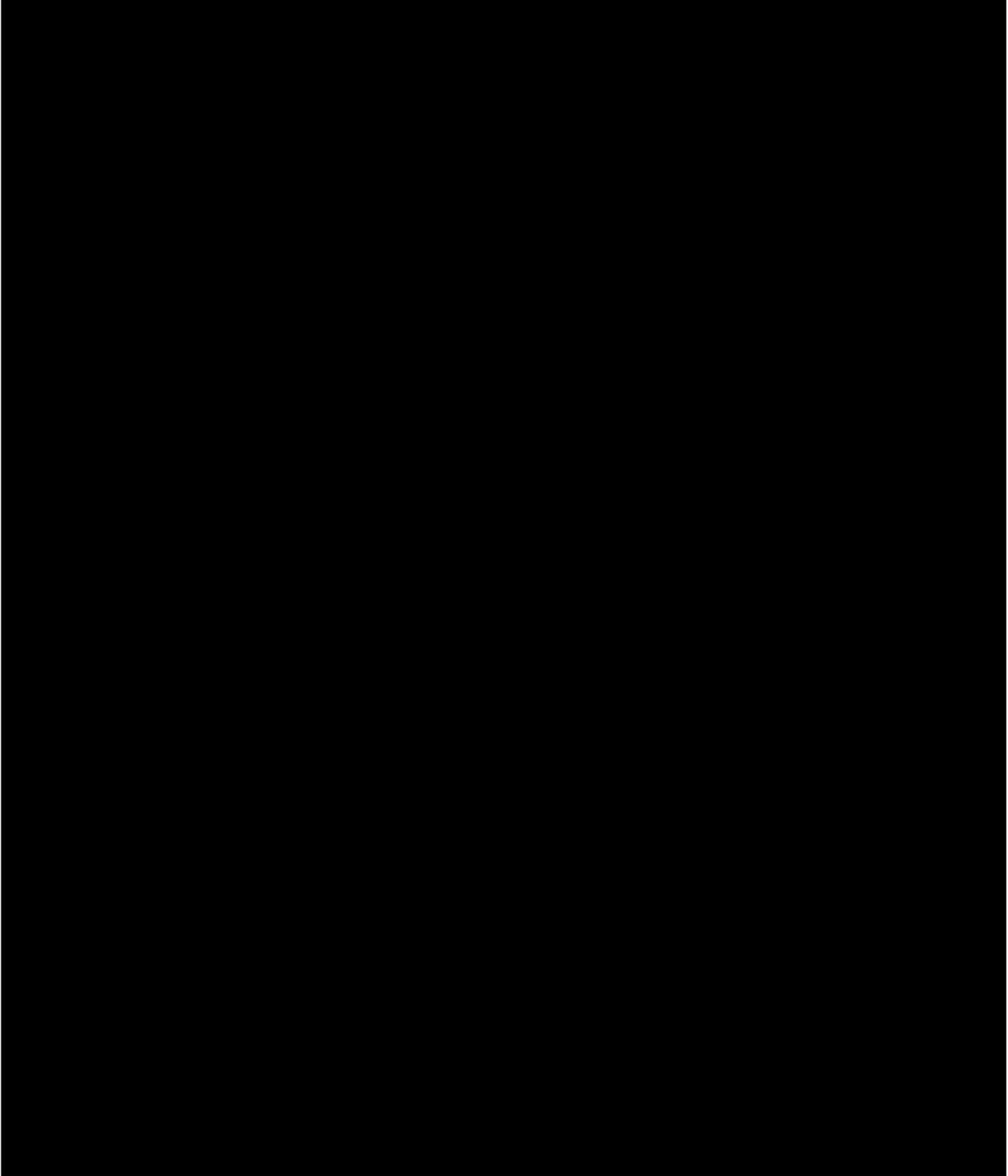


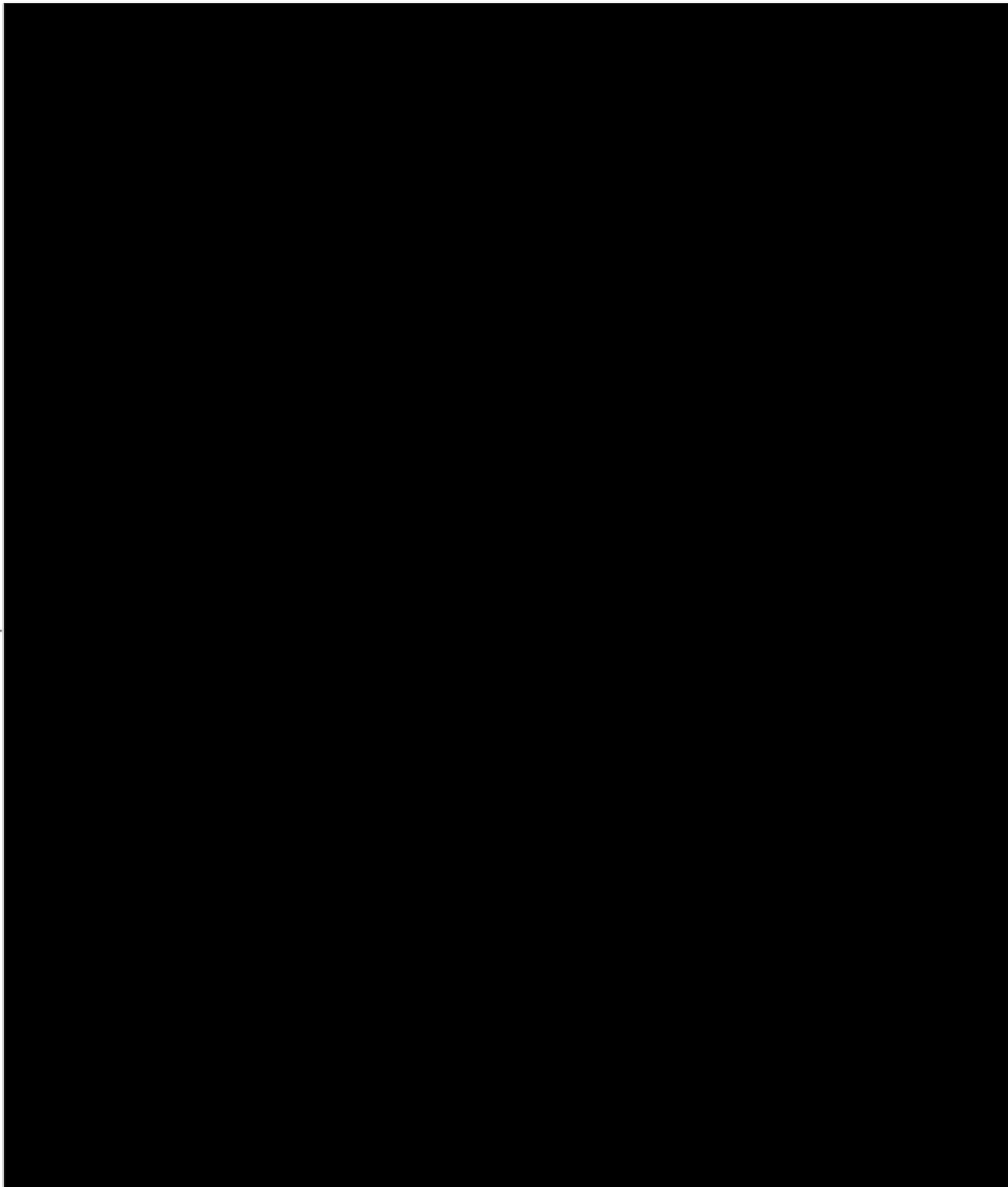


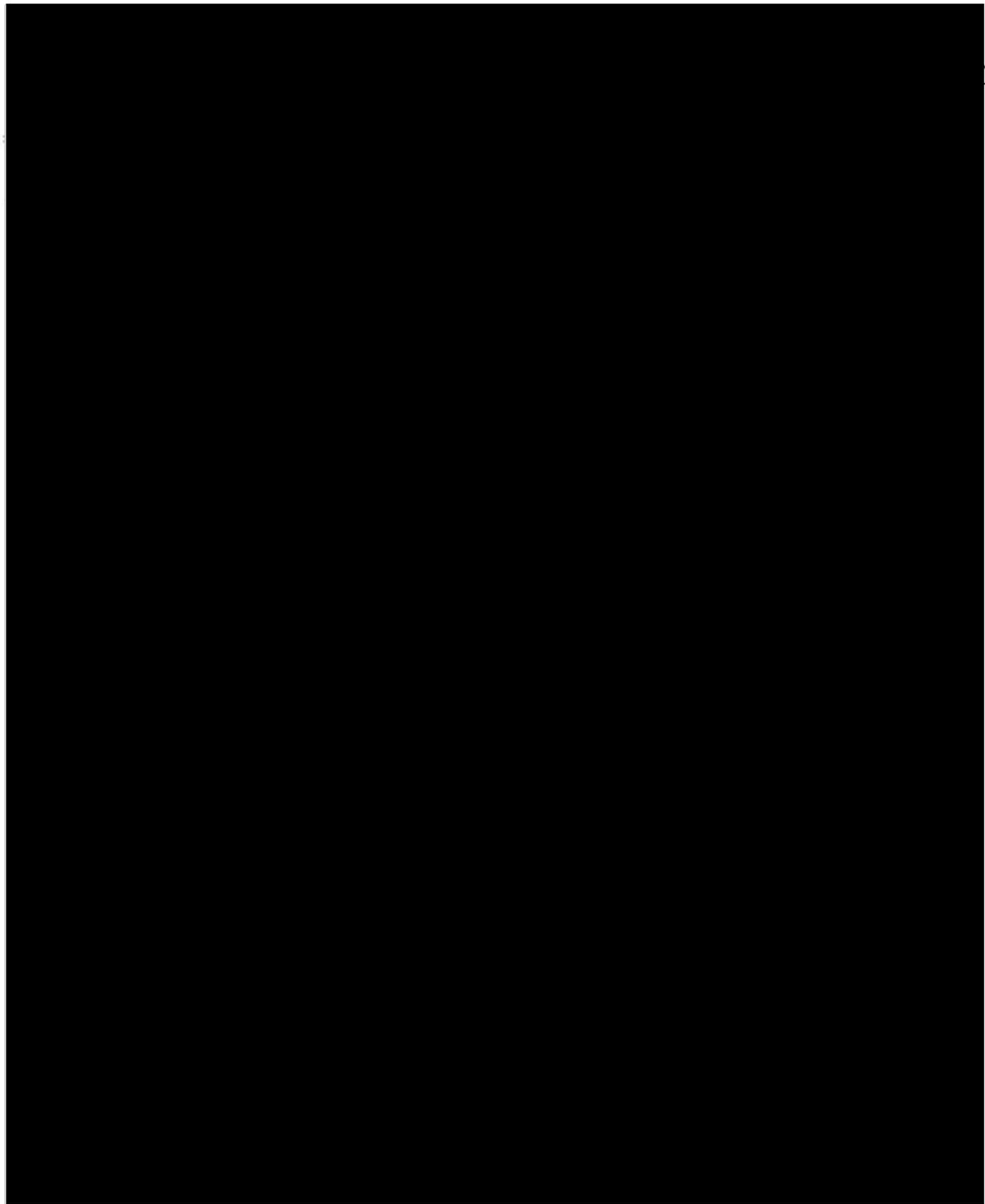




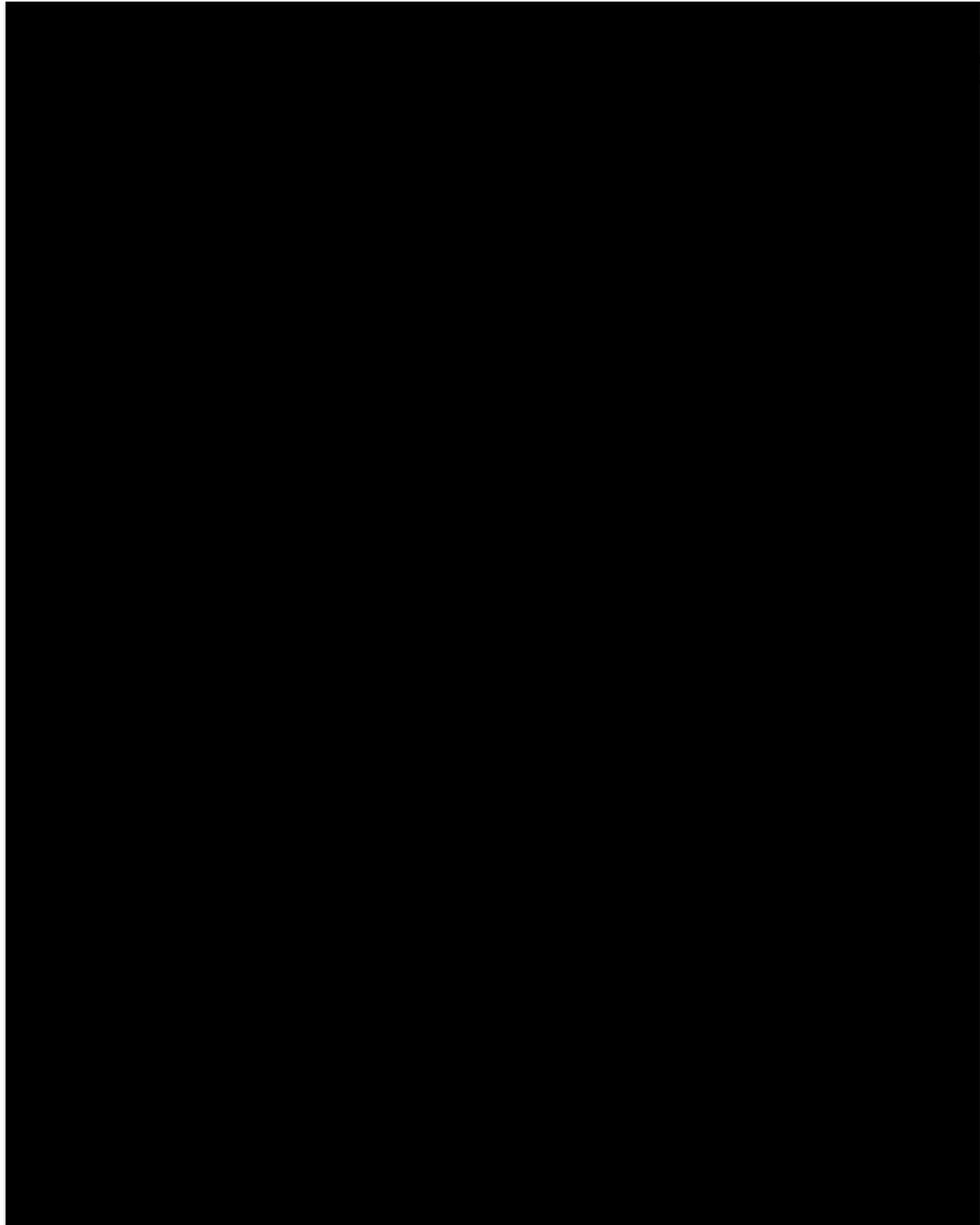


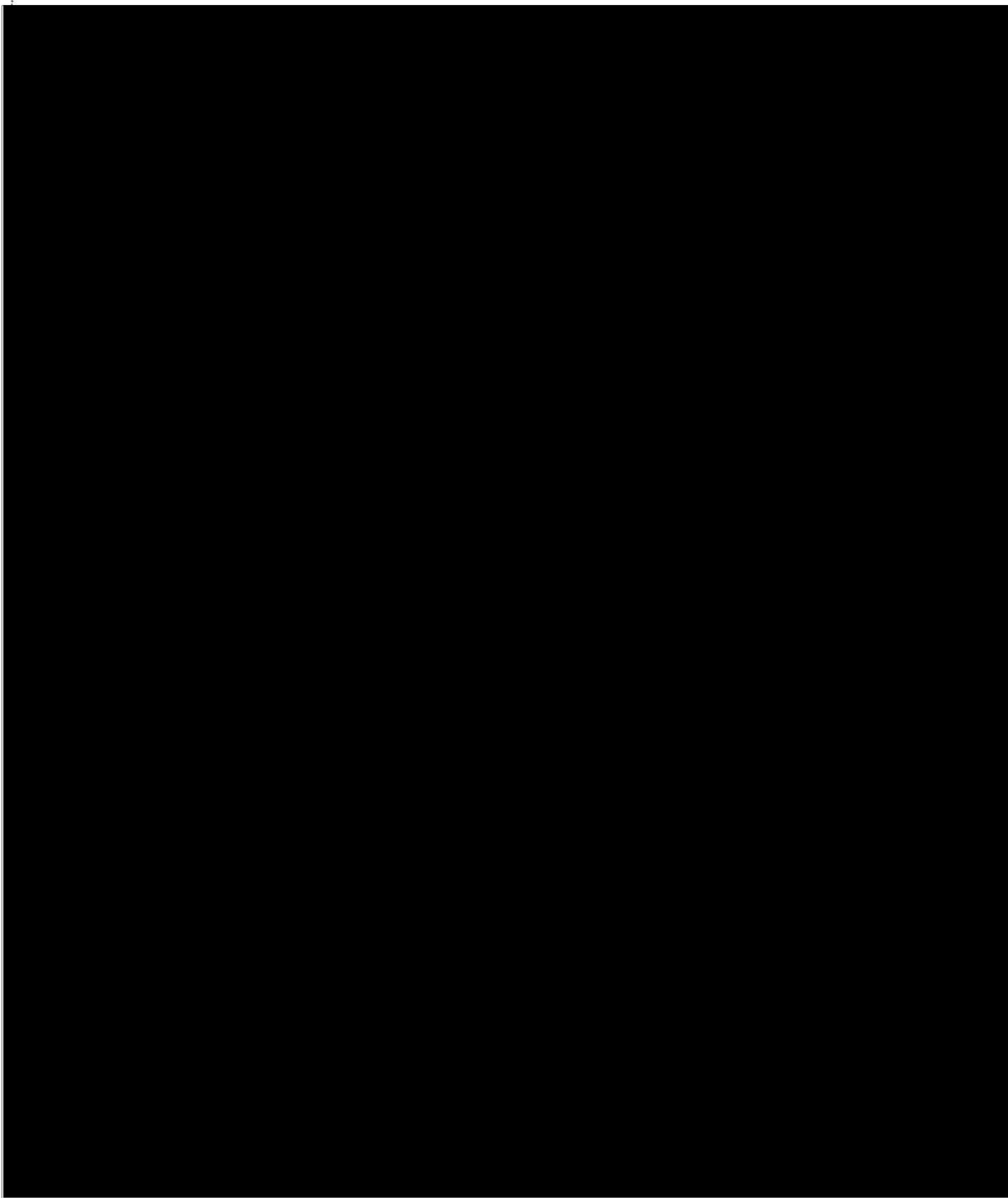


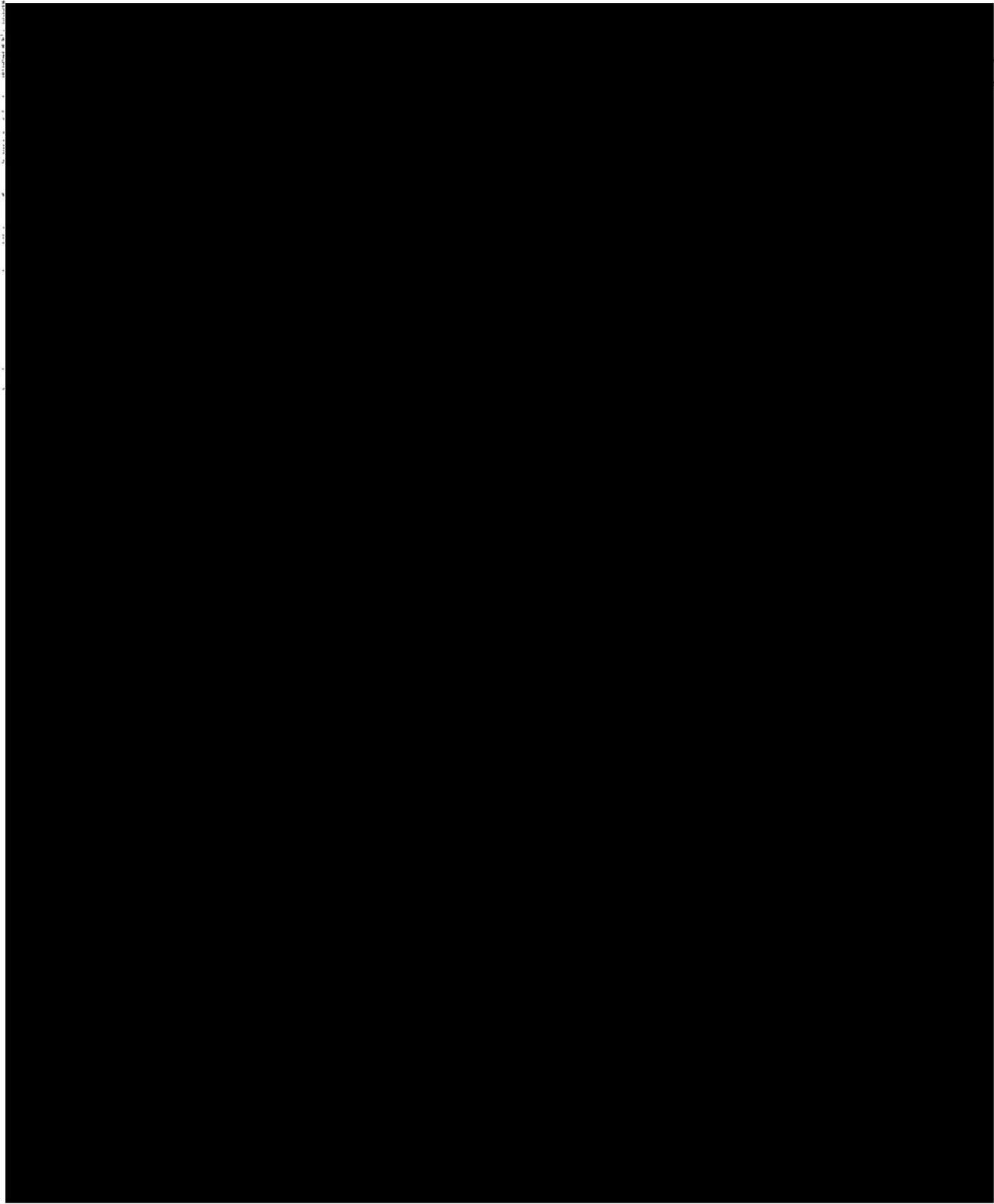


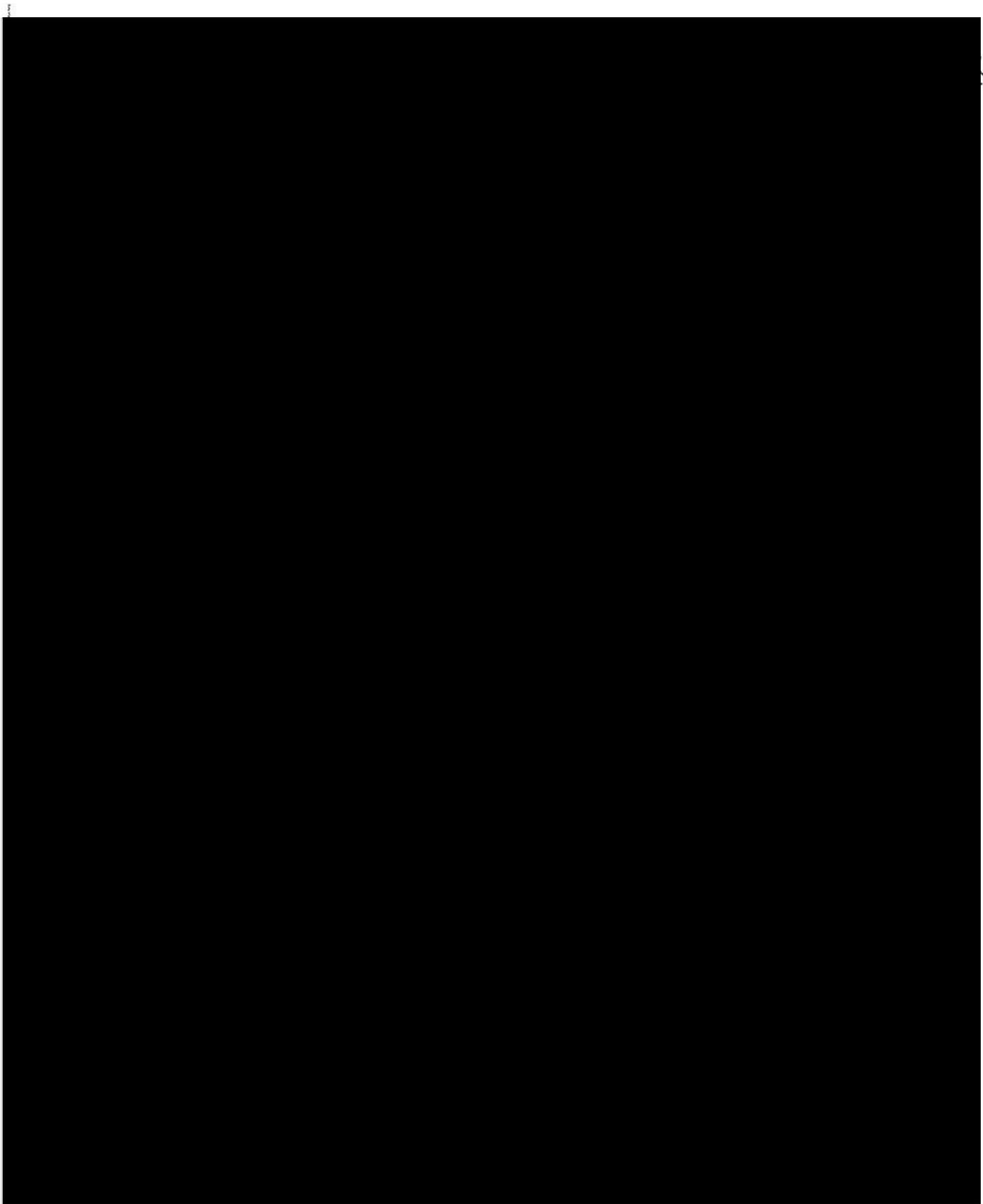


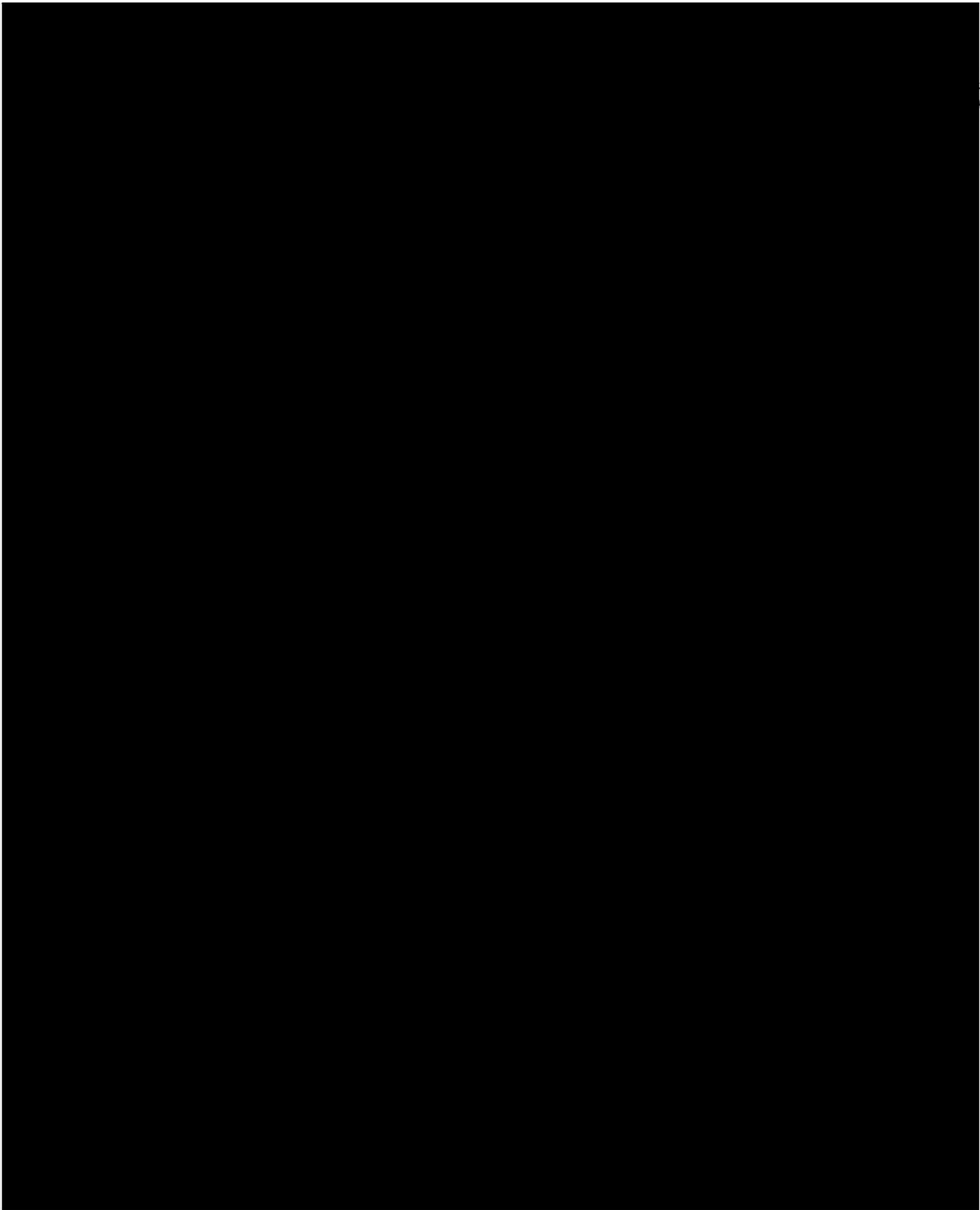
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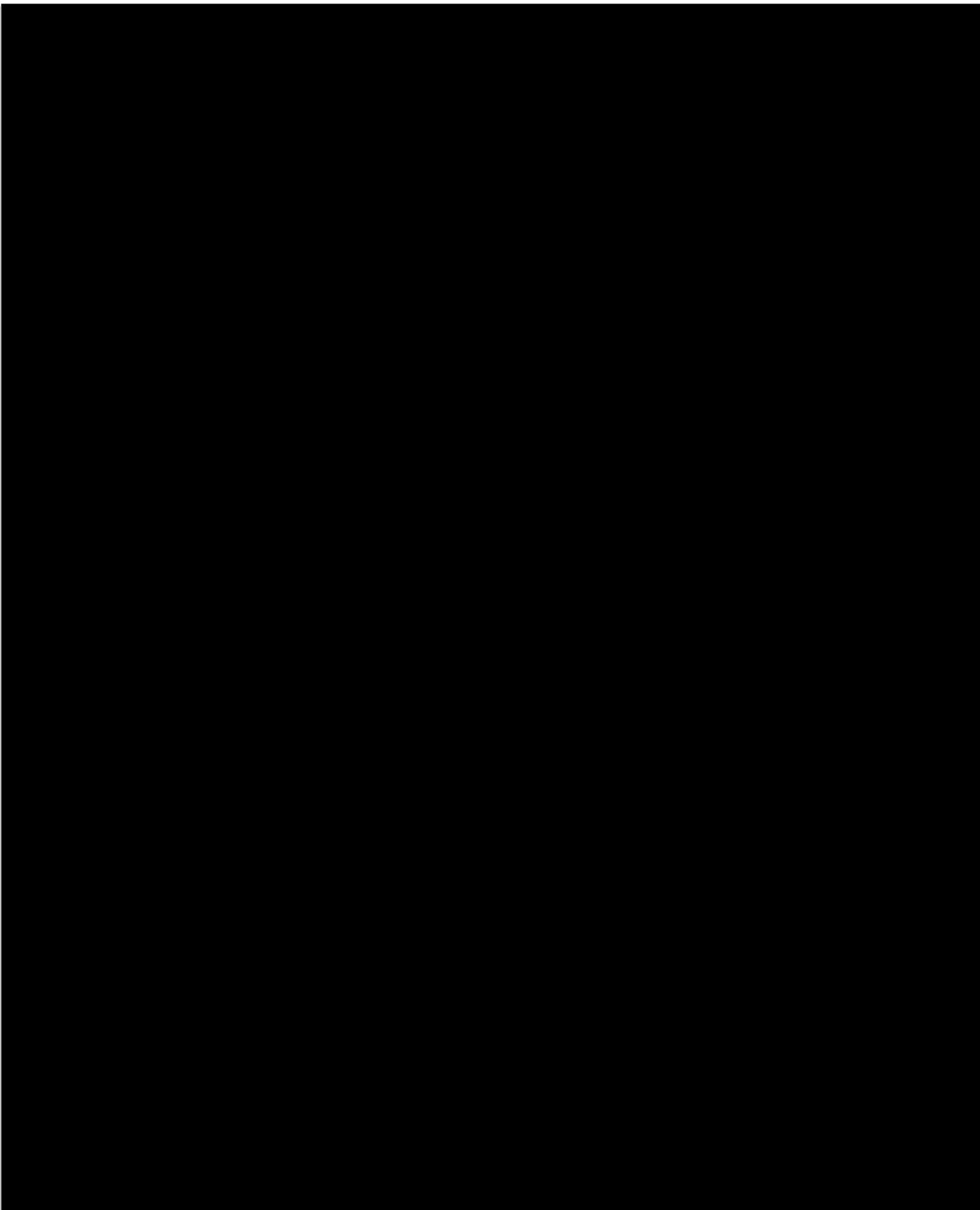


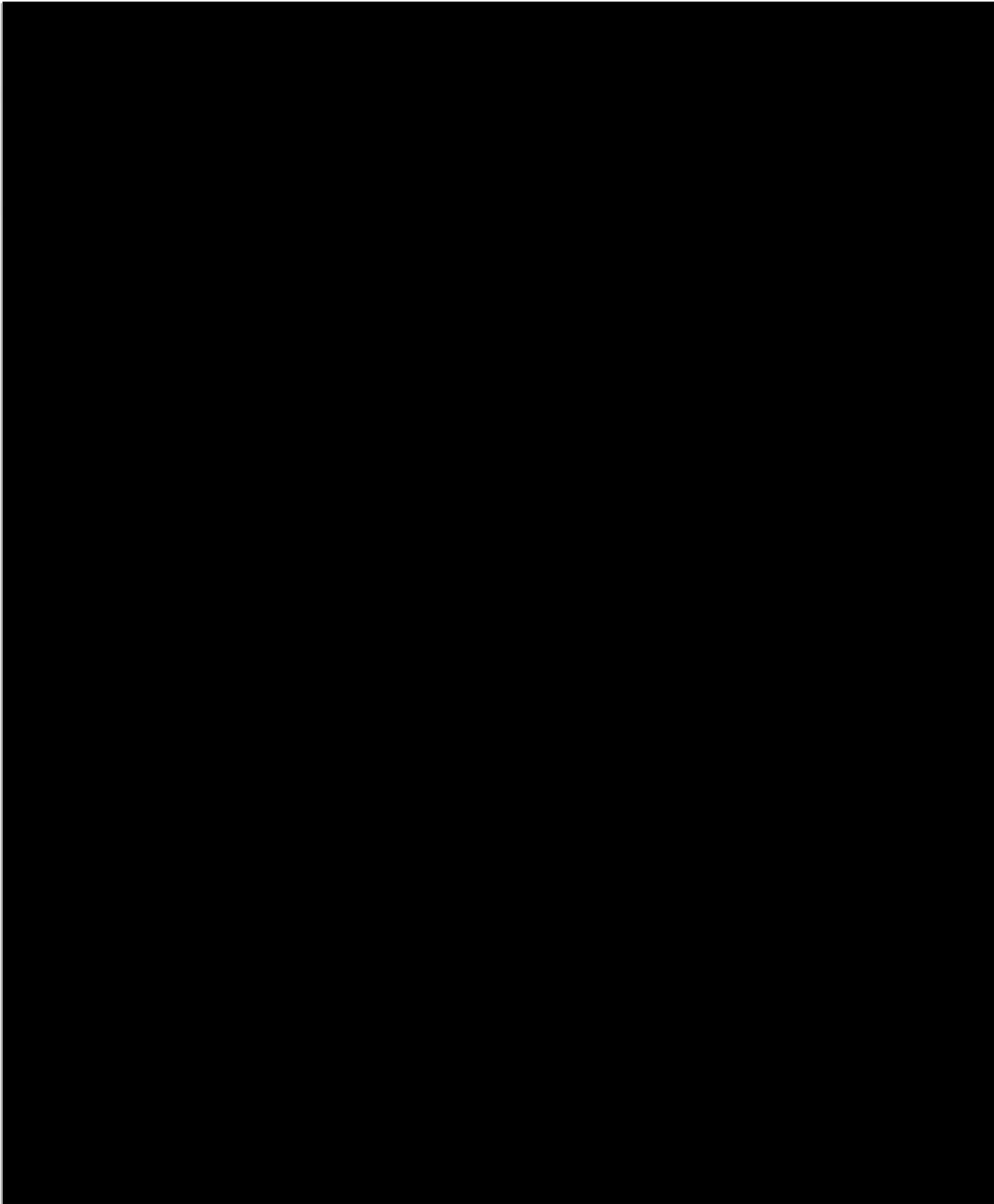


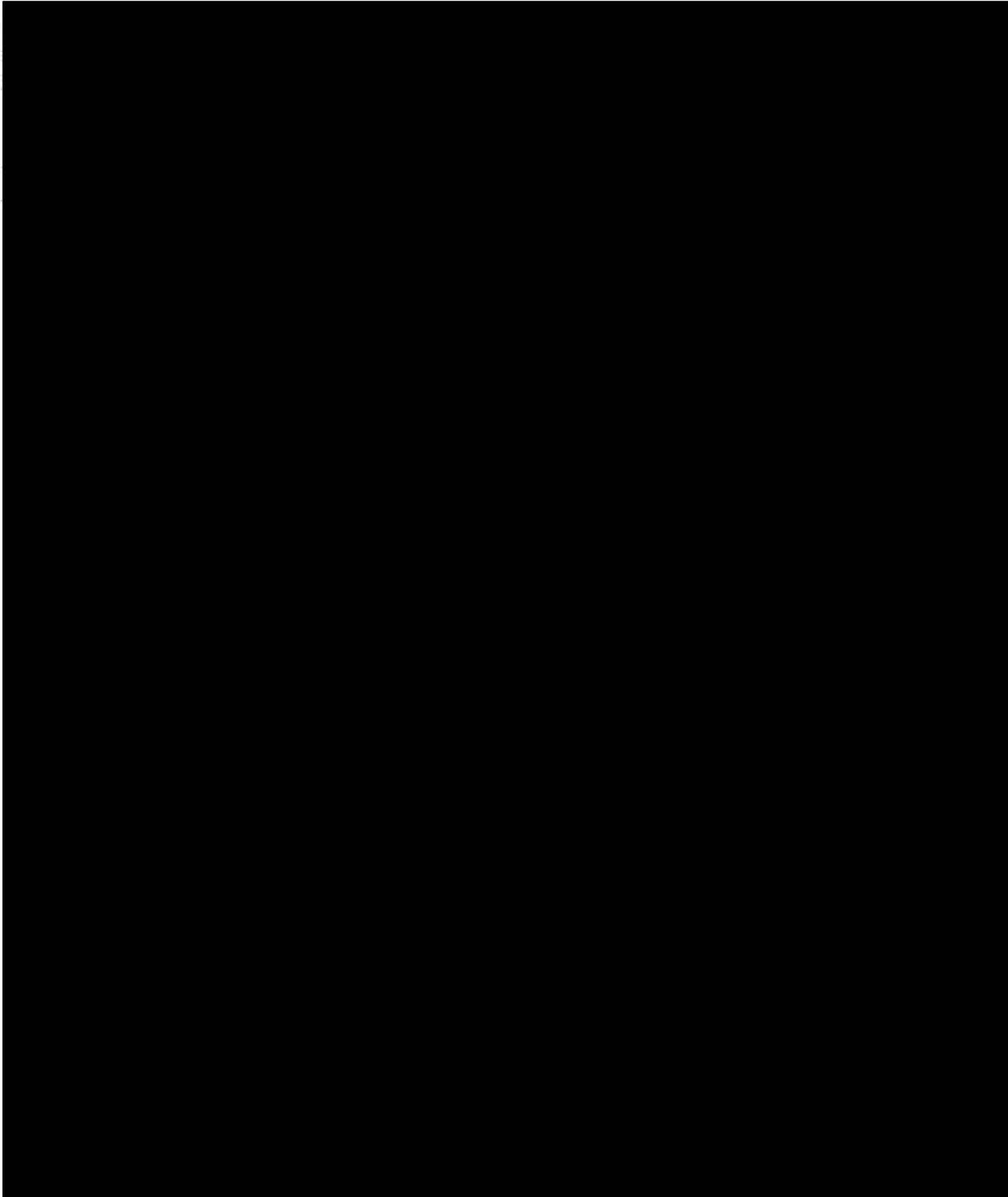


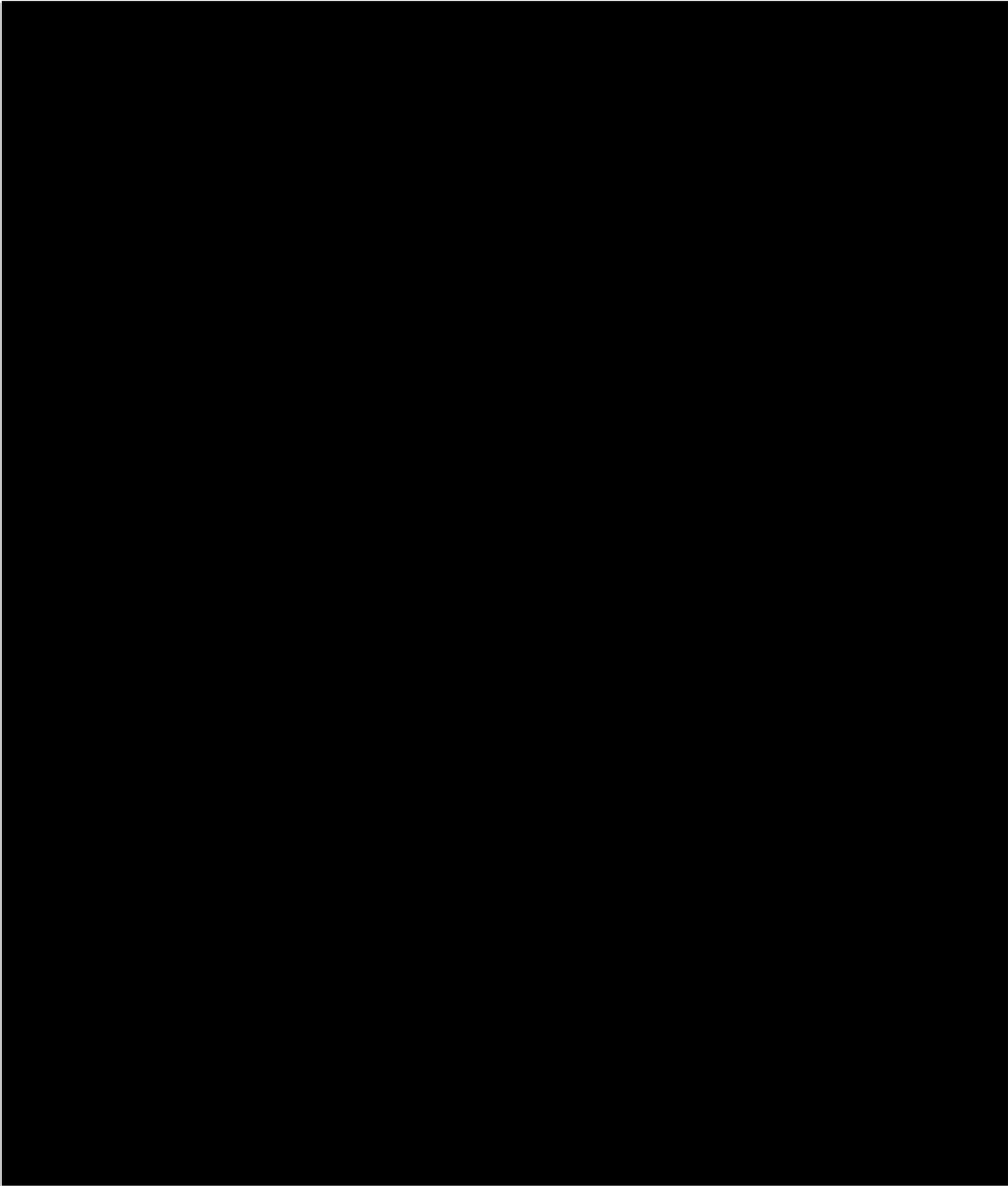
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**Section 5 – Integrity Management
(Conformance Guidelines for Contractors)**

**Section 5 – Integrity Management
(Conformance Guidelines for Contractors)**



**Section 5 – Integrity Management
(Conformance Guidelines for Contractors)**

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**Section 5 – Integrity Management
(Conformance Guidelines for Contractors)**

1.0 INTRODUCTION TO THE COMPANY INTEGRITY MANAGEMENT STANDARD

1.1 Overview

The COMPANY Integrity Management Standard (IM Standard) was first published in 2006 and is primarily aimed at management system integrity and specifically the mitigation or elimination of major accident risk. The IM Standard comprises ten fundamental elements which are broadly aligned with "Getting HSE Right" (GHSER), ISO 9001 Quality Management and OSHA 1910 process safety management. The COMPANY GROUP has set a global conformance deadline for the new standard, effective Dec 31, 2008, or to have an approved deviation in place. More detail on the IM Standard and copies of the E&P Integrity Management Implementation guide are available on request. It should be noted by all CONTRACTORS that the IM Standard and in particular the 36 minimum requirements contained in the E&P Integrity Management Implementation Guide are internal obligations for COMPANY only. However they can significantly impact the way CONTRACTORS provide products and services (see the obligation for CONTRACTORS on Page 6).

The Ten IM Standard elements include:

- Accountabilities
- Competence
- Hazard Evaluation and Risk Management
- Facilities and Process Integrity
- Protective Systems
- Practices and Procedures
- Management of Change
- Emergency Response
- Incident Investigation and Learning
- Performance Management and Learning

1.2 Purpose of the Group Integrity Management Standard

- 1.2.1 Sets out the IM Standard requirements necessary to comply with the Group values, particularly those relating to Risk, Health and Safety and Environmentally Sound Operations.
- 1.2.2 Requires the controlled application of hazard evaluation including major accident risk assessment, process safety and engineering management, combined with internationally recognized industry standards and engineering, maintenance and operating practices developed by COMPANY.
- 1.2.3 Aims to reduce the number and severity of uncontrolled releases of hydrocarbons, chemicals, hazardous materials and other high-energy sources (including catastrophic and chronic releases) to the atmosphere, water, or ground, and to help prevent the failure of equipment and infrastructure in order to avoid serious harm to people, the environment and COMPANY assets.
- 1.2.4 Will help COMPANY to benefit from greater operational integrity; better Health, Safety, Security, and Environment (HSSE) performance; increased lifecycle value of COMPANY assets; and greater engineering standardization and productivity.

**Section 5 – Integrity Management
(Conformance Guidelines for Contractors)**

1.2.5 Will help sustain COMPANY's license to operate, improve its operational reputation, reduce future environmental liabilities, and achieve internal targets as defined in COMPANY's management framework.

1.2.6 The IM Standard and Control of Work Standards are complementary. Control of Work focuses on the safe execution of workplace activities while integrity management concerns the total lifecycle integrity of COMPANY operations through design, construction, operation, maintenance, and decommissioning.

1.3 Scope and Applicability of the COMPANY IM Standard

The IM Standard applies to all COMPANY operations globally. The standard contains 10 elements and 36 minimum requirements. Each element has an intent statement, which can be referenced in the E&P Integrity Management Implementation Guide. All the elements require both systematic and well documented management system processes to be both in place and effective for the operations lifecycle. Specifically this ensures that for all COMPANY operations, the equipment used in each operation, the people performing the operation, the practices and procedures being used for the operation are ALL fit for service – the aim being to avoid loss of containment events, to maintain structural integrity throughout the lifecycle of the facility and equipment in question, and most importantly to prevent major incidents.

1.4 Commitment and Implementation timetable

COMPANY's global implementation of the IM Standard by December 31, 2008 is a key priority commitment made by COMPANY's then CEO, Lord John Browne, and latterly CEO Tony Hayward.

1.5 Accountability for delivery of Integrity Management

For every product and/or service that is purchased by COMPANY, the IM Standard requirements involved in the Scope of Work are covered by a "the Single Point of Accountability" (SPA) that is responsible for delivery of integrity management for COMPANY. If the name of the Integrity Management SPA is not provided by COMPANY at the appropriate time, CONTRACTORS should inquire as of her/his contact information.

1.6 The COMPANY Integrity Management Process

The definition of "Integrity Management" is a continuous assessment process applied throughout Design, Construction, Operations, Maintenance, and Decommissioning to assure that wells, facilities, and structures are managed safely.



**Section 5 – Integrity Management
(Conformance Guidelines for Contractors)**

IM Process	Key Activities	Elements
Hazard Evaluation and Risk Assessment	Assign accountabilities for IM Systematically identify major hazards Conduct risk assessment Assess equipment criticality Define safe operating envelope	1, 3
Develop Risk Management Plan	Define practices and procedures Identify required IM competencies Build equipment risk-based IM plan Develop corrosion management plan Build emergency response plan	2, 4, 5, 6, 8
Implement Risk Management Plan	Implement equipment IM plan Test emergency response plan Management of change	4, 5, 7, 8
Learning and Improvement	Incident investigation Performance management Assessment against KPIs Audit and peer review	9, 10

1.7 Safety Critical Equipment

The Exploration and Production Segment requires the identification of Safety Critical Equipment (SCE) for the purposes of assuring availability and functionality of equipment that provides the greatest relative contribution to risk reduction for major accident hazards. The identification of SCE facilitates the prioritization of inspection, testing and maintenance tasks and the associated performance management.

1.8 Integrity Management Assurance

COMPANY Business Units and Functions are accountable for implementing the IM Standard with CONTRACTORS and suppliers and for providing auditable evidence of conformance.

1.9 Regulatory Requirements

The IM Standard is intended to complement regulations and defines a process to provide assurance that COMPANY's minimum requirements for the IM Standard are being met, including conformance with the Engineering Technical Practices (ETP) and with appropriate industry codes and standards. In the event of a conflict between the IM Standard and a relevant law or regulation, the relevant law or regulation shall be followed. Any such conflict shall be reported to the relevant SPU engineering authority. If the standard creates a higher obligation, it should be followed as long as this also achieves compliance with the law or regulation.

**Section 5 – Integrity Management
(Conformance Guidelines for Contractors)**

1.10 The intent of the IM Standard with respect to CONTRACTORS is to promote the adoption of the IM Standard by companies working on behalf of COMPANY. COMPANY shall seek to hire CONTRACTORS with integrity management programs that are just as encompassing as this IM Standard – if not more so – and to encourage those who do not have such a program to adopt one.”

1.11 The applicability of the IM Standard with respect to CONTRACTORS:

“Where COMPANY relies on a CONTRACTOR to carry out work that would be subject to this Standard if performed by COMPANY employees, COMPANY shall, after an appropriate risk assessment, endeavor to ensure that the CONTRACTOR adopts this IM Standard. It will also seek to amend relevant contracts, immediately or on renewal, to reflect this IM Standard.”

The term CONTRACTOR also covers SUBCONTRACTORS and includes the suppliers of goods and services.

2.0 IM CONFORMANCE PLAN FOR CONTRACTORS

This section sets out the IM Standard conformance requirements for key CONTRACTORS. Key CONTRACTORS are considered on the basis of Major Accident Risk (MAR) potential of their respective COMPANY operations. The list of CONTRACTORS selected for IM Standard conformance assessment is reviewed and approved by the Technical Authority (TA), the Integrity Management SPA (Single Point of Accountability), the Integrity Assurance representatives (IA), the PSCM representatives (Procurement & Supply Chain Management), and the EA (Engineering Authority) for the application.

2.1 Each selected CONTRACTOR shall perform the following steps.

Step	Integrity Management conformance plan for CONTRACTORS
1	Complete the IM Standard self assessment checklist (Appendix 1)
2	Report any IM Standard self assessment gaps
3	Develop and implement a plan to close any gaps before commencement of the WORK
4	Identify all safety critical equipment and report SCE preventative maintenance programs (total SCE work orders, SCE failures, overdue SCE work orders)

2.2 Use of the COMPANY Global CONTRACTOR IM Standard conformance checklist

The assessment of the CONTRACTOR’s management system will be conducted using the Global COMPANY checklist contained in Appendix 1. The checklist is designed to highlight management system gaps, relative to the ten IM Standard elements of the COMPANY IM Standard. Ideally the CONTRACTOR will have broadly equivalent systems in place that align with the intent for each element in the standard, such as for instance ISO9001 or API equivalent ISO29001.

**Section 6 – Integrity Management
(Conformance Guidelines for Contractors)**

Deviations will be managed and reviewed as part of the Supplier Performance Management (SPM) process. The methodology used in this document is consistent with and based on the global COMPANY PSCM team's model. The key objective is a globally consistent IM Standard conformance message to all CONTRACTORS engaged by COMPANY irrespective of geographical location, business segment, and / or SPU.

2.3 CONTRACTOR IM Standard requirements

CONTRACTORS shall conform to the minimum IM Standard requirements as specified in Appendix 2.

2.4 Identification of CONTRACTOR Safety Critical Equipment (SCE)

The objective of SCE is to identify the subset of equipment that is most critical to the management of major accident hazards. These are the equipment items that prevent, control and mitigate major hazards, and therefore are required to have a high reliability and availability before and during an incident. Much of this SCE will require planned inspection, testing, and maintenance to confirm the reliability and calibration to function on demand in accordance with applicable performance standards.

The designation of SCE allows management to optimize inspection, testing, and maintenance resources to mitigate major accident risks. As such, the SCE should typically represent approximately 20% of the equipment items on the Master Equipment List. Although this percentage is not mandated, significantly higher percentages will likely result in a lack of focus on those items that require preferential attention.

In general, SCE equipment should be identified as part of a risk assessment or hazard evaluation study. A generic Land rig SCE table and SCE decision tree have been provided as examples, which may help CONTRACTORS identify SCE in their operations.

2.4.1 Appendix 4 contains - as an example - a generic land rig SCE register which can be modified by the CONTRACTOR to suit their specific operations.

2.4.2 Appendix 5 contains an SCE decision tree which should be used or adapted by the CONTRACTOR to help identify their SCE.

For Wells related operations, SCE is broadly characterized by any lifting/hoisting or pressure containing equipment, fuel systems, and protective systems.

2.4.3 The aim of identifying SCE in CONTRACTOR operations is to ensure equipment integrity through rigorous and appropriate application of equipment selection criteria, operating practices and procedures, and lifecycle management including maintenance, inspection and testing frequencies.

2.4.4 The SCE register is a communication tool that contains equipment that is absolutely "critical" to the safe Rig or Non-rig operations on COMPANY leases. A higher degree of vigilance and rigor is expected of this equipment and its use by COMPANY and CONTRACTOR staff.

2.4.5 Planned preventative maintenance events and overdue events reporting will be required by COMPANY.



**Section 5 – Integrity Management
(Conformance Guidelines for Contractors)**

- 2.4.6 Likewise any SCE incident or related failures will require rigorous investigation to ensure root causality is identified and appropriate actions are taken to restore the SCEs integrity. COMPANY will require written notification of any SCE failure event.



Appendix 1 -- COMPANY Global CONTRACTOR Integrity Management Conformance Checklist

CONTRACTOR:

SERVICE/SEGMENT:

NORMAL FONT - MANDATORY FOR 2008

ITALICISED FONT - CONTINUOUS IMPROVEMENT 2008+

Integrity Management Element	What role do CONTRACTORS play in helping COMPANY comply?	Relevant to this Contract? (Y/N)	Conformance?	Gap?
1. Accountability	Identify responsibilities and accountabilities of personnel who make decisions affecting technical integrity and service/product quality. Identify for each Contract/Service line single point contacts for technical integrity and service/product quality. <i>Establish how technical/ risk management decisions are controlled and how they are verified.</i>			
2. Competency	Demonstrate that competency processes exist and are being followed for all staff. Confirm that staff impacting integrity management has been identified and have suitable job descriptions that identify competency requirements. Supplier / CONTRACTOR retain documented employee competency assessments and training records. <i>Confirm that staff is assessed versus their competency requirements and that training programs exist and are implemented to close competency gaps.</i>			
3. Hazard Evaluation and Risk Management	Confirm Operations Planning and Procedures address risk management, in particular. Demonstrate that hazards within the CONTRACTOR organization are systematically identified and the risks assessed and managed			

**Section 5 – Integrity Management
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Integrity Management Element	What role do CONTRACTORS play in helping COMPANY comply?	Relevant to this Contract? (Y/N)	Conformance?	Gap?
	<p>via formal documentation and communication with affected staff. Demonstrate implementation of risk mitigations based on hazard assessments</p> <p>Performed evaluation to identify SCE based on risk assessment, CONTRACTOR specified, or generic COMPANY SCE lists. Where appropriate, take part in Risk assessment meetings. Where applicable, implement COMPANY-identified risk mitigations and / or participate in the COMPANY risk assessment process and assist in providing solutions for the risks identified.</p> <p>Communicate and implement with the required degree of rigor QA/QC requirements specified in the contract, COMPANY standards, and specifications.</p>			
4. Facilities and Process Integrity	<p>Demonstrate systems and procedures to assure that design and any construction, installation or maintenance activity confirms materials, equipment, structures, and temporary equipment are fit for purpose, life-cycle service, will avoid loss of containment, and maintain structural integrity.</p> <p>Confirm that manufacturing processes are documented, and where necessary processes and operators are qualified to provide assurance that design intent and integrity is achieved.</p> <p>Demonstrate understanding of and adherence to relevant COMPANY specifications, Engineering Technical Practices (ETP), Site Technical Practices (STP), Site Operating Procedures (SOP), and regulatory requirements.</p> <p>CONTRACTORS participating in maintenance, inspection, and operating procedures that impact integrity management (onsite and offsite) are aware of IM Standard implications relating to their activities.</p>			
5. Protective Systems	<p>CONTRACTORS working on protective systems follow relevant STPs and SOPs and other site specific guidelines and practices. Suppliers will identify, verify, and turn over key data for procured materials, equipment, and/or services for Projects, O&M, Drilling and Wells related to protective systems to comply with COMPANY</p>			

2

Section 5 – Integrity Management
(Conformance Guidelines for Contractors)

Integrity Management Element	What role do CONTRACTORS play in helping COMPANY comply?	Relevant to this Contract? (Y/N)	Conformance?	Gap?
	specifications and regulatory requirements.			
	Suppliers will also have a key role in ensuring that systems are properly designed, installed, documented, and appropriately tested, certified, inspected and maintained.			
	Protective systems and/or devices shall not be bypassed, removed from service, or prevented from working as intended, either permanently or temporarily, without special controls putting in place and COMPANY approval obtained.			
	Deviations to specification will require COMPANY Management of Change (MOC) approval.			
	Where appropriate, suppliers will need to work with COMPANY to identify requirements for protective systems.			
6. Practices and Procedures	CONTRACTORS / suppliers working on COMPANY sites will need to be familiar with relevant ETP, STP, SOP, Regulatory Procedures (RP), and Drilling and Wells Operations Policy (DWOP) as defined by COMPANY.			
	CONTRACTOR's / supplier's internal shop practices & procedures should be consistent with the intent of this element. Where appropriate the field practices and procedures will be reviewed and commented on by COMPANY.			
7. Management of Change	CONTRACTORS will have an internal MOC system in place. CONTRACTORS / suppliers to interface with COMPANY MOC process as required.			
	A CONTRACTOR's internal MOC processes will need to confirm IM Standard risks are mitigated and are subject to their in-house specialist approval.			
	Clear process shall be in place to confirm when COMPANY TA approval is needed for changes and / or rectification work. MOC shall be approved by COMPANY before work is completed			
8. Emergency Response and Crisis	When working at COMPANY sites, CONTRACTORS will need to be familiar with COMPANY's CMI and ER plans. They may also be involved in COMPANY CMI and ER training programs and drills as			



**Section 5 – Integrity Management
(Conformance Guidelines for Contractors)**

Integrity Management Element	What role do CONTRACTORS play in helping COMPANY comply?	Relevant to this Contract? (Y/N)	Conformance?	Gap?
Management	<p>appropriate. CONTRACTORS operating their own equipment (drilling rigs, vessels, construction equip) on behalf of COMPANY will have CM and ER plans that are compatible with COMPANY's. Document a program to alert COMPANY management and technical authorities of material recalls and materials-related safety alerts and to take necessary actions to mitigate risk. A documented process to account for the location of materials after an emergency Alert Notice is validated.</p>			
9. Incident Investigation and Learning	<p>CONTRACTORS and suppliers shall advise COMPANY of IM Standard-related incidents during the contract/ PO execution and any that may result in a product recall/ rectification program. Suppliers may become involved in investigation of a COMPANY incident or on occasion may be required to conduct their own investigations. After an IM Standard incident related to materials or equipment, assure implementation of mitigations to avoid recurrence.</p>			
10. Performance Management	<p>Maintain external accreditation to quality and environmental standards organizations such as ISO9001/2000 and ISO14001 Demonstrate systems and procedures for management review, internal audit, non-conformance identification / close out and preventative action. Put in place meaningful and measurable KPIs to monitor internal and CONTRACTOR sub-suppliers integrity management and quality management performance. Suppliers / CONTRACTORS may be required to participate in gathering and reporting metrics on COMPANY Operations or their own.</p>			



Appendix 2 – CONTRACTOR IM REQUIREMENTS

Integrity management is the overall practice of managing the activities associated with the integrity of operations and facilities. The COMPANY IM Standard is a COMPANY global requirements document under the COMPANY Operating Management System (OMS) that enforces rigor around technical accountability, risk management, and adherence to Group Engineering Technical Practices (ETP), Site Technical Practices (STP) and COMPANY Operating procedures. The primary objective of the IM Standard is to ensure that life cycle technical, safety and environmental performance is inherent and maintained in our facilities.

The IM Standard applies to all projects, O&M, drilling, and well activities related to the design, procurement, construction, maintenance, and/or operation of integrity management critical equipment and/or materials.

When COMPANY delegates work activities, accountability still remains with COMPANY, therefore all COMPANY operating units are expected to develop and implement a rigorous assessment process applied throughout design, procurement, construction, maintenance, and operations to assure our facilities are built and managed safely and to comply with the IM Standard. In general, the COMPANY Integrity Management SPA and EA are accountable for assuring the actions specified in this document are carried out. As always with the IM Standard, it is assumed that the Integrity Management SPA and EA may delegate these accountabilities to other staff at the COMPANY Operation.

CONTRACTORS

CONTRACTORS and suppliers play a crucial role in many areas of our operations. The IM Standard is applied as rigorously to CONTRACTORS and suppliers as it is to COMPANY staff. This document provides guidance on application of the IM Standard to CONTRACTORS and suppliers.

For the purposes of this document, the term "CONTRACTOR" is used to describe any third party with the potential to impact IM Standard at a COMPANY facility or operation. The term "CONTRACTOR" will include those vendors traditionally thought of as CONTRACTORS (e.g., Firms that supply labor or services to the facility) and will also include suppliers of equipment, engineering services, and non-COMPANY staff individuals who COMPANY contracts with to do work on COMPANY owned and/or leased facilities. This document does not intend to duplicate all requirements of the IM Standard. This document highlights those activities specifically related to CONTRACTORS and SUBCONTRACTORS.

SUBCONTRACTORS

As CONTRACTORS work with COMPANY Operations to implement the IM Standard, they will inevitably use CONTRACTORS of their own (SUBCONTRACTORS from COMPANY's perspective). The following criteria should apply to the application of the IM Standard to SUBCONTRACTORS

- SUBCONTRACTORS who impact IM Standard at a site/project should be held to the same standards and rigor as direct CONTRACTORS and COMPANY Staff.
- In general, the CONTRACTOR should be accountable for ensuring that their SUBCONTRACTORS understand and effectively implement the IM Standard. CONTRACTORS should therefore be given the flexibility to apply the intent of the IM Standard to their SUBCONTRACTORS in the most efficient manner possible.
- There may be instances where COMPANY chooses to take accountability for application of the IM Standard to SUBCONTRACTORS because of the critical nature of the activity.



**Section 5 – Integrity Management
(Conformance Guidelines for Contractors)**

Application of the elements of the IM Standard shall be fit for purpose for the specific CONTRACTOR and work scope. The actions listed below will be reviewed for each CONTRACTOR relationship. COMPANY will prioritize engagement with their CONTRACTORS based on the risk associated with the CONTRACTOR's activity, size of the CONTRACTOR, and scope of the activity.

Element 1 – Accountabilities

- CONTRACTOR shall appoint an equivalent of the Integrity Management SPA to act as a central point of contact for COMPANY on IM Standard related issues and to ensure the CONTRACTOR is meeting the intent of the IM Standard.
- CONTRACTOR shall appoint an equivalent of the EA to monitor correct application of the CONTRACTOR's and/or COMPANY's technical practices and other relevant aspects of the IM Standard.
- The Integrity Management SPA shall ensure that COMPANY's contract with the CONTRACTOR specifies requirements to meet the IM Standard. (see the contract scope of work)

Element 2 – Competence

- CONTRACTOR will have a program in place to ensure competence of their employees. At a minimum the competence program will:
 - o Define the competences required to effectively deliver the IM Standard
 - o Include assessments against the required competences,
 - o Identify and track gaps, and
 - o Include training programs and training records to close any gaps.
- COMPANY shall ensure an audit or monitoring process is implemented to ensure CONTRACTORS are executing their competence program. COMPANY's auditing or monitoring of the CONTRACTOR's program shall not contravene local labor laws. COMPANY will comply with auditing standard ISO19011.
- The Integrity Management SPA shall ensure COMPANY staff have the competence to adequately monitor performance of the CONTRACTOR competence program.
- COMPANY operations will maintain an approved CONTRACTOR list that includes integrity management capabilities in the criteria.
- COMPANY operations will maintain a supplier performance management process that includes integrity management in the assessment criteria.

Element 3 – Hazard Evaluation and Risk Management

- CONTRACTOR shall have internal processes to identify IM Standard hazards that impact their work for COMPANY.
- CONTRACTOR shall have internal processes to manage, document, and communicate risks that could impact integrity management performance.
- Where appropriate, CONTRACTOR shall understand and be able to participate in COMPANY's internal hazard evaluation and risk management programs.
- The Integrity Management SPA shall ensure that a risk management policy exists for the procurement of materials and services that could impact integrity management at the COMPANY Operation.
- The integrity management SPA shall ensure that hazard identification processes (e.g., HAZOPs) identify CONTRACTOR interfaces and activities that could impact integrity management at the COMPANY Operations.



**Section 5 – Integrity Management
(Conformance Guidelines for Contractors)**

- The Integrity Management SPA shall ensure that risk mitigation activities exist to manage identified risks. The application of hazard identification processes may be prioritized based on the perceived risk or criticality of the material or service.

Element 4 – Facilities and Process Integrity

- CONTRACTOR shall have in place and be able to demonstrate that systems and procedures exist and are being followed to ensure that design, construction, installation, maintenance, and other activities that could impact IM are fit for purpose and will avoid loss of containment and maintain structural integrity for the life cycle of the equipment, material, or structure.
- CONTRACTORS shall ensure that manufacturing processes are documented, and where necessary, processes and operators are qualified to ensure that design intent and integrity is achieved.
- CONTRACTORS shall demonstrate understanding of and adherence to relevant COMPANY Specifications (e.g., ETP, STP, SOP, and regulatory requirements).
- CONTRACTORS participating in maintenance, inspection, testing, operating, and other procedures that impact IM (onsite and offsite) shall demonstrate they are aware of IM implications relating to their activities.
- The COMPANY Operation EA shall ensure that any CONTRACTOR deviations to ETP or STP are properly vetted and approved.
- The IM Standard SPA shall ensure that any CONTRACTOR deviations to SOP are properly vetted and approved.

Element 5 – Protective Systems

- CONTRACTORS working on protective systems shall follow relevant STP and SOP and other site specific guidelines and practices.
- CONTRACTORS shall follow relevant ETP, STP, and SOP to identify requirements for the design, installation, documentation, testing, certification, inspection, and maintenance of protective systems.
- CONTRACTORS shall ensure that protective systems and/or devices are not bypassed, removed from service, or prevented from working as intended, either permanently or temporarily, without following procedures approved by the COMPANY Operation.
- CONTRACTORS shall ensure that any changes or deviations to protective systems are subject to the COMPANY Operations MOC process.
- CONTRACTORS will identify, verify, and turn over key data for procured materials, equipment, and/or services related to protective systems to comply with COMPANY specifications and regulatory requirements.
- The COMPANY operation EA and Integrity Management SPA shall ensure that all relevant technical practices and procedures related to protective systems are communicated to the CONTRACTOR.

Element 6 – Practices and Procedures

- CONTRACTORS must comply with ETP, STP, SOP, and Statement of Requirements (SOR) relevant to the service, equipment, or material they are providing or provide a deviation request if conflicting or capability issues arise.
- CONTRACTOR internal procedures associated with technical practices and operating procedures shall be consistent with the intent of Element 6 of the IM Standard.
- CONTRACTORS shall demonstrate that an appropriate management of change process exists for their internal practices and procedures.



**Section 5 – Integrity Management
(Conformance Guidelines for Contractors)**

- The COMPANY operation Engineering Authority and Integrity Management SPA Standard shall establish which ETP, STP, and SOP apply to the CONTRACTOR.
- The COMPANY operation EA shall ensure appropriate technical review of requisitions and bid documents (PO or contract) occurs to ensure correct interpretation of requirements against identified risks and to ensure award is made to competent CONTRACTORS.
- The COMPANY operation shall ensure that appropriate QA/QC programs exist and are documented to verify compliance of materials and equipment to design requirements.
- The COMPANY operation EA and SPA IM shall ensure that a MOC to include risk assessment is conducted for deviations to ETP, STP, and SOP requested by CONTRACTORS.

Element 7 – Management of Change (MOC)

- CONTRACTORS shall utilize and participate as required in the COMPANY operation MOC process.
- CONTRACTORS shall maintain and utilize an internal MOC to mitigate risks that impact IM Standard.
- All COMPANY operation MOC requirements shall be approved by COMPANY before work commences.
- The COMPANY operation shall maintain an MOC process for contract and PO processes to include qualification of new CONTRACTORS.
- The COMPANY operation shall have a process to ensure all COMPANY operations MOC requirements are complete before work commences.

Element 8 – Crisis Management and Emergency Response (CM&ER)

- CONTRACTORS shall be familiar with the COMPANY operation CM&ER plans and shall understand their role in execution of the plan.
- CONTRACTORS operating their own equipment on behalf of COMPANY will have CM&ER plans that are compatible with COMPANY's.
- CONTRACTORS shall maintain a documented program to alert the COMPANY operation of material recalls and materials related safety alerts and will take necessary actions to mitigate risk.
- CONTRACTORS shall maintain a documented process to account for the location of materials after an emergency is validated.
- The COMPANY operation shall ensure the CONTRACTOR's roles in executing the CM&ER plan are understood and clearly communicated.
- The COMPANY operation shall ensure that the CONTRACTOR's people, materials, and processes required to execute the CM&ER plan are ready and tested.

Element 9 – Incident Investigation and Learning

- CONTRACTORS may become involved in investigation of a COMPANY incident or on occasion may be required to conduct their own investigations.
- After an integrity management incident related to materials or equipment, CONTRACTOR shall assure implementation of mitigations to avoid recurrence.
- CONTRACTORS shall advise COMPANY of any integrity management related incidents during the contract/ PO execution and any that may result in a product recall / rectification program.
- COMPANY incident investigation shall include incidents that are related to CONTRACTOR activities or supply.



**Section 5 – Integrity Management
(Conformance Guidelines for Contractors)**

- CONTRACTORS shall maintain and execute performance management processes to capture and record integrity management incidents.
- The SPA IM shall ensure that, when appropriate, CONTRACTORS are included in formalized procedures to share results of investigations and to transfer "lessons learned."

Element 10 – Performance Management and Learning

- CONTRACTORS shall demonstrate systems and procedures for management review, internal audit, non-conformance identification / close out and preventative action.
- CONTRACTORS shall put in place meaningful and measurable KPIs to monitor internal and SUBCONTRACTOR / sub-suppliers IM performance
- CONTRACTORS may be required to participate in gathering and reporting metrics on COMPANY operations or their own.
- The COMPANY operation shall put in place meaningful and measurable KPIs to monitor IM performance for CONTRACTORS considered to have an impact on IM performance.
- The COMPANY operations shall implement verification and audit programs to ensure IM requirements are being delivered and that any learning's are fed into the continuous improvement cycle
- The COMPANY operation shall implement suitable corrective / preventative action for CONTRACTORS not performing to the required standard.



**Section 5 – Integrity Management
(Conformance Guidelines for Contractors)**

Appendix 3 – ISO 9001 verses COMPANY Integrity Management System

Activity	Quality (ISO9001)	IM Standard
Responsibility	Section 5	Element 1
Organization	Section 6	Element 2
Resource, Competence & Awareness	Section 6	Element 2
Policy & Management system	Sections 5.3 & 5.4	Element 6
Planning	Sections 5.4 & 7.3	
Communication	Sections 5.5 & 7.2	
Documents & Records	Section 4	Elements 3,4 & 5
Requirements for the Product	Section 7.2	Element 3
Review	Sections 5.6 & 7.2	
Process, Sequence & Interaction	Section 4	
Process Effectiveness & Measurement	Section 4	Element 10
Design Input, Output, Review, Verification & Validation	Section 7.3	Element 4
Control of Change	Section 7.3.7	Element 7
Purchasing	Section 7.4	Element 4
Production	Section 7.5	Element 4
Criticality Assessment (Risk)	Sections 7.1 & 7.3	Elements 3 & 4
Verification, Validation, Inspection & Test Activities	Sections 7.1 & 7.3	Element 4
Identification & Traceability	Section 7.5.3	
Preservation	Section 7.5.5	
Measurement, Analysis & Improvement	Section 8	Elements 9 & 10



**Section 5 – Integrity Management
(Conformance Guidelines for Contractors)**

**Appendix 4 – EXAMPLE: Generic list of Safety Critical Equipment
(Land Rigs)**

Generic SCE Register
System and Equipment Number and Description

Ref	System or Equipment	Operation	System Tag Number	Equipment Tag Number	System Description	Equipment Description
1.00	Power Generation & Electrical					
1.01	Emergency Generator	N/A				
1.02	UPS	N/A				
1.03	Batteries	ER				
1.04	Cables for Back Up Systems	ER				
1.05	Egress Lighting	N/A				
1.06	Emergency Shut Down Systems	M, ER				
1.07	Hazardous Area Equipment	P, M				
1.08	Rig Call – PAGA	ER				
1.09	Safety Devices on Engines	P, M				
1.1	Safety Devices on Generator Controls	P, M				
1.11	Safety Devices on Electrical Switchboards	P, M				
1.12	Safety Devices on SCR and VFD Systems	P, M				
2.00	Fire & Gas Detection					
2.01	Smoke Detectors	N/A				
2.02	Flame Detectors	N/A				
2.03	Heat Detectors	N/A				
2.04	CH4 Detectors	D				
2.05	H2S Detectors	D				
2.06	Manual Call Point	D				
2.07	Control Panel	D				
3.00	Fire Fighting/Control					
3.01	Fire Pump	N/A				
3.02	Hydrants & Hoses	N/A				
3.03	Fire Extinguishers	M				
3.04	Deluge and sprinkler systems	N/A				
3.05	Passive fire protection	N/A				
4.00	Well Control					
4.01	BOP Annular	P, C, M				
4.02	BOP Rams	P, C, M				
4.03	BOP Hoses	P, C, M				
4.04	HCR Gate Valves	P, C, M				
4.05	IBOPs, other string safety valves	P, C, M				
4.06	Choke & Kill Manifold	P, C, M				

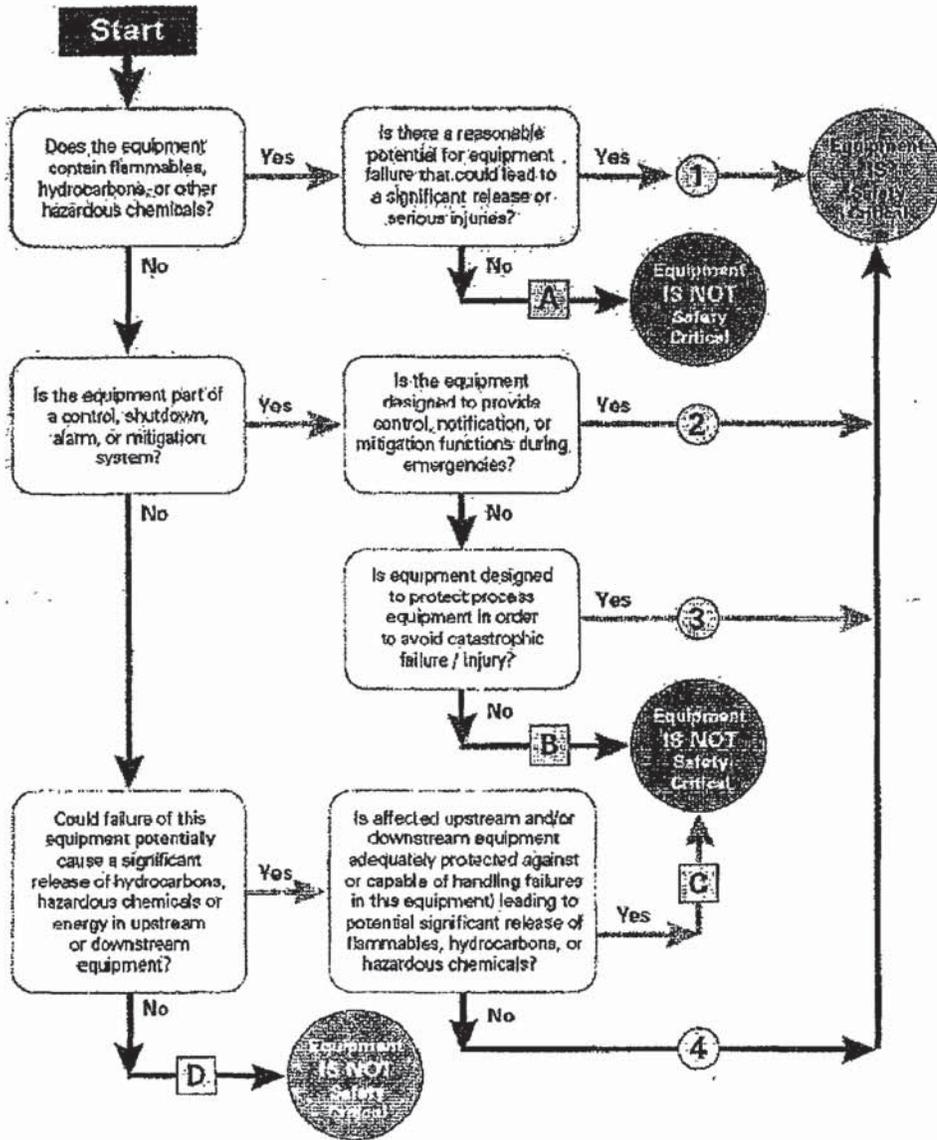


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(Conformance Guidelines for Contractors)**

Ref	System or Equipment	Stand Operation	System ID Number	Equipment ID Number	System Description	Equipment Description
4.07	Mud Gas Separator	P, C, M				
4.08	Divertor System	P, C, ER				
4.09	HP Piping (Mud, cement, flare if used for Well Control)	P, C, M, ER				
4.1	BOP Control System	P, C, M				
5.00 Pressure Systems						
5.01	Pressure Vessels (Bulk tanks, air recv.)	P, C				
5.02	Pressure Relief Device (PSVs, rupture disks)	C				
5.03	Pressure Switches	D				
6.00 Hoisting System						
6.01	Zone Management System	N/A				
6.02	Crown-Saver	P				
6.03	Drawworks Brake	P				
6.04	Elmagco Brake	P				
12 Critical Load Path Equipment						
12	Pipe Handling (elevators, etc.)	P, C				
12	Traveling Equipment	P, C				
12	Derrick	P, C				
12	Substructure	P, C				
12.1	Draw-works & Controls	P, C				
13 Environmental Impact						
13	Oil Based Mud Containment Systems	C				
13	Oily Water Separator	N/A				
13	Waste Oil Tanks	C				
13	Drains	N/A				
13.1	Flare Lines	C				
14 Emergency Response & Evacuation						
14.1	SCBAs	ER				
14.1	Fire Suits, other PPE	ER				
14.1	Emergency Communication Devices (Radios, PAGA)	ER				
20 Miscellaneous						
20	Cold Start Compressor	M				
20.1	HVAC Pressurization Systems	P				
20.xx	Other items Identified in Risk Assessments	P, C, D, M, ER				
Code	Descriptor					
P	Prevents Major Accident Risk					
C	Controls Major Accident Risk					
D	Detects onset of Major Accident Risk					
M	Mitigates Major Accident Risk					
ER	Provides response measure					



Appendix 5 – EXAMPLE: Safety Critical Equipment Decision Tree



Section 6 – Quality Assurance and Quality Control



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Section 6 – Quality Assurance and Quality Control

1.0 SCOPE

This document is a guide to the application of Quality Assurance (QA) and Quality Control (QC) for products and services.

2.0 REFERENCES

International Organization for Standardization (ISO):

- ISO 9000: Quality Management Systems – Fundamentals and vocabulary.
- ISO 9001 Quality Management Systems – Requirements.
- ISO 9004 Quality Management Systems – Guidelines for performance improvement.
- ISO 29001 API Q1.
- ISO 10005 Quality Management Systems – Guidelines for Quality Plans.
- ISO 10006 Quality Management Systems – Guidelines for quality management in projects.
- ISO 19011 Guidelines for quality and/or environmental management systems auditing.
- ISO 13879 Petroleum and natural gas industries – Content and drafting of functional specifications.
- ISO 13880 Petroleum and natural gas industries – Content and drafting of a technical specification.
- ISO 10012 Quality Assurance for measuring equipment – Control of measurement processes.

3.0 TERMS AND DEFINITIONS

The following terms and definitions apply:

3.1 CERTIFICATION

The action of determining, verifying, and attesting in writing to the qualification of personnel, processes, procedures or items in accordance with applicable requirements and standards.

3.2 CRITICALITY RATING

A formalized technique for assessing and measuring the importance of a piece of equipment or material, in regard to the effect that its failure would have on the system or scheme as a whole, and consequently the level of assurance and/or verification to be applied.

3.3 INTEGRITY MANAGEMENT (IM)

The controlled application of major risk, process safety, and engineering management combined with internationally recognized industry standards and COMPANY developed practices.

3.4 PROVISION OF RESOURCES

Type and amount of resources needed for the successful execution of the Quality Plan (QP).



Section 6 – Quality Assurance and Quality Control

These resources may include materials, human resources, infrastructure and work environment.

3.5 QUALITY ASSURANCE (QA)

Part of quality management focused on providing confidence that quality requirements will be fulfilled. The Quality Assurance process uses Integrity Management, provided by a document-based system of procedures in the attainment of technical integrity in design, procurement, and construction. The procedures are used to set the base technical integrity requirements to be followed by CONTRACTORS. They set the risk based assurance and verifications to be performed by COMPANY during design, procurement and well construction activities.

3.6 QUALITY CONTROL (QC)

Part of quality management focused on verifying quality requirements. CONTRACTOR's certified Quality Assurance and Quality Control systems supplemented by COMPANY's Integrity Management requirements are part of the Technical Integrity Assurance process. These are used as the primary process to assure and verify that the project integrity assurance system and integrity plan requirements have been met, the facility is safe, and meets the required performance standards at an acceptable cost. Quality Control for products and services is part of the verification system used to provide confidence that the required technical integrity has been adhered to. It involves checking that specified requirements have been met, often by using inspection and testing techniques, ensuring that the required technical integrity is achieved.

3.7 QUALITY PLAN (QP)

Document specifying which processes (set of interrelated or interacting activities which transforms inputs into outputs), procedures (specified way to carry out an activity or a process), and associated resources which will be applied by whom and when, to meet the requirement of a specific project, product, process or contract.

Note: Definitions for Quality Assurance, Quality Plan, Provision Resources, and Quality Control are similar to those found in the ISO 9000 series.

3.8 TECHNICAL INTEGRITY

Ensuring equipment and services used in well construction and intervention meet safety/specified requirements, are fit for the intended service, and maintain structural integrity and operational reliability throughout the full lifecycle.

4.0 SYMBOLS AND ABBREVIATIONS

BU	Business Unit
DE	Discipline Engineer
E&P	Exploration & Production
EA	Engineering Authority
FSE	Field Service Engineer
HAZOP	Hazardous Operation
NC	Non-Conformance
NCR	Non-Conformance Report
MOC	Management of Change
PEP	Project Execution Plan
PPM	Pre-Production Meeting



Section 6 – Quality Assurance and Quality Control

QMS	Quality Management System
RCA	Root Cause Analysis
SOP	Safe Operating Procedure
SOR	Statement of Requirements
SPU	Strategic Performance Unit
TA	Technical Authority
TI	Technical Integrity
TIA	Technical Integrity Assurance

5.0 TIMELINE OF PROCESS

Delivery is assured through the implementation of a comprehensive Quality Management System (QMS) focused on Quality Management (QM) processes including Quality Assurance (QA) and Quality Control (QC) for all activities from design through to operation. The COMPANY QMS is aligned with the Group Integrity Management (IM) standard.

The COMPANY QMS timeline ensures:

5.1 PLAN:

- 5.1.1 Quality objectives are set and delivered (Statement of Requirements (SOR) is issued by COMPANY);
- 5.1.2 Quality management resources are identified and put in place (Quality Plan (QP) is issued by the CONTRACTOR and accepted by COMPANY prior to the commencement of WORK); and
- 5.1.3 Focus on prevention of non-conformity and/or quality/process improvement.

5.2 EXECUTE:

- 5.2.1 A Pre-production meeting is held prior to the commencement of WORK; and
- 5.2.2 Execution by the CONTRACTOR adheres to the accepted QP.

5.3 CHECK:

- 5.3.1 Verification and validation complies with the QP; and
- 5.3.2 Non-conformities are documented through NCR's.

5.4 ACT:

- 5.4.1 NCR's generate RCA's and preventive actions.

6.0 REQUIREMENTS

- 6.1 CONTRACTOR shall have established, implemented and maintained a Quality Management System in compliance with the requirements of ISO 9001 (latest revision) or another recognized or established standard/format as mutually agreed with COMPANY, providing that all aspects of the CONTRACT and WORK which affect the quality of the services supplied are defined, documented, proceduralized (where required) and controlled under the system (including subcontracted services).
- 6.2 CONTRACTOR shall implement and maintain product or service specific Quality Plans that will apply for the duration of the CONTRACT. The Quality Plans shall include:



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- 6.2.1 Compliance to the CONTRACTOR's Documentation Systems of the applicable QMS;
- 6.2.2 A statement of the principle stages of the operation of the WORK, in a trace forward fashion, and that shall include a description of each stage;
- 6.2.3 A list, for each stage of the WORK, of the applicable documents that defines the Requirements submitted for review and approval by the COMPANY;
- 6.2.4 A list, for each stage of the WORK, of the verifying document that the completed stage complies with the Requirement;
- 6.2.5 Provision for the COMPANY to populate Surveillance points for each stage of the WORK, and corresponding to one of the following: Review; Monitor; Witness; or Hold; and
- 6.2.6 A list of sub-suppliers or SUBCONTRACTORs and the basis for the qualification and competence assessment.
- 6.2.7 Provision for the COMPANY to review and approve:
 - (a) The SUBCONTRACTORs and/or sub-suppliers;
 - (b) The material and/or construction;
 - (c) The CONTRACTOR's QA systems; and
 - (d) The completed QP prior to the commencement of WORK.
- 6.3 CONTRACTOR shall ensure that all calibrated equipment used in the course of the WORK shall be calibrated and maintained in compliance with ISO 10012.
- 6.4 CONTRACTOR shall allow COMPANY QA auditors full access to the WORK in progress, facilities, personnel, records, and documentation for the purpose of conducting quality audits in compliance with ISO19011.
- 6.5 CONTRACTOR's Quality Plan shall be submitted to COMPANY for approval prior to commencement of the WORK. See 6.2.7(d).
- 6.6 All corrective actions shall comply with ISO 9001 (Chapter 8.5.2) and the report of prevention of recurrence shall be submitted to the COMPANY within 30 days of issuance of the CAR.
- 6.7 Corrective actions undertaken by CONTRACTOR as a result of non-conformances being identified during a quality audit or inspection shall be undertaken at no cost to COMPANY.
- 6.8 CONTRACTOR shall compile all necessary documentation in accordance with specified requirements, and such relevant documentation shall be made available to COMPANY and/or the Certifying Authority for validation purposes.
- 6.9 CONTRACTOR shall maintain a document register in compliance with the CONTRACTOR's Document system of the QMS. The document register shall be reviewed by the COMPANY Integrity Assurance Engineer at agreed intervals. Further clarification can be obtained during the PPM.
- 6.10 CONTRACTOR shall comply with the ISO10005 and ISO9001 relating to the Provision of Resources. If the Provision of Resources is not available at the time of the PPM, the gap shall be treated as a deviation and submitted to the COMPANY Integrity Assurance Engineer for review and approval.
- 6.11 CONTRACTOR shall provide a Point of Contact to the COMPANY Integrity Assurance Engineer for all issues relating to the WORK.



Section 6 – Quality Assurance and Quality Control

- 6.12 Lifting equipment (i.e., equipment baskets, pad eyes, wire rope slings and shackles, etc.) shall have "valid certifications" in accordance with BP Quality Specification requirements. Rigging shall comply with ASME B30.26, slings with B30.9 and hooks with B30.10.
- 6.13 CONTRACTOR shall adhere to the Management of Change procedures as outlined in Appendix 2 of Section 7.
- 6.14 CONTRACTOR shall agree to assist the COMPANY in achieving the maximum effectiveness of the product/ service delivered, in improving the reliability of the equipment/service delivered, and in avoiding unplanned equipment downtime.



Section 7 – Health, Safety, Security, and Environment



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1.0 INTRODUCTION

COMPANY places prime importance on health, safety, security, and environmental ("HSSE") issues and requires that CONTRACTOR and its SUBCONTRACTORS subscribe to and actively pursue the highest standards of HSSE performance. COMPANY's expectations in terms of HSSE are stated in Appendices and references contained herein.

2.0 HSSE MANAGEMENT SYSTEM

- 2.1 CONTRACTOR shall provide COMPANY with a statement on its HSSE policy. The policy shall pay due regard to the responsibilities of individuals, incident reporting, safety meetings and safety training. CONTRACTOR shall also have established arrangements for monitoring this policy.
- 2.2 CONTRACTOR must have in place a formal HSSE management system which demonstrates commitment to continuous improvement and excellence in HSSE issues.
- 2.3 CONTRACTOR's HSSE management system shall be adequately documented, shall be shown to be effective in implementing the aims and objectives of CONTRACTOR's HSSE policy, and shall include provisions for auditing the effectiveness of CONTRACTOR's HSSE management system as applied to the WORK.
- 2.4 CONTRACTOR shall review its HSSE management system at least annually and update it as necessary.
- 2.5 Certain activities pose a higher risk to the safety of personnel, property, and the environment. Higher risk activities will accordingly demand a higher level of HSSE management from CONTRACTOR. The use of a SUBCONTRACTOR involves the importation of higher risk activity; therefore CONTRACTOR shall ensure and demonstrate the appropriate higher level of HSSE management. Each CONTRACTOR will ensure that any SUBCONTRACTOR it employs meets these HSSE requirements.
- 2.6 Risk can vary from location to location and, where the WORK is performed at more than one location, CONTRACTOR may be required to provide different levels of HSSE management for each location.

3.0 COMPATIBILITY TO HSSE MANAGEMENT SYSTEMS

CONTRACTOR shall co-operate with COMPANY to ensure that the roles and responsibilities in CONTRACTOR and COMPANY systems are clearly defined and allocated and are clearly understood by all parties. Where appropriate, an interface document shall incorporate any specific requirements relevant to the WORKSITE or platform on which CONTRACTOR will perform the WORK.

4.0 COMPLIANCE

- 4.1 CONTRACTOR shall observe and comply with all relevant and current applicable statutory requirements, approved codes of practice, and industry guidance on HSSE matters.
- 4.2 CONTRACTOR shall observe and comply with all relevant and current COMPANY standards and expectations on HSSE matters and which are described in Clause 31 of Section 2- General Conditions of Contract.



Section 7 – Health, Safety, Security, and Environment

5.0 COMPETENCE ASSURANCE

- 5.1 CONTRACTOR shall have in place a competence assurance system for its personnel, the scope of which will cover as a minimum:
 - 5.1.1 All trade/discipline skills employed in the performance of the WORK;
 - 5.1.2 Understanding of safe working practices including, without limitation, communications, permit-to-work systems, and risk assessment (including risk to the environment); and
 - 5.1.3 A means of confirmation that the system is effective and verification that all personnel are covered and have been assessed for competence.
- 5.2 COMPANY has the right to object to and require CONTRACTOR to remove from the performance of the WORK any personnel who, in the opinion of COMPANY, misconduct themselves or are incompetent or negligent in the proper performance of their duties and such personnel shall not be employed again in the WORK or any other WORK of COMPANY without COMPANY's approval.

6.0 REPORTING

- 6.1 CONTRACTOR shall submit a formal report quarterly which summarizes CONTRACTOR's and SUBCONTRACTOR's HSSE performance in the preceding reporting period with regard to WORK performed on behalf of COMPANY. This report shall detail the following unless otherwise mutually agreed:
 - 6.1.1 Performance against agreed/planned HSSE targets;
 - 6.1.2 All Occupational Safety and Health Administration (OSHA) recordable injuries;
 - 6.1.3 All other accidents, spills or other unplanned discharges which either result in, or have potential for, significant injury/damage/loss or are reportable to a statutory authority;
 - 6.1.4 All near miss incidents which have potential for injury/damage/loss;
 - 6.1.5 The issue or proposed issue of an Improvement or Prohibition Notice, notice of intended prosecution or other legal process;
 - 6.1.6 Any other event reportable to a statutory authority;
 - 6.1.7 A summary of monitoring activity, reviews, inspections and audits;
 - 6.1.8 A summary of the status of any remedial actions; and
 - 6.1.9 Estimated total working hours for CONTRACTOR GROUP personnel on the WORKSITE.
- 6.2 Notwithstanding the provision of a report, CONTRACTOR shall follow the requirements of COMPANY's accident and incident reporting and investigation procedures as mutually agreed.



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7.0 MEDICALS, TRAINING, AND PROTECTIVE CLOTHING

- 7.1 All personnel proposed by CONTRACTOR GROUP for the WORK shall be as medically fit for duty in accordance with the applicable statutory requirements.
- 7.2 All personnel proposed by CONTRACTOR GROUP shall have successfully attended fire fighting and refresher courses as necessary in accordance with applicable statutory requirements at a recognized and approved training centre.
- 7.3 CONTRACTOR shall, at its own expense, provide its personnel with all necessary protective clothing and equipment suitable for the working conditions. Such clothing/equipment shall be in accordance with applicable statutory requirements.

8.0 WORKING CONDITIONS

- 8.1 CONTRACTOR shall ensure that all personnel provided by CONTRACTOR GROUP on the WORK shall keep all places of work as clean and tidy as is reasonably practicable under the circumstances, to minimize the risk of causing injury to persons, damage to property or delays in providing the WORK.
- 8.2 On completion of the WORK, CONTRACTOR shall, without delay, clear away and remove from the WORKSITE all surplus materials and equipment and leave all areas in a clean and tidy condition to the satisfaction of COMPANY REPRESENTATIVE.

9.0 PORTABLE AND TRANSPORTABLE EQUIPMENT

- 9.1 CONTRACTOR shall observe and comply with COMPANY's procedures with regard to the selection, deployment, operation, and maintenance of equipment except where CONTRACTOR procedures are fully documented and applicable.
- 9.2 CONTRACTOR is responsible for ensuring that all equipment is operated in accordance with safe working practices.
- 9.3 Location of equipment at the WORKSITE shall be agreed in advance with COMPANY REPRESENTATIVE.

10.0 HSSE PLAN

- 10.1 CONTRACTOR shall prepare a plan for the management of all aspects of the WORK, known as the "HSSE Plan". The HSSE Plan shall address the requirements of these HSSE provisions, including the requirements of the HSSE management system and the SMS (Safety Management System) and EMS (Environmental Management System) interface document where appropriate. The HSSE Plan shall be submitted to COMPANY REPRESENTATIVE for review and endorsement in a time frame as agreed with COMPANY.
- 10.2 CONTRACTOR shall develop and agree with COMPANY REPRESENTATIVE, performance measures that indicate that the HSSE Plan is being implemented.
- 10.3 The HSSE Plan shall form part of the CONTRACT. It shall be reviewed at least annually and updated as necessary to incorporate any changes to the WORK and/or CONTRACT.



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- 10.4 The HSSE Plan shall address identification of HSSE risks associated with the WORK and definition of methods of controlling those risks to an acceptable level.
- 10.5 The HSSE Plan shall include details of the proposed method of auditing the effectiveness of CONTRACTOR's HSSE management system as applied to the WORK.

11.0 HSSE PERFORMANCE STANDARDS

- 11.1 When working at a WORKSITE owned or controlled by COMPANY, all personnel provided by CONTRACTOR GROUP shall comply with all current and relevant COMPANY HSSE practices as they relate to the WORK. At other WORKSITES, CONTRACTOR and COMPANY shall agree which of COMPANY's HSSE practices are appropriate to the WORK and will be addressed in the SMS and EMS interface document. Where necessary and appropriate, CONTRACTOR shall seek advice from COMPANY on the interpretation of COMPANY's HSSE practices.
- 11.2 CONTRACTOR shall, where appropriate, refer to COMPANY's "Getting HSSE Right" and associated HSSE standards as a guide in the management of technical integrity as relevant to the WORK.

12.0 WASTE DISPOSAL AND ENVIRONMENTAL SAFEGUARDS

In the performance of the WORK, CONTRACTOR shall at all times:

- 12.1 Observe and comply with all laws and regulations concerning the production, carrying, keeping, treating and/or disposal of waste;
- 12.2 Act to minimize the quantity of wastes;
- 12.3 Be responsible for and ensure the environmentally acceptable handling, storage, treatment, transportation, and disposal of its own wastes, in accordance with above guidelines, except when otherwise agreed to be handled and disposed of by COMPANY; and
- 12.4 If required by law, CONTRACTOR shall register as a Registered Waste Broker or a Licensed Waste Manager.

13.0 REFERENCE DOCUMENTS

In the performance of the WORK, CONTRACTOR shall refer to and observe the following HSSE reference documents attached hereto:

- BP HSSE Expectations – Getting HSSE "Right"
- BP's Golden Rules for Safety
- Scope specific HSSE Reference Documents
- Location specific HSSE Policies and requirements



Section 7 – Health, Safety, Security and Environment
Appendix 1 – BP's HSSE Expectations "Getting HSSE Right"

APPENDIX 1 – BP's HSSE EXPECTATIONS – GETTING HSSE RIGHT

BP's HSSE Expectations comprises 13 primary Units as highlighted below

Leadership and Accountability

People at all levels in the BP organization are responsible for leading and engaging the workforce in meeting our health, safety, technical integrity and environmental goals and objectives. Leaders will be held accountable for accomplishing this by demonstrating correct HSSE behaviors, by clearly defining HSSE roles and responsibilities, by providing needed resources, and by measuring, reviewing, and continuously improving our HSSE performance.

Expectations:

- Leaders model positive HSSE behaviors by personal example both on and off the job, and reinforce and reward positive behaviors.
- Leaders engage in clear, two-way communication with employees, contractors and others on HSSE issues.
- Leaders integrate the HSSE Expectations into business planning and decision making processes, ensuring that documented systems are in place to deliver these Expectations.
- Leaders establish clear HSSE goals and objectives, roles and responsibilities, performance measures and allocate competent resources and, where necessary, specialist expertise.
- HSSE Management systems are developed, documented, implemented, and supported throughout the organization. These address health, safety, technical integrity, environmental, security, product, and operational risks in accordance with the appropriate Expectations.
- Leaders' HSSE performance is assessed against their annual objectives, based on feedback from line management, peers, and others in the Business Unit.
- Leaders integrate Group HSSE targets into their business activities. (These include, for example, external verifications, climate change, sustainable development, biodiversity, and emissions reductions.)
- Leaders promote the sharing of HSSE lessons learned inside and outside their Business Unit.

Risk Assessment and Management

Management of risk is a continuous process and the cornerstone of all the HSSE Elements. We will regularly identify the hazards and assess the risks associated with our activities. We will take appropriate action to manage the risks and hence prevent or reduce the impact of potential accidents or incidents.

Expectations:

- Leaders put into place and promote the use of processes to identify hazards associated with BP's activities, assess risks, control the hazards, and manage the risks to acceptable levels.
- Potential hazards and risks to personnel, facilities, the public, customers and the environment are assessed for existing operations, products, business developments, acquisitions, modifications, new projects, closures, divestments and decommissionings.
- Assessed risks are addressed by levels of management appropriate to the nature and magnitude of the risk. Decisions are clearly documented and resulting actions implemented through local procedures.
- Risk assessments and risk management/control measures are referenced in project approval documentation.
- Risk assessments are updated at specified intervals and as changes are planned.

People, Training and Behaviors

People's behavior is critical to BP's success; therefore, our workforce will be carefully selected and trained, and their skills and competencies regularly assessed.

Expectations:

- Employees and contractors practice, encourage, and reinforce safe, healthy, and environmentally sound behaviors.
- HSSE roles, responsibilities, and accountabilities are developed and used to define individual performance targets. These are documented, and feedback on personal performance is provided.
- Recruitment, selection, and placement processes ensure that personnel are qualified, competent, and physically and mentally fit for their assigned tasks.
- BP's workforce has the required skills and training to competently perform their tasks in a healthy, safe, and environmentally sound manner. Training is evaluated to determine its effectiveness.
- With employees' involvement, physical, chemical, biological, ergonomic, and psychological health hazards are identified and the risks managed in the workplace.
- Each worksite has access to an appropriate level of medical support and to resources/facilities that promote health and wellness.
- A program is in place to ensure that the performance of our workforce and others on our premises is not impaired by drugs or alcohol.
- New or transferred employees, contractors and other visiting personnel undergo appropriate site orientation/induction training which covers HSSE rules and emergency procedures.

Working with Contractors and Others

Contractors, suppliers and others are key to our Group business performance and we will assess their capabilities and competencies to perform work on our behalf. We will work together with them to ensure our HSSE Expectations are aligned. We will monitor contractors' and partners' performance and ensure our procurement processes contain the rigor to deliver our Expectations.

Expectations:

- Pre-qualification, selection and retention criteria are established for work performed by contractors, suppliers, and others, including a system for assuring their compliance.
- Hazards and risks associated with contractor and procurement activities in our businesses are identified, managed, and communicated.
- Interfaces between BP and suppliers of services and products are identified and effectively managed.
- Clear deliverables and performance standards are agreed to and systems are put in place to assure HSSE and technical compliance.
- Purchased products and services are, where possible, verified as meeting national/international health, safety, and environmental standards.
- Joint venture and alliance partners have HSSE management systems that are aligned with those of BP, meet legal

Section 7 – Health, Safety, Security and Environment
Appendix 1 – BP's HSSE Expectations "Getting HSSE Right"

compliance requirements and satisfy the Group's Expectations and targets.

Facilities Design and Construction

New facilities and modifications to existing facilities will be designed, procured, constructed, and commissioned to enable safe, secure, healthy, and environmentally sound performance throughout their operational life, by using recognized standards, procedures, and management systems.

Expectations:

- Baseline technical, environmental and health data are collected before the development of any new operation, facility, or major modification.
- Facilities are designed and constructed using technology which balances commercial risks and financial benefits to manage technical risk and minimize or eliminate emissions, discharges, impacts on biodiversity, and other environmental impacts.
- Project management systems and procedures addressing technical integrity and HSSE accountabilities are documented and well understood. Design, procurement, and construction standards are formally approved by the designated technical/engineering authority. Formal design review, verification, and validation studies are carried out based on risk assessment.
- Operational, maintenance and HSSE expertise are integrated early in the project/design stage. Experience from previous projects and current operations are applied.
- Potential hazards are identified and HSSE risks assessed using appropriate risk assessment tools (e.g. quantified risk assessments, HAZOPS, and HSSE reviews) at specific stages of a project from concept through to start-up, and risks are mitigated through risk management techniques.
- Deviations from design standards are identified and managed at an appropriate level, with the reasons documented and retained.
- Local regulatory requirements are met or exceeded. Where these are absent or inadequate, standards are set that protect people and the environment.
- Quality assurance and inspection systems are in place to ensure that facilities meet design and procurement specifications and that construction is in accordance with approved standards.
- Documented pre-startup reviews are carried out for all newly installed or modified equipment to confirm that construction is in accordance with design, all required verification testing is complete and acceptable, and all recommendations/deviations are closed and approved by the designated technical authority.

Operations and Maintenance

Facilities will be operated and maintained within the current design envelope to ensure safe, secure, healthy, and environmentally sound performance.

Expectations:

- Post-startup reviews are carried out for all newly installed or modified equipment to confirm that construction is in accordance with design, all required verification testing is complete and acceptable, and all recommendations/deviations are closed and approved by the designated technical authority.
- Applicable regulatory requirements are met or exceeded and operational/technical/mechanical integrity is maintained by use of clearly defined and documented operational, maintenance, inspection, and corrosion control systems.
- Key operating parameters are established and regularly monitored. The workforce understands their roles and responsibilities to maintain operations within these parameters.
- Clearly defined start-up, operating, maintenance, and shutdown procedures are in place with designated authorities identified (e.g. permit to work, hand-over, equipment and process isolation, etc).
- Equipment that has been out of service for maintenance or modification is subject to documented inspection and testing prior to use.
- Reliability and availability of protective systems are maintained by appropriate testing and maintenance programs, including management of temporary disarming or deactivation.

- Risks introduced by simultaneous operations are assessed and managed.
- HSSE impacts associated with waste, emissions, noise, biodiversity and energy use are monitored and minimized.
- Comprehensive waste management programs are in place to ensure that wastes are minimized, re-used, recycled, or properly disposed of.
- Decommissioning, remediation, and restoration plans are established using risk-based studies for end of life equipment/facilities.
- A quality assurance program exists to ensure that equipment replacement or modification maintains operations integrity.

Management of Change

All temporary and permanent changes to organization, personnel, systems, procedures, equipment, products, materials, or substances will be evaluated and managed to ensure that health, safety and environmental risks arising from these changes remain at an acceptable level. We will comply with changes to laws and regulations and take account of new scientific evidence relating to HSSE effects.

Expectations:

- The health, safety, security, environmental, technical, and other impacts of temporary and permanent changes are formally assessed, managed, documented, and approved.
- Changes in legal and regulatory requirements, technical codes, and knowledge of health and environmental effects, are tracked and appropriate changes implemented.
- Effects of change on the workforce/organization, including training requirements, are assessed and managed.
- The impact on product quality of changes in manufacturing processes is assessed, associated hazards are evaluated, and risks are controlled.
- The original scope and duration of temporary changes are not exceeded without review and approval.

Information and Documentation

We will maintain accurate information on our operations and products. It will be held securely yet readily available.

Expectations:

- A system is in place to securely manage drawings, design data, and other documentation, including definition of responsibilities for maintaining this information.
- Applicable regulations, permits, codes, standards, and practices are identified. The resultant operating requirements are documented and communicated to the workforce.
- Pertinent records are maintained, available and retained as necessary. Obsolete documentation is identified and removed from circulation.
- Scope and format of technical documentation will be agreed for each facility and will form part of the design input for new facilities and modifications.
- Employee health, medical and occupational exposure records are maintained with appropriate confidentiality and retained as necessary.

Customers and Products

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Appendix 1 – BP's HSSE Expectations "Getting HSSE Right"

We will assess, manage, and communicate the hazards associated with BP's products. We will communicate up-to-date information to help users and others handle our products in a safe and environmentally responsible manner.

Expectations:

- Assessments are conducted for new products prior to marketing or distribution, to identify health, safety and environmental hazards and risks associated with normal use and foreseeable misuse.
- Periodic reassessments are conducted for all manufactured and re-branded products and intermediate streams. This includes a review of adverse effects reported or experienced by those handling these products.
- New uses or markets for existing products are evaluated to ensure that health, safety and environmental hazards and risks are identified and addressed.
- Records of assessment, background information, and conclusions are kept up-to-date throughout the product's life and retained as appropriate.
- Up-to-date information on health, safety and environmental hazards and risks relating to the use, storage, handling, transport, and disposal of our products is available to the workforce, customers and others. Material Safety Data Sheets (MSDS), labels and other information are developed and issued to handlers and users in accordance with legislative and customer requirements, and as information changes.
- A system exists to collect and review adverse effects reported or experienced by those handling our products. Causes for concern are identified and actions are taken.
- An effective recall system exists for products where a defect could give rise to health, safety, or environmental hazards.
- A system is in place to respond on a 24-hour basis to emergency requests for product health, safety, and environmental information.

Community and Stakeholder Awareness

We value the importance of community awareness and will actively engage in dialogue with various stakeholders to maintain public confidence in the integrity of our operations and products and our Commitment to HSSE Performance.

Expectations:

- Open and proactive communications are established and maintained with employees, contractors, regulatory agencies, public organizations, and communities regarding the HSSE aspects of our business.
- BP recognizes and responds to government and community HSSE related Expectations and concerns about our operations and our products.
- HSSE impacts of new business development on local communities are openly assessed, communicated, and integrated into the business case.
- HSSE impacts of any divestment or decommissioning on existing operations, neighbors, or local community (originally identified during the new business development stage) are reviewed, communicated, and managed.
- Major business operations periodically issue an externally verified statement relating to HSSE performance and programs.

Crisis and Emergency Management

Emergency management plans will be maintained to cover all of our facilities, locations, and products. These plans will identify equipment, training, and personnel necessary to protect the workforce, customers, public, environment, and BP's reputation in the event of an incident.

Expectations:

- Emergency management plans are based on the risks that potentially impact the business. These plans are documented, accessible, clearly communicated, and align to the BP Group's emergency management system.

- Equipment, facilities, and personnel needed for emergency response are identified, tested and available.
- Personnel are trained and understand emergency plans, their roles and responsibilities, and the use of crisis management tools and resources.
- Drills and exercises are conducted to assess and improve emergency response/crisis management capabilities, including liaison with and involvement of external organizations.
- Periodic updates of plans and training are used to incorporate lessons learned from previous incidents and exercises.

Incidents Analysis and Prevention

Incidents will be reported, investigated, and analyzed to prevent recurrence and improve our performance. Our investigations will focus on root causes and/or system failures. Corrective actions and preventive measures will be utilized to reduce future injuries and losses.

Expectations:

- All health, safety, technical integrity, security, and environmental incidents, including near misses, are openly reported, investigated, analyzed, and documented.
- Major incidents are investigated by a multi-function/level team with participation and leadership from outside the Business Unit.
- Incident investigations, including identification of root causes and preventive actions, are documented and closed-out.
- Information gathered from incident investigations is analyzed to identify and monitor trends and develop prevention programs.
- Lessons learned from investigations are shared across BP and personnel take appropriate action upon receipt of such information.
- Mutual sharing of lessons learned and good practice is encouraged within the wider energy and chemical industry.

Assessment, Assurance and Improvement

We will periodically assess the implementation of and compliance with these Expectations to assure ourselves and stakeholders that management processes are in place and working effectively. This will involve both internal self-assessments, and appropriate external assessments. We will use this information to improve our performance and processes.

Expectations:

- HSSE performance indicators (both inputs and outcomes) are established, communicated, and understood throughout the organization.
- The workforce is actively involved in periodic self-assessments of the effectiveness of processes and procedures to meet the HSSE Expectations.
- HSSE performance indicators are regularly used to determine when and what management system changes are necessary. When changes occur in one HSSE Element the impact on the entire management system is evaluated.
- A system exists to continually improve HSSE behaviors through observation, recording, and coaching.
- A documented, risk-based audit program exists to periodically evaluate progress towards HSSE targets, regulatory compliance, and the effectiveness of the Business Unit management system(s).
- The Business Unit, in co-operation with the audit team, plans audits, which are objective and systematic. These are documented and conducted using expertise from inside and outside the unit.
- Findings from learning processes (e.g. audits, incident investigations, near misses, HAZOPS, etc.) are prioritized, tracked and used to systematically improve the HSSE management system.

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Appendix 1 – BP's HSSE Expectations "Getting HSSE Right"

- The Business Unit leadership team reviews the management system to ensure it is continually delivering consistent, desired performance. Based on the review, new risk-based targets are considered and established wherever necessary.
- Business Units report HSSE performance data, as part of the Group's HSSE Reporting Requirements.
- A process is in place whereby assurance is regularly provided to the Group Chief Executive demonstrating effective implementation of the BP HSSE Commitment and Expectations. Annual self-assessments against these Expectations are carried out by each Business Unit, along with external audits at least every three years.



Section 7 – Health, Safety, Security and Environment
Appendix 2 – BP Golden Rules

APPENDIX 2 – THE GOLDEN RULES FOR SAFETY

COMPANY's safety policy states no harm to people and no accidents. Everyone who works for or on behalf of COMPANY is responsible for their safety and the safety of those around them.

The following safety rules will be strictly enforced to ensure the safety of our people and our communities.

COMPANY's senior leadership are accountable for communicating, training, implementing, and auditing these rules to assure compliance and performance.

Although embedded in each of these rules, it is important to emphasize that:

- *Work will not be conducted without a pre-job risk assessment and a safety discussion appropriate for the level of risk.*
- *All persons will be trained and competent in the work they conduct.*
- *Personal protection equipment will be worn as per risk assessment and minimum site requirements.*
- *Emergency response plans, developed from a review of potential emergency scenarios, will be in place before commencement of work.*
- *Everyone has an obligation to stop work that is unsafe*

*Are you trained and competent to perform this work?
You have an obligation to stop the work if it's unsafe.*



Section 7 – Health, Safety, Security and Environment
Appendix 2 – BP Golden Rules

1.0 PERMIT TO WORK

Before conducting work that involves confined space entry, work on energy systems, and ground disturbance in locations where buried hazards may exist, or hot work in potentially explosive environments, a permit must be obtained that:

- defines scope of work
- identifies hazards and assesses risks
- establishes control measures to eliminate or mitigate hazards
- links the work to other associated work permits or simultaneous operations
- is authorized by the responsible person(s)
- communicates above information to all involved in the work
- ensures adequate control over the return to normal operations

2.0 ENERGY ISOLATION

Any isolation of energy systems; mechanical, electrical, process, hydraulic and others, cannot proceed unless:

- the method of isolation and discharge of stored energy are agreed and executed by a competent person(s)
- any stored energy is discharged
- a system of locks and tags is utilized at isolation points
- a test is conducted to ensure the isolation is effective
- isolation effectiveness is periodically monitored

3.0 GROUND DISTURBANCE

Work that involves a manmade cut, cavity, trench, or depression in the earth's surface formed by earth removal cannot proceed unless:

- a hazard assessment of the work site is completed by the competent person(s)
- all underground hazards, i.e., pipelines, electric cables, etc., have been identified, located and if necessary, isolated

4.0 WHERE PERSONS ARE TO ENTER AN EXCAVATION

A confined space entry permit shall be issued if the entry meets the confined space definition ground movement is controlled and collapse is prevented by systematically shoring, sloping, benching, etc., as appropriate ground and environmental conditions are continuously monitored for change.

5.0 CONFINED SPACE ENTRY

Entry into any confined space cannot proceed unless:

- all other options have been ruled out
- permit is issued with authorization by a responsible person(s)
- permit is communicated to all affected personnel and posted, as required



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Appendix 2 – BP Golden Rules

- all persons involved are competent to do the work
- all sources of energy affecting the space have been isolated
- testing of atmospheres is conducted, verified and repeated as often as defined by the risk assessment
- stand-by person is stationed
- unauthorized entry is prevented

6.0 WORKING AT HEIGHTS

Working at heights of 2 meters (6 feet) or higher above the ground cannot proceed unless: a fixed platform is used with guard or hand rails, verified by a competent person(s) or fall arrest equipment is used that is capable of supporting at least a 2275 kg (5000 lbs) static load per person and has:

- a proper anchor mounted, preferably overhead
- full body harness using double latch self locking snap-hooks at each connection
- synthetic fiber lanyards
- shock absorber
- fall arrest equipment will limit free fall to 2 meters (6 feet) or less
- A visual inspection of the fall arrest equipment and system is completed and any equipment that is damaged or has been activated is taken out of service.
- person(s) are competent to perform the work

7.0 LIFTING OPERATIONS

Lifts utilizing cranes, hoists, or other mechanical lifting devices will not commence unless:

- an assessment of the lift has been completed and the lift method and equipment has been determined by a competent person(s)
- operators of powered, lifting devices are trained and certified for that equipment
- rigging of the load is carried out by a competent person(s)
- lifting devices and equipment has been certified for use within the last 12 months (at a minimum)
- load does not exceed dynamic and/or static capacities of the lifting equipment
- any safety devices installed on lifting equipment are operational
- all lifting devices and equipment have been visually examined before each lift by a competent person(s)

8.0 DRIVING SAFETY

All categories of vehicle, including self-propelled mobile plant, must not be operated unless:

- the vehicle is fit for purpose, inspected and confirmed to be in safe working order,
- number of passenger does not exceed manufacturer's design specification for the vehicle,
- loads are secure and do not exceed manufacture's design specifications or legal limits for the vehicle,
- seat belts are installed and worn by all occupants,
- safety helmets are worn by riders and passengers of motorcycles, bicycles, quads, snow-mobiles and similar types of vehicle.
- Drivers must not be authorized to operate the vehicle unless:
 - they are trained, certified and medically fit to operate the class of vehicle
 - they are not under the influence of alcohol or drugs, and are not suffering from fatigue



Section 7 – Health, Safety, Security and Environment
Appendix 2 – BP Golden Rules

- they do not use hand-held cell/mobile phones and radios while driving (best practice is to switch off all phones and two-way radios when driving)

9.0 MANAGEMENT OF CHANGE

Work arising from temporary and permanent changes to organization, personnel, systems, process, procedures, equipment, products, materials or substances, and laws and regulations cannot proceed unless a Management of Change process is completed, where applicable, to include:

- a risk assessment conducted by all impacted by the change.
- development of a work plan that clearly specifies the timescale for the change and any control measures to be implemented regarding:
 - equipment, facilities and process
 - operations, maintenance, inspection procedures
 - training, personnel and communication.
 - documentation
- authorization of the work plan by the responsible person(s) through completion



Section 7 – Health, Safety, Security and Environment
Appendix 3 – Drug, Alcohol Standard and Expectations

APPENDIX 3 – SUBSTANCE ABUSE POLICY (USA)

COMPANY has a strong commitment to provide a safe work place for its employees and other persons working or visiting on its premises and working on its projects. In order to assist in maintaining a safe working environment, and to protect COMPANY property, this Policy concerning substance abuse is established.

CONTRACTORS, SUBCONTRACTORS, and vendors who perform labor or services on COMPANY WORKSITES or premises, on COMPANY Projects, or on whose premises COMPANY employees spend substantial time, must have and administer a formal substance abuse interdiction policy. CONTRACTOR's policy, at a minimum, must include substance testing of CONTRACTOR's employees entering COMPANY WORKSITES or premises or working on COMPANY Projects, consistent with the terms of this Policy.

For the purpose of this Policy, a "COMPANY Project" refers to any work performed under the Section 3 - "Scope of Work" provision of the applicable contract between COMPANY and CONTRACTOR.

The failure of a CONTRACTOR to comply with the provisions of this policy constitutes cause for termination subject to the provisions of this CONTRACT.

SECTION I – POLICY STATEMENT

The use, possession, concealment, transportation, promotion, or sale of the following substances is strictly prohibited on COMPANY premises, including all property owned, operated, leased by, or under the control of COMPANY, as well as on the location of any authorized COMPANY Project, regardless of the physical location where such work is performed.¹

- Prohibited substances are defined as: (a) any alcoholic beverage, the use of which is not authorized by the COMPANY, (b) any substance that an individual may not sell, possess, use, or distribute under the laws of the state in which the individual is employed or is working, and (c) any otherwise legal but illicitly-used substances.
- "Otherwise legal but illicitly-used substances" include (a) prescription drugs obtained without proper medical authorization, and (b) prescribed drugs, over-the-counter drugs, and other substances not being used for their intended purposes or at intended dosage.
- Drug paraphernalia and similar items used for substance abuse are likewise prohibited on COMPANY premises.

CONTRACTORS shall submit a copy of their policy and program to the COMPANY employee designated to administer contracts, or to such other individual as may hereafter be designated by COMPANY. Such policy must provide for substance testing of employees, and must meet the minimum standards as set forth in Section II below. COMPANY reserves the right to prohibit solicitation of bids from, deny entry to COMPANY premises to, or cancel any project, or portion thereof, with, any CONTRACTOR that fails to present a written policy that meets COMPANY's minimum standards, or that fails to administer an acceptable policy.

¹ In many contracts, COMPANY reserves the right to remove a CONTRACTOR's employees for any reason. In no way does this policy detract from that right.



Section 7 – Health, Safety, Security and Environment
Appendix 3 – Drug, Alcohol Standard and Expectations

Any CONTRACTOR employee found to be in violation of this Policy shall, thereafter, be prohibited from entering COMPANY premises and prohibited from working on any COMPANY Project. Reinstatement of the access privilege may be made after one year upon request of the employing CONTRACTOR. Such requests will be evaluated on the merits of each case. A request will be granted only upon receipt of evidence that the employee successfully passed a substance screen conducted within not more than thirty (30) days prior to the date of the request, successfully completed an assessment by a Substance Abuse Professional ("SAP") and complied with all recommended treatment or rehabilitation prescribed by the SAP.

SECTION II – TESTING

A. DEFINITIONS

For the purpose of this policy:

1. "Substance testing" means the analysis of urine, saliva, or breath; however, at times circumstances may warrant additional testing methods.
2. "Chain of custody" means the combination of procedures and documentation that provides a faithful and accurate written record of the custody of a biological specimen, from time of initial collection of a specimen, to final laboratory analysis.
3. "Negative test result" means a laboratory conclusion that the presence of a substance was not detected in a specimen at or above the screening and confirmation levels utilized.
4. "Screened positive result" means that an EMIT analysis has revealed one or more substances present at or above screening cut-off level.
5. "Presumptive positive result" means a laboratory conclusion that a specimen was found to contain the presence of a substance based on one or more analytical procedures, one of which must be gas chromatography/mass spectrometry (GC/MS).
6. "Confirmed positive result" means a laboratory presumptive positive result that has been confirmed as a positive substance test by a Medical Review Officer (MRO)

B. LABORATORY AND SAMPLING STANDARDS

1. Testing for the following substances, at the indicated screening and confirmation cutoffs, are recommended:

<u>Drug</u>	<u>EMIT Screen</u>	<u>Confirmation Levels</u>
Amphetamines	1000 ng	500 ng
Marijuana	50 ng	15 ng
Cocaine	300 ng	150 ng
Opiates	2000 ng	2000 ng
PCP	25 ng	25 ng
Alcohol	.02 BAC	.02 BAC

CONTRACTORS subject to DOT testing should abide by appropriate levels.

Section 7 – Health, Safety, Security and Environment
Appendix 3 – Drug, Alcohol Standard and Expectations

2. The specimens of applicants and current employees will be tested using an enzyme immunoassay (such as EMIT) and/or a radioimmunoassay. (Approved on-site testing is permissible.) In this testing scheme, a positive finding is called a screened positive. All screened positives will be further tested using GC/MS. In this testing scheme, a positive finding is called a presumptive positive. All presumptive positives will undergo MRO review.
3. Alcohol screening testing may include utilization of either breath or saliva testing. Tests, which are screened positive, will undergo confirmation via the use of an evidential-quality breathalyzer for confirmation of positive alcohol test results. MRO review is not required for positive alcohol test results, unless otherwise required by applicable local, state, or federal law.

C. CONFIDENTIALITY

When a CONTRACTOR conducts drug testing of its employees in order to establish eligibility to enter COMPANY premises or work on COMPANY Projects, such substance testing results that are positive will not be individually disclosed to COMPANY. COMPANY will require, however, that CONTRACTORS certify that each employee assigned to work on COMPANY premises or on COMPANY Projects has passed a substance test that meets the standards of this Policy. CONTRACTORS must maintain records related to substance tests under this Policy, which are subject to audit by COMPANY as further set forth in Sections IV and VI of this Policy.

The results of reasonable suspicion or accident/incident investigation substance tests performed by a CONTRACTOR on its employees assigned to work on COMPANY premises or projects must be disclosed to local COMPANY management upon request, unless prohibited by federal, state, or local law.

D. TESTING

1. CONTRACTORS will conduct substance testing in these situations:
 - a. before any CONTRACTOR employee may enter COMPANY premises or perform work in any COMPANY Project for the first time.
 - b. annual random drug testing of at least 25% of CONTRACTOR's workforce engaged in work on COMPANY premises and on any COMPANY Project; this requirement will be met if CONTRACTOR covers the applicable employees under a larger drug testing pool that is subject to annual testing of at least 25% of the pool population.
 - c. upon reasonable suspicion by CONTRACTOR or COMPANY that a CONTRACTOR employee on COMPANY premises, or working on a COMPANY Project, is under the influence of, or has consumed any substance or item prohibited by this policy.
 - d. when designated by COMPANY management, immediately following any incident that results in a recordable bodily injury as defined by OSHA, or damage to COMPANY or CONTRACTOR-owned property. Additionally, any substance testing, following an incident requiring DOT substance testing as regulated and described by DOT (FHA, RSPA, and USCG), must be strictly adhered to. (Note: Substance testing may also be required by CONTRACTOR or COMPANY following a near-miss incident. A near-miss incident is any incident which, if it had proceeded to a reasonably possible and more serious level of development, would have had the potential for personnel injuries, property damage, or serious liability claims).



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Appendix 3 – Drug, Alcohol Standard and Expectations

2. CONTRACTORs will assume all costs associated with testing.
3. The refusal of a CONTRACTOR's employee to sign a consent form or submit to any testing required by this Policy will result in revocation of the person's access privileges. A refusal to test shall include a failure to cooperate with any part of the testing process, including: (1) failing to remain until the process is completed; (2) failing to provide a sufficient or adequate specimen (without medical explanation); (3) failing to appear for testing (including failing to appear within a reasonable time after being notified of testing); (4) failing to submit to a re-collection or retesting when required; or (5) submitting a specimen that the MRO verifies as adulterated or substituted.

E. EXCEPTIONS

The following exceptions may be granted at the discretion of COMPANY management:

1. CONTRACTORs and CONTRACTORs' employees who are contracted or hired on short notice may be permitted to begin work on-site or on a COMPANY Project pending receipt of the results of pre-access substance testing. This permission will not extend beyond seven (7) calendar days from the first date after work starts by CONTRACTOR.

Any person working under this provision must be removed from the work site immediately upon receipt of a positive test result, or at the end of seven (7) calendar days if test results have not been reported.

This provision is to allow work to begin on emergency or short notice situations *only*. Testing must be done as soon as reasonably feasible, and results must be available within the seven (7) calendar days allotted. This provision covers only employees needed for immediate initial staffing and does not extend to those hired with sufficient time for pre-access testing (2-3 days after job begins).

2. CONTRACTORs or vendors who have a need for site access, and whose work on a COMPANY Project poses a minimal safety risk, may be exempted by authorized COMPANY management from compliance with this Policy.

F. VALIDITY PERIOD

A pre-access substance test must have been administered within ninety (90) days immediately preceding access. This requirement may be waived by local authorized COMPANY management for persons who are regaining access after an absence of not more than ninety (90) days.

COMPANY will recognize a substance test conducted of an employee while that employee worked for a different employer if (1) the test is conducted within the 90-day period required by this policy, and (2) the laboratory and sampling procedures meet the standards set forth in this Policy. COMPANY prefers that the testing requirements be verified by an independent agency such as CONTRACTOR's Safety Council.

SECTION III – SEARCHES AND INSPECTIONS

COMPANY reserves the right at all times on its premises to conduct unannounced substance screens, searches, and inspections of CONTRACTORs, CONTRACTORs' employees, vendors, and other persons, including their effects, lockers, baggage, desks, tool boxes, clothing, and vehicles. The purpose of such screens, searches, and inspections is to ensure compliance with this Policy.



Section 7 – Health, Safety, Security and Environment
Appendix 3 – Drug, Alcohol Standard and Expectations

Any controlled substances or items prohibited by this Policy, or any materials that are illegal to possess, will be retained by COMPANY and may be destroyed or turned over to the appropriate law enforcement agency.

The refusal of a CONTRACTOR's employee to submit to a search or inspection will result in the revocation of the person's access privileges.

SECTION IV – COMPLIANCE AUDITS

COMPANY reserves the right to periodically audit a CONTRACTOR's records to verify compliance with this Policy. Such verification will include, but not be limited to:

1. examination of the CONTRACTOR's substance abuse policy and its implementing directives and procedures;
2. a determination that substance testing is being conducted in those situations where it is required, and that the testing meets the standards of this policy;
3. examination of chain of custody procedures which ensure integrity of collected specimens; or
4. evaluation of laboratory services.

Audit results will be treated as confidential in order to protect the privacy of tested persons.

SECTION V – SUBCONTRACTS

In all cases where a CONTRACTOR is permitted to employ a SUBCONTRACTOR, the CONTRACTOR is responsible for insuring that the SUBCONTRACTOR and SUBCONTRACTOR's employees are in compliance with this Policy. Contracts between CONTRACTORS and Subcontractors must stipulate that COMPANY reserves the right to audit SUBCONTRACTOR's substance programs.

SECTION VI – CONSENT FORMS

The CONTRACTOR must obtain a signed consent demonstrating each employee's agreement to release to CONTRACTOR and COMPANY the results of any substance testing performed, unless prohibited by applicable federal, state, or local law.

COMPANY will look at substance test results only during occasional compliance audits as described in Section IV, or when testing is required by COMPANY as described in Section II.

SECTION VII – NOTICE

The CONTRACTOR must ensure that each of its employees and the employees of its SUBCONTRACTORS are informed of the provisions of this Policy and of the CONTRACTOR's substance abuse policy. Notice will include the consequences of failure to comply, and notice will be made prior to any employees entering COMPANY premises or working on COMPANY Projects.

SECTION VIII – CONCLUSION

Consideration for work on COMPANY WORKSITE, premises or projects will be conditioned upon CONTRACTOR's implementation of a policy that, in COMPANY's sole judgment, conforms to the



Section 7 – Health, Safety, Security and Environment
Appendix 3 – Drug, Alcohol Standard and Expectations

minimum standards expressed in this Policy. Program development and implementation are the responsibility of the CONTRACTOR.

The central goal of this Policy is to provide a safe and efficient working environment for all persons on COMPANY premises, and to ensure that COMPANY Projects are performed in a safe and efficient manner. Cooperation is vitally important to the achievement of this important goal.



Section 7 – Health, Safety, Security and Environment
Appendix 4 – Scope Specific HSSE Issues

APPENDIX 4 – SCOPE SPECIFIC HSSE ISSUES

Certain specific HSSE Requirements will be specifically selected for certain CONTRACTORs dependent upon scope of work and WORKSITE location. COMPANY shall advise CONTRACTOR of all that apply prior to execution of CONTRACT. COMPANY and CONTRACTOR will initial all those that apply. See web site for details: <http://nasupplierhsse.bpglobal.com>.

SPECIFIC HSSE REQUIREMENTS

1. CONTRACTOR will have a written Waste Management plan at the COMPANY Project Site for WORK performed that, at a minimum, requires identification of waste and disposal methods.
2. COMPANY requires CONTRACTOR to have an acceptable Contractor Environmental Management System (C-EMS).
3. CONTRACTORs will meet or exceed BP's COMPANY Driving Standard.
4. CONTRACTOR will have and apply a Fitness-for-Duty program which includes assessment of the physical capability of employees to perform certain specific tasks and a physical agility testing component (Gulf of Mexico only).
5. CONTRACTOR will supply COMPANY with a valid Certificate of Recognition applicable to Province of Operation certified by Petroleum Industry Training Service (PITS) or CONTRACTOR's Service Line certifying body (Canada only).
6. CONTRACTOR must have a working knowledge of the Drilling and Well Operations Policy.



Section 7 – Health, Safety, Security, and Environment
Appendix 5 – Local HSSE Policies and Requirements

APPENDIX 5 – LOCAL HSSE POLICIES AND REQUIREMENTS

1.0 GENERAL

Each COMPANY Strategic Performance Unit (SPU) will have location specific HSSE documents and provisions that will be included and attached to each CONTRACT detailing minimum HSSE requirements for that SPU. These documents may include, but not be limited to the following requirements and documents:

- Safety Management System (SMS) Bridging Document;
- Environmental Management System (EMS) Bridging Document; and
- Vehicle and Driving Safety Policy.

This section may also include, but is not limited to:

- Radioactive Source Procedures (Mandatory for all applicable work in the US);
- Offshore Working Policy;
- Gulf of Mexico Safe Practices Manual (US offshore only);
- COMPANY Office Policies;
- Camp Rules; and
- Others as required

Additional SPU requirements and related HSSE minimum requirements documents are as follows and are found at the end of this Appendix 5:

Section 7, Appendix 5, Attachment 1 – BP Gulf of Mexico SPU HSSE Document



Section 7 – Health, Safety, Security, and Environment
Appendix 5 – Local HSSE Policies and Requirements
Attachment 1 – Gulf of Mexico SPU

Attachment 1 – Gulf of Mexico SPU

HEALTH, SAFETY, SECURITY AND ENVIRONMENTAL REQUIREMENTS

The following constitute Health, Safety, Security, and Environmental (HSSE) Requirements for CONTRACTOR and any SUBCONTRACTORS performing work on COMPANY Sites (real estate owned or leased by COMPANY, where COMPANY is the operator) and on COMPANY Project Sites (where work is performed exclusively for COMPANY). HSSE Requirements encompass compliance with all applicable federal, state/provincial, maritime, and local statutes, regulations, enforceable agreements, agency orders, permits, and contract documents. HSSE Requirements also include specific COMPANY requirements as disclosed below and any site-specific requirements not specified below. Each CONTRACTOR will ensure that any SUBCONTRACTOR it employs meets these HSSE Requirements. CONTRACTOR will take any additional precautions necessary to prevent harm to personnel or damage to the environment, property, or COMPANY's reputation.

CONTRACTOR's Program will strive to deliver an incident and injury-free work place and will achieve a total 12-month rolling recordable incident rate (TRIR) equal to, or better than, the TRIR hurdle set by the COMPANY for work conducted on COMPANY Sites and COMPANY Project Sites. COMPANY may revise the hurdle rate downward annually to achieve the incident and injury-free work place objective.

CONTRACTOR will provide, at COMPANY's request, a monthly breakdown of hours worked and miles/kilometers driven (including SUBCONTRACTORS' hours and miles/kilometers) on COMPANY Sites or COMPANY Project Sites.

COMPANY Specific HSSE Requirements for all CONTRACTORS

In order to meet COMPANY's specific HSSE Requirements, CONTRACTOR will have a HSSE Program with a focus on continual performance improvement (or utilize COMPANY's program). COMPANY has the right to audit CONTRACTOR's HSSE Program and documents. At a minimum, the following elements will be included in CONTRACTOR's HSSE Program:

1) Leadership

CONTRACTOR Leadership will actively communicate HSSE expectations and COMPANY requirements, routinely monitor HSSE performance, develop action plans for continuous improvement, and actively take ownership of HSSE.

CONTRACTOR will ensure that CONTRACTOR's employees understand COMPANY's HSSE policy and comply with COMPANY's Golden Rules of Safety for work performed on COMPANY Project Sites.

2) Behavior Based Safety

CONTRACTOR will have a behavior-based safety program which, at a minimum, will include a safety observation program (or utilize COMPANY's program) with performance targets. CONTRACTOR will communicate to CONTRACTOR employees the expectation that everyone has an obligation to stop work that is unsafe.

In addition, CONTRACTOR will have a hazard identification and risk assessment process for completing a daily pre-job task hazard analysis and/or work permitting system to identify and control the hazards to an acceptable level. At a minimum, a process for completing daily Job Safety Analysis (JSA), or Job Safety Environmental Analysis (JSEA), is required to facilitate the daily task hazard analysis.



Section 7 – Health, Safety, Security, and Environment
Appendix 5 – Local HSSE Policies and Requirements
Attachment 1 – Gulf of Mexico SPU

3) HSSE Meetings

CONTRACTOR will conduct or take part in regularly scheduled on-site or off-site HSSE meetings discussing, among other topics, facility and job hazards, incidents, near-misses, site-specific safety and health rules, and site-specific procedures.

4) Incident Reporting and Investigations

CONTRACTOR will immediately notify COMPANY of all CONTRACTOR or SUBCONTRACTOR incidents resulting in personal injury, spills or releases, security issues, loss or damage to property, or near-misses. COMPANY may require CONTRACTOR to conduct an investigation for any HSSE incident. COMPANY retains the right to participate or conduct its own incident investigation. For all incident investigations, CONTRACTOR will provide a written investigation report to the COMPANY. The investigation report shall identify possible root causes associated with the incident as well as proposals for corrective action. When requested, CONTRACTOR will furnish COMPANY with a copy of non-privileged reports made by or on behalf of CONTRACTOR concerning an incident, including any non-privileged statements or other investigative material.

5) Personal Protective Equipment

CONTRACTOR will ensure CONTRACTOR employees have proper personal protective equipment (PPE) before work begins, and that PPE is worn as required. CONTRACTOR shall obtain and comply with individual site PPE requirements.

6) CONTRACTOR Employee Conduct

CONTRACTOR shall comply fully with the Substance Abuse Policy (Section 7, Appendix 3).

COMPANY has the right to require CONTRACTOR to remove and bar from the COMPANY Sites or COMPANY Project Sites any personnel whose conduct (condition or action) jeopardizes the safety of any person. In addition, CONTRACTOR will not permit any barred person to work at any other COMPANY Site or COMPANY Project Site without prior COMPANY written approval.

7) CONTRACTOR Employee HSSE Competency

CONTRACTOR will ensure that regulatory required training for CONTRACTOR's employees has been identified and completed. Competency must be demonstrated. COMPANY may require reasonable additional site-specific training and documentation.

8) Short Service CONTRACTOR Employee Policy

CONTRACTOR will comply with its own or COMPANY's site-specific short service employee policy, whichever policy is more restrictive.

9) Preventative Maintenance Program

CONTRACTOR will have a preventative maintenance program that includes, at a minimum, the identification and prioritization of maintenance for safety and/or environmental critical items.



Section 7 – Health, Safety, Security, and Environment
Appendix 5 – Local HSSE Policies and Requirements
Attachment 1 – Gulf of Mexico SPU

10) Chemicals Brought to COMPANY Site

CONTRACTOR will ensure Material Safety Data Sheets (MSDSs) are available at the COMPANY Sites and/or COMPANY Project Sites for all chemicals CONTRACTOR brings to the site, and that the MSDS is reviewed as part of the JSA/JSEA discussion.

COMPANY Specific HSSE Requirements Specifically Selected for Certain CONTRACTORS (COMPANY and CONTRACTOR will initial all those that apply). See web site for details: <http://nasupplierhsse.bpglobal.com>.

Initialed by: (if applicable)

CONTRACTOR COMPANY

- | | | |
|-------------------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 1. CONTRACTOR will have a written Waste Management plan at the COMPANY Project Site for work performed that, at a minimum, requires identification of waste and disposal methods. |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 2. COMPANY requires CONTRACTOR to have an acceptable CONTRACTOR Environmental Management System (C-EMS). |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 3. CONTRACTORS will meet or exceed BP's Driving Standard. |
| <input type="checkbox"/> | <input type="checkbox"/> | 4. CONTRACTOR will have and apply a Fitness-for-Duty program which includes assessment of the physical capability of employees to perform certain specific tasks and a physical agility testing component. |
| <input type="checkbox"/> | <input type="checkbox"/> | 5. CONTRACTOR will supply COMPANY with a valid Certificate of Recognition applicable to Province of Operation certified by Petroleum Industry Training Service (PITS) or CONTRACTOR's Service Line-certifying body. |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 6. CONTRACTOR must have a working knowledge of the Drilling and Well Operations Policy. |



Section 8 – Code of Conduct

Section 8 – Code of Conduct

Contract Number
BPM-09-00247

Page 1 of 3



Section 8 – Code of Conduct

The BP Code of Conduct stands for a fundamental BP commitment – to comply with all applicable legal requirements and the high ethical standards set out in this code – wherever we operate. To help us meet this commitment, the Code defines what BP expects of its businesses and people regardless of location or background. It provides both guidance in key areas and references to more detailed standards, instructions and processes for further direction.

All employees must adhere to the principles and requirements contained in this Code and should consult the Code for guidance when acting on behalf of BP.

Employees must not use a contractor, agent, consultant, or other third party to perform any act which conflicts with this Code. Employees who engage third parties such as contractors, agents, or consultants to work on behalf of BP should include a contractual requirement to act consistently with the Code when working on our behalf.

BP wishes to make it clear that it intends its business dealings to be characterized by honesty and freedom from deception and fraud and that it finds unethical behavior unacceptable.

Practices that BP considers dishonest, unethical, or unacceptable include the following:

- Fraud, bribery or corruption;
- Deception;
- Clandestine brokering or sharing of tender information;
- Collusion for the purpose of corrupting a competitive tender; and
- Payments, gifts or entertainment from suppliers to BP staff, agents or representatives to influence decision-making.
- Harassment in the Workplace

BP is committed to ensuring that its contractors apply all of the principles contained within the "Code of Conduct" document. BP will endeavor to employ only those contractors that subscribe to these principles, demonstrate their commitment to working towards their fullest application, and agree to the measurement of their performance by BP.

The individual rights are intended to lead to greater mutual respect between both individuals and the companies they work for. They seek to encourage safer and more secure employment, increase efficiency, improve job satisfaction, and provide a better trained workforce for all those engaged in the provision of Services under the Contract.

An electronic copy of BP's Code of Conduct "Commitment to Integrity" can be downloaded from the following internet web site:

<http://www.bp.com/sectiongenericarticle.do?categoryId=9003494&contentId=7006000>

Where to go for help

If you do have a question or concern about legal or ethical standards, what, as a Contractor, should you do?

A good place to start

Contacting the **COMPANY REPRESENTATIVE** named in Section 2 – General Conditions of Contract, Appendix 1 of the Contract is usually a good place to start with a legal or business conduct issue. You



Section 8 – Code of Conduct

may also get help or advice from your own legal or compliance & ethics advisors within your own company.

The BP OpenTalk Line

If you feel unsure about where to go for help, or are uncomfortable contacting the Contract Accountable Manager, BP has an additional resource that can help – OpenTalk.

The purpose of OpenTalk is to answer questions and respond to concerns about compliance, ethics and the requirements described in this code. The OpenTalk telephone line and e-mail facility is operated by an independent company that helps businesses respond to questions and concerns about compliance and ethics.

The line operates 24 hours a day/seven days a week and also has translation services available at all times.

Call OpenTalk on your local number or on 1-800 225-6141 (US), 0800 917 3604 (UK), or the collect call number 1 704 540 2242 or at the following:

A full list of local telephone numbers can be accessed on the OpenTalk website <http://opentalk.bpweb.bp.com> or you can e-mail the following address opentalk@myalertline.com





**CONTRACT FOR
GULF OF MEXICO
STRATEGIC PERFORMANCE UNIT
OFFSHORE WELL SERVICES**

BETWEEN

BP EXPLORATION AND PRODUCTION, INC.

AND

M-I L.L.C.

BPM-09-00209

Amendment No. 2
to
M-I L.L.C. CONTRACT No. BPM-09-00233

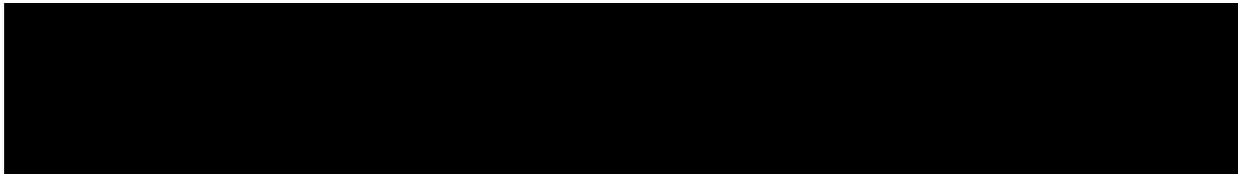
This Amendment is entered into effective as of the 14th day of May 2010 by and between BP AMERICA PRODUCTION COMPANY (hereinafter referred to as "COMPANY") and M-I L.L.C. (hereinafter referred to as "CONTRACTOR") with a place of business at 5950 North Course Drive, Houston, Texas 77072.

W I T N E S S E T H:

WHEREAS, by CONTRACT No. BPM-09-00233 made and effective March 1, 2009, COMPANY and CONTRACTOR entered into that certain contract for Offshore Well Services (hereinafter referred to as "CONTRACT"); and

WHEREAS, COMPANY and CONTRACTOR desire to amend the CONTRACT as more particularly set forth herein.

NOW THEREFORE, for and in consideration of the mutual covenants and agreements hereinafter provided, COMPANY and CONTRACTOR agree to amend the CONTRACT as follows:



For the avoidance of doubt, where offshore well services are provided on a well or a well section that is continuous and carries over at the time of the SORAC effective dates above, the existing pricing per CONTRACT BPM-09-00233 will apply until the completion of the well or well section.

2) Amend Section 3, Article 7.2 to read as follows:

"CONTRACTOR, during the performance of WORK, shall adhere to the methods and procedures as specified in Section 3, Appendix 7 – Technical Integrity and in Section 6 – Quality Assurance and Quality Control. Additionally, Contractor agrees to comply with most current version of NAG DWOP (Drilling and Well Operations Policy). As referenced in Section 7, Appendix 5, Attachment 1; Company Specific HSSE Requirements can be found at <http://nasupplierhsse.bpglobal.com>.

3) Amend Section 5, Article 1.7 to read as follows:

"Safety Critical Equipment

The Exploration and Production Segment requires the identification of Safety Critical Equipment (SCE) for the purposes of assuring availability and functionality of equipment that provides the greatest relative contribution to risk reduction for major accident hazards. The identification of SCE facilitates the prioritization of inspection, testing and maintenance tasks and the associated performance management.

Safety Critical Equipment (SCE) as referenced in DWOP and Safety Critical Items as referenced in HSSE Requirements (Section 7, Appendix 5, Attachment 1) shall include at a minimum the following equipment and protective systems:

Item	Description
1	Stab-in Valve
2	Inside BOP Valve
3	Wellhead & Tree
4	BOPE & Control Systems
5	H2S Monitor
6	Gas Detection & Alarms
7	Hook Load Indicator (Drill floor & Crane)
8	Primary Braking System
9	Traveling Block Anti-Collision System
10	Anti-2-Block
11	Pressure Safety Relieving Device
12	Mud Cross
13	Hoisting System - As defined in API 8A&C:
	– Deadline Anchor
	– Crown Block / Fast line sheave assemblies
	– Traveling Block
	– Hooks - Drill Pipe, Tubing, Sucker Rod
	– Block to Hook Adapters
	– Connectors & Link Adapters
	– Elevator Links
	– Elevators - Casing, Tubing, Drill Pipe, Drill Collar, Sucker Rod, etc. Also, Spiders, (if capable of being used as hoisting equipment)
	– Rotary Swivels
	– Power Swivels
	– Power Subs
	– Safety Clamps (if capable of being used as hoisting equipment)
	– Kelly Spinners (if capable of being used as hoisting equipment)
	– Top Drive Units “

4) Amend Section 7, Appendix 5, Attachment 1, Requirement 9 to read as follows:

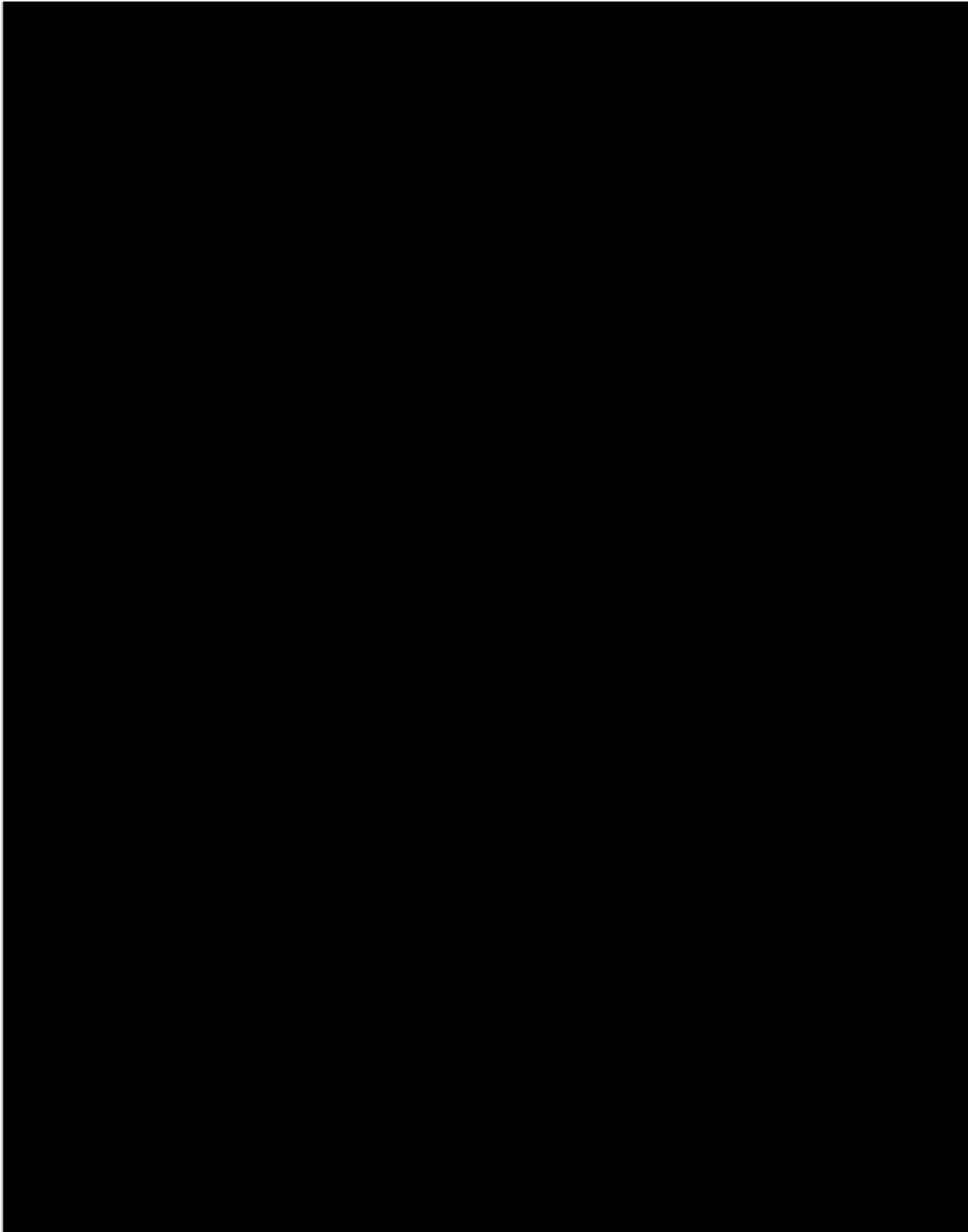
“Preventative Maintenance Program

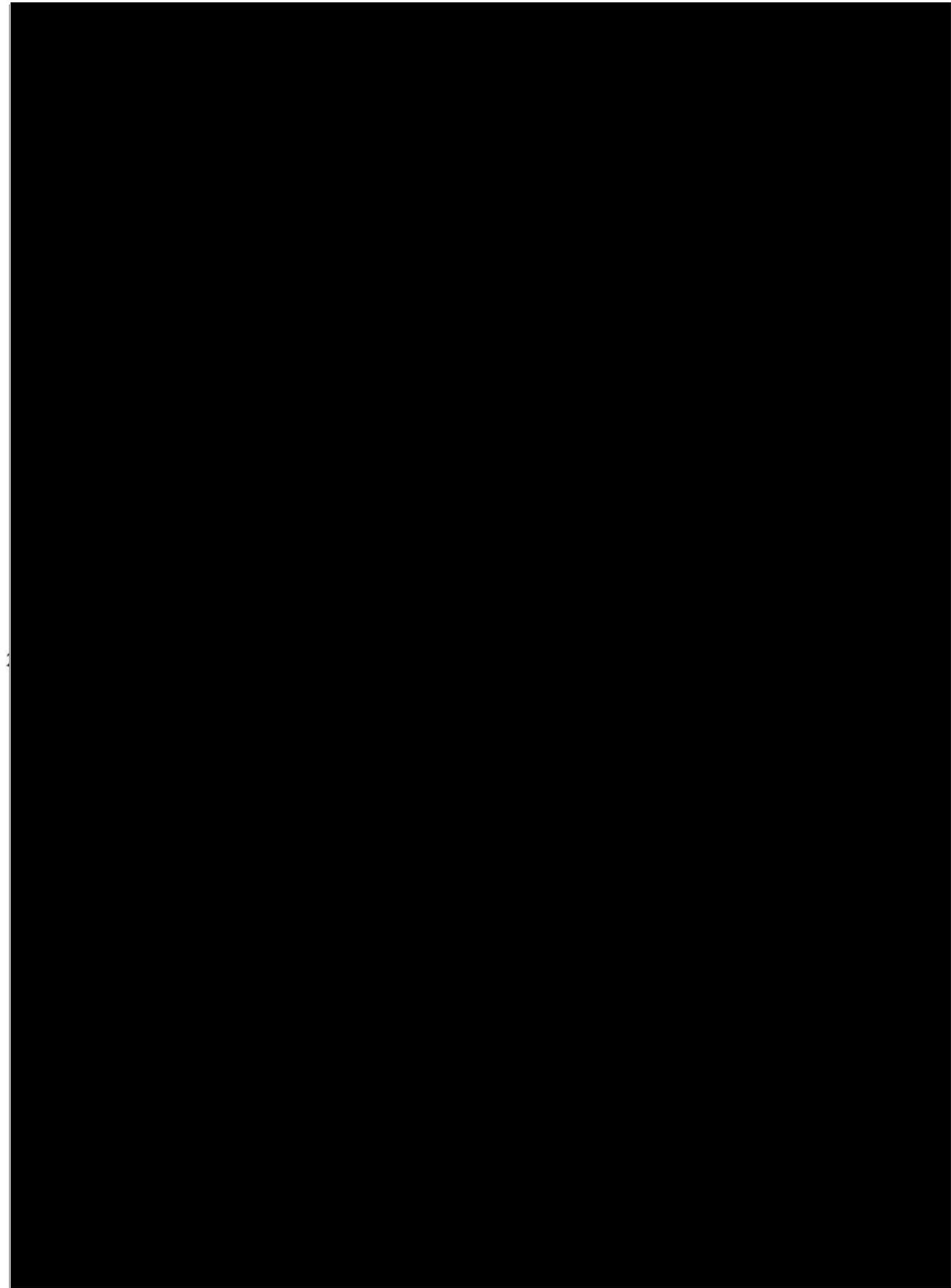
A formal Preventative Maintenance (PM) System shall exist to service equipment based upon OEM or Contractor recommended intervals of service. The preferred approach to PM would be a system that is computerized and thus electronic whereby automatic prompts periodically cycle when the due service interval is reached. Furthermore, the system will be capable of registering & retaining past due items until serviced and closed by a qualified person.

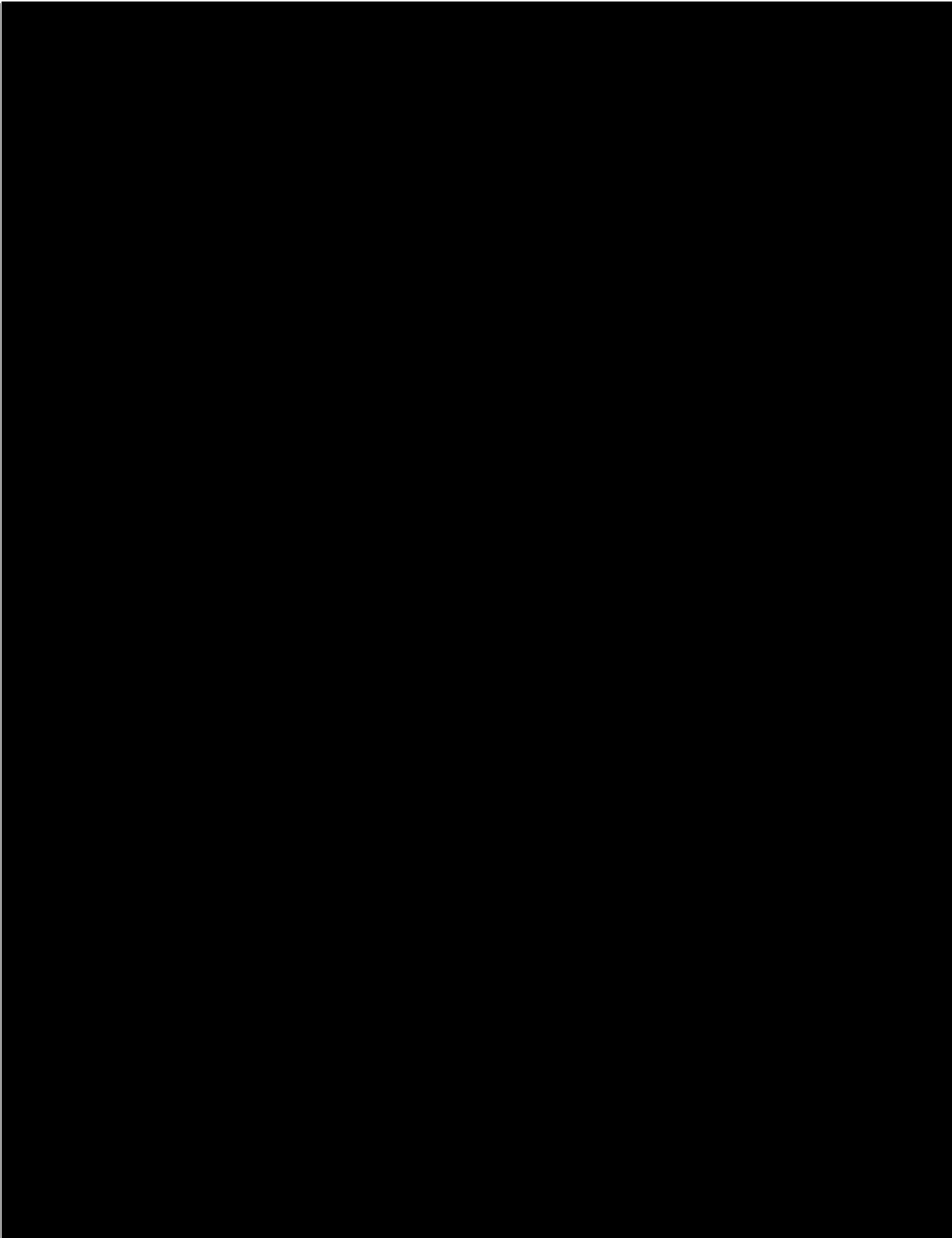
The PM System shall, as a minimum, address listed SCE as designated by Company for a Contractor’s equipment or protective systems. Also, the PM system shall address equipment/structural components that contribute to sustained service and/or integrity of the operation, and any protective systems.

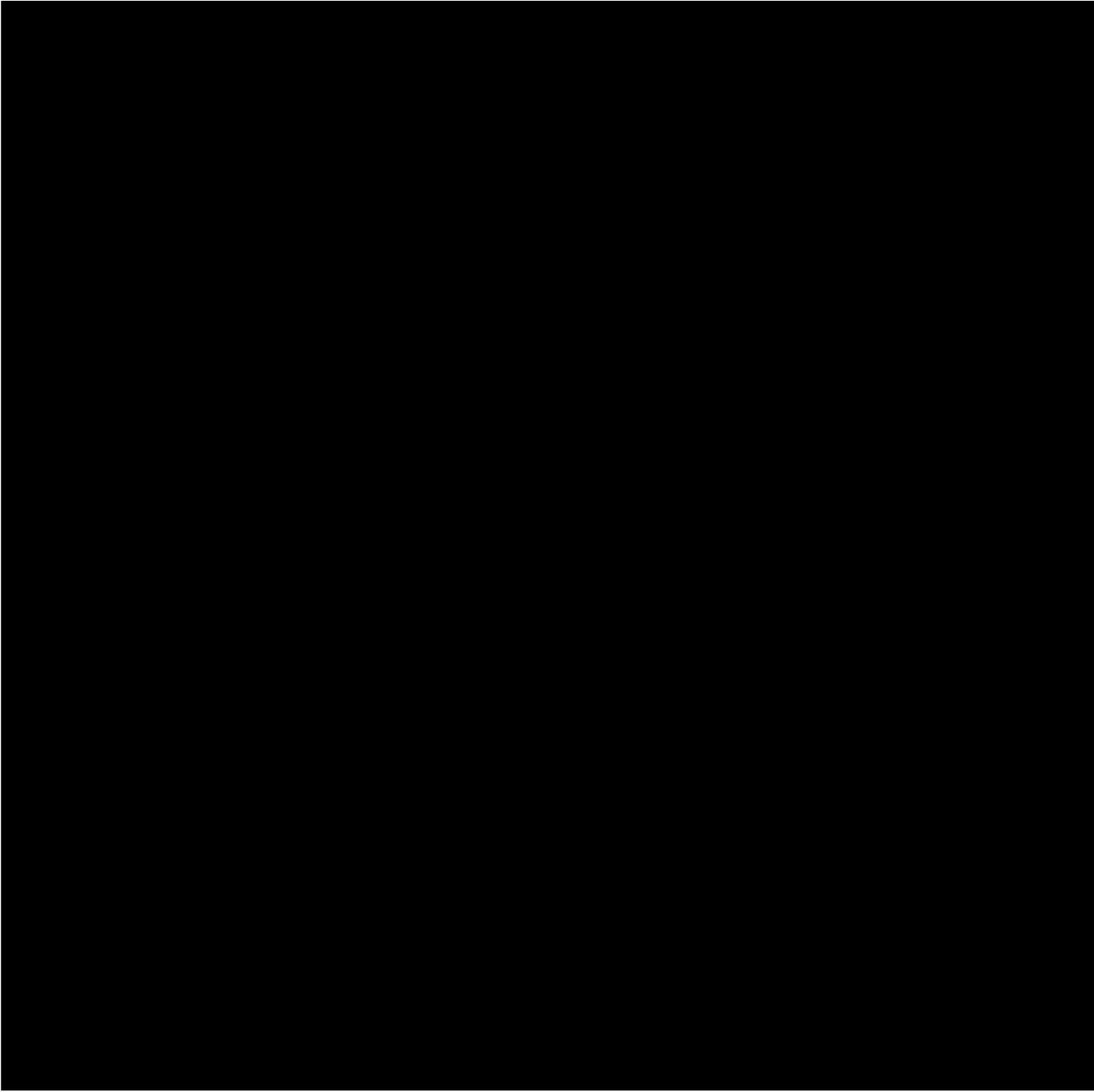
Contractor shall provide assurance to Company as required that the PM system is meeting the requirements of this section.

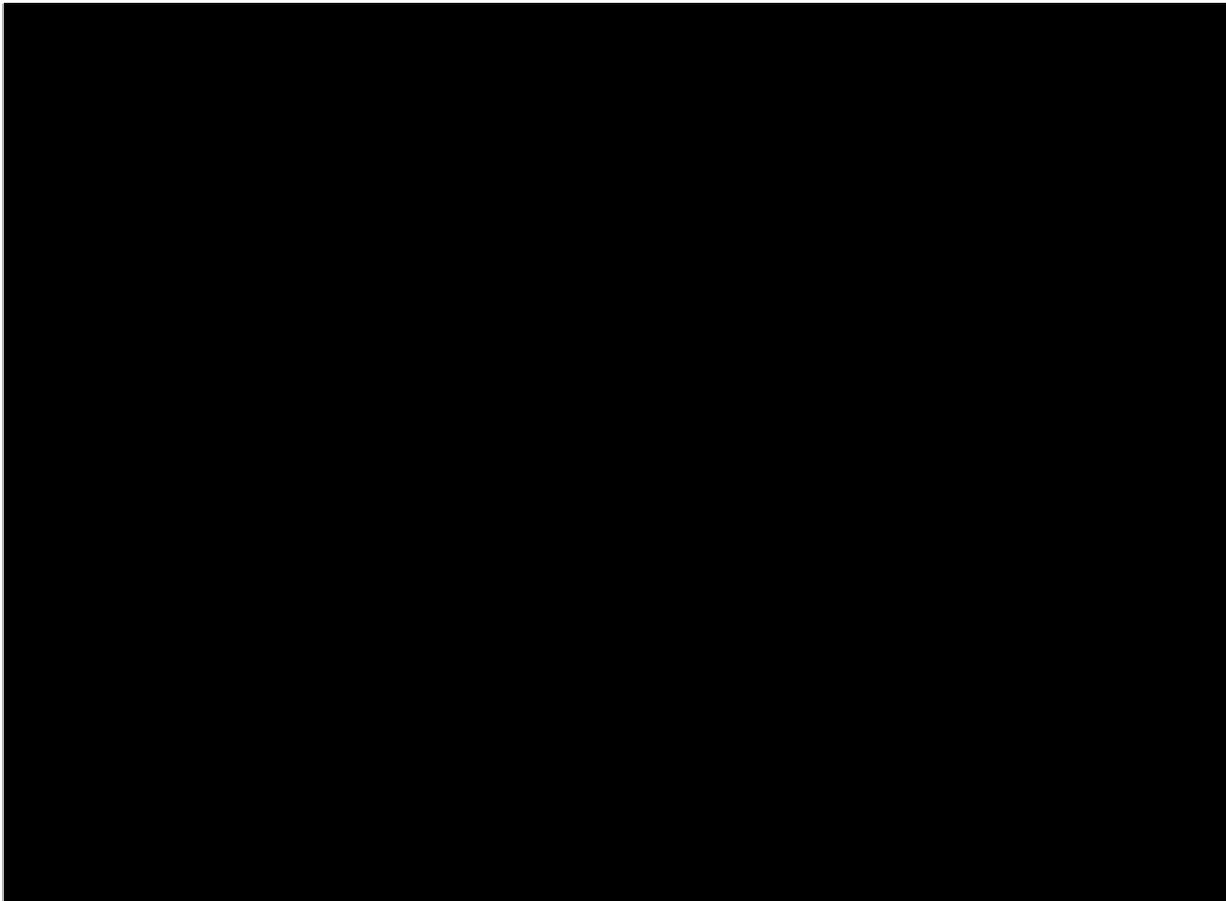
Service of SCE , equipment/structural components that contribute to sustained service and/or integrity of the operation, and any protective systems, shall be by qualified personnel. “

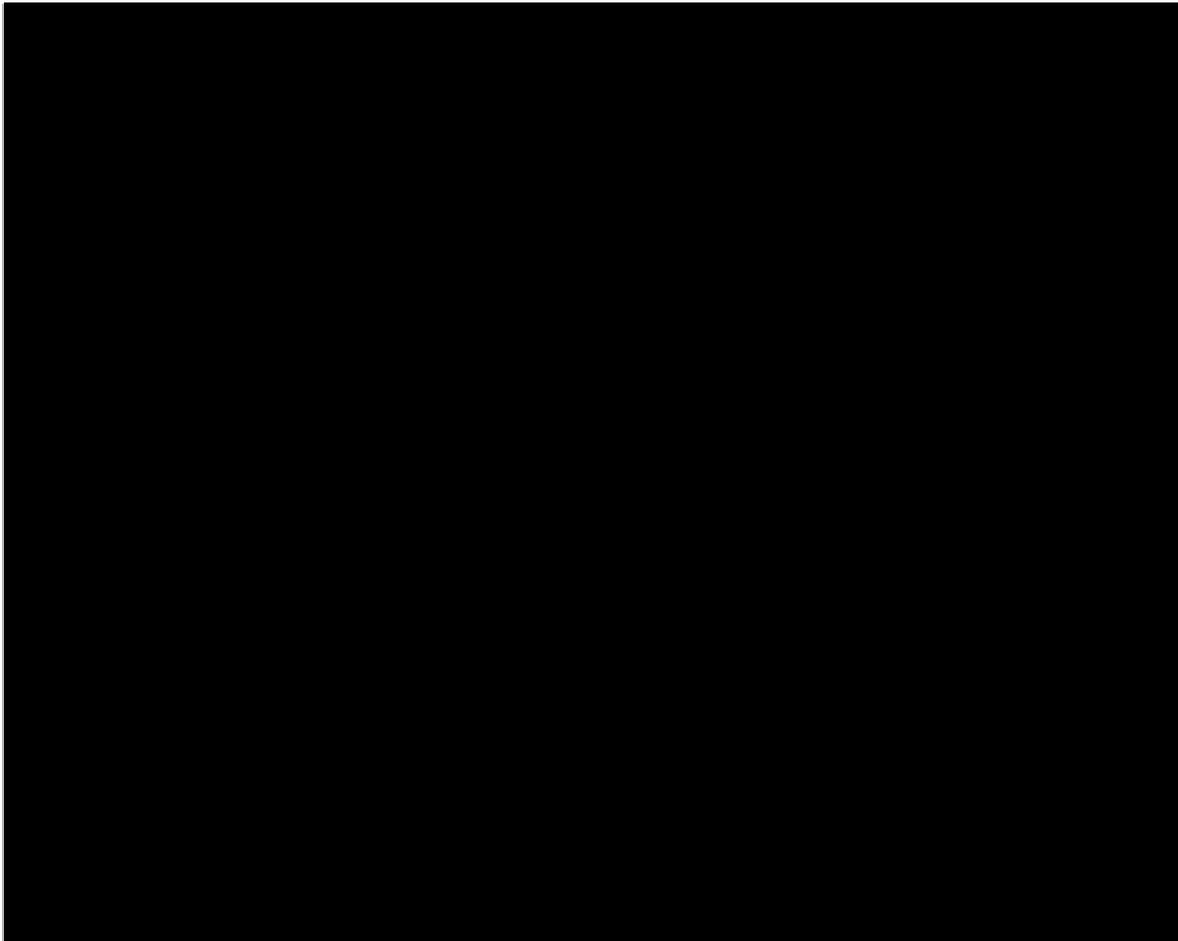


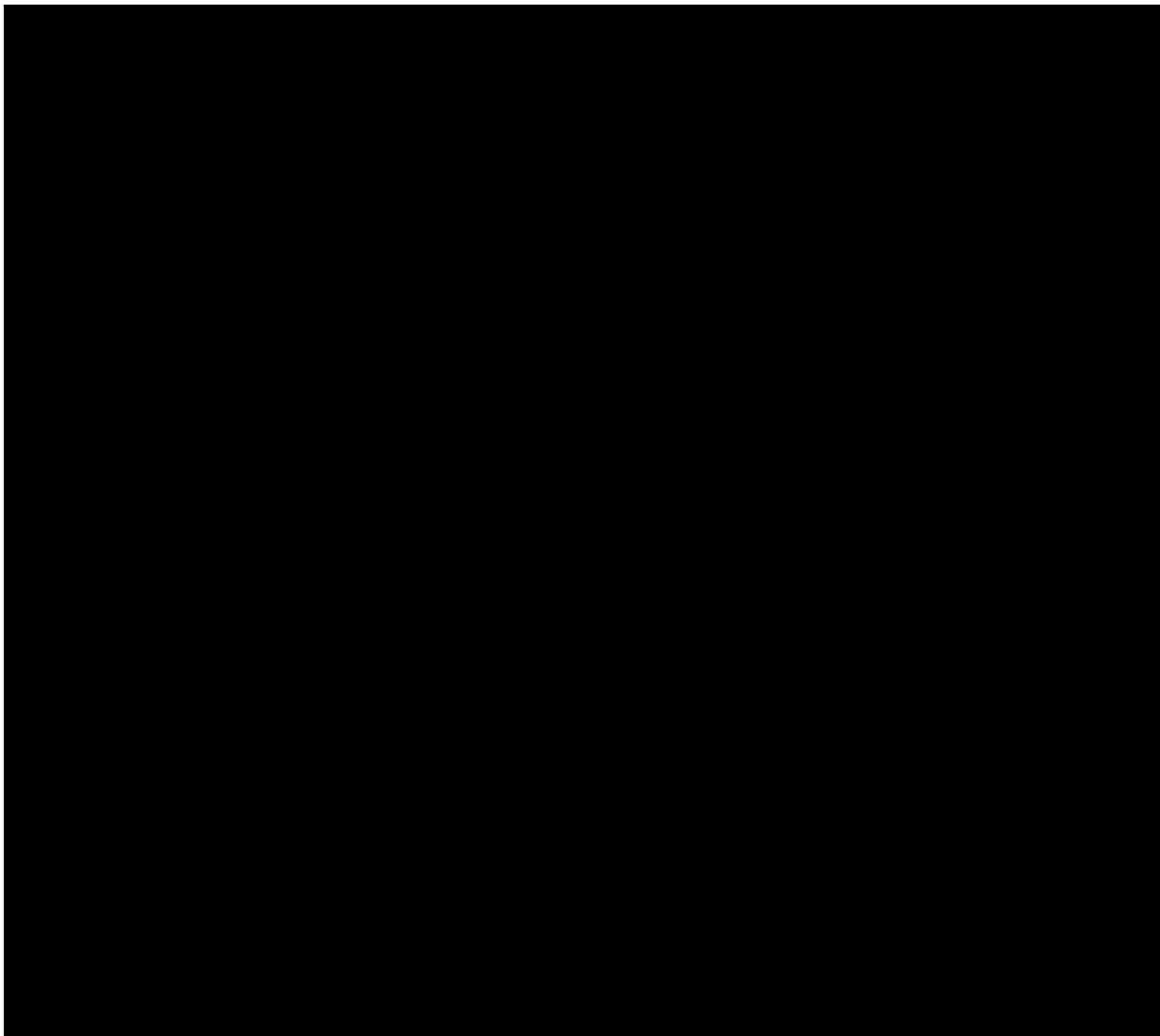














Amendment No. 5 DRAFT
to
Contract for
Offshore Well Services
between
BP EXPLORATION AND PRODUCTION, INC.
and
M-I L.L.C.
CONTRACT No. BPM-09-00209

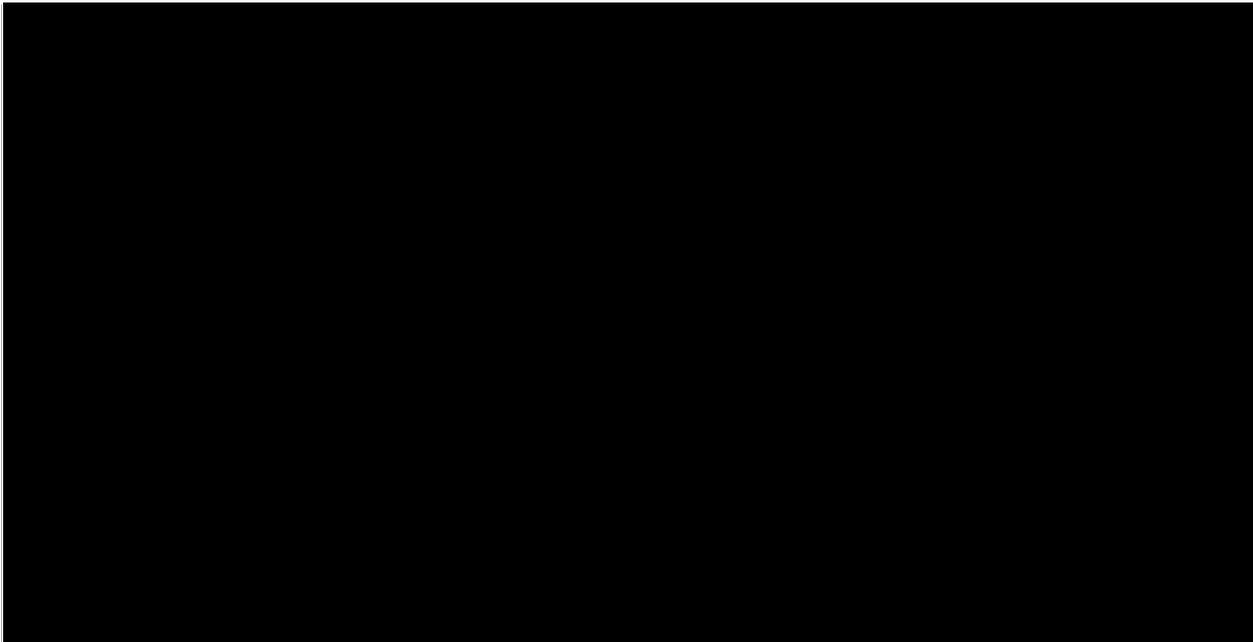
This Amendment is entered into effective as of the 4th day of January 2010 by and between BP EXPLORATION AND PRODUCTION, INC. (hereinafter referred to as "COMPANY") and M-I L.L.C. (hereinafter referred to as "CONTRACTOR") with a place of business at 5950 North Course Drive, Houston, Texas 77072.

W I T N E S S E T H:

WHEREAS, by CONTRACT No. BPM-09-00209 made and effective February 1, 2009, COMPANY and CONTRACTOR entered into that certain contract for Offshore Well Services (hereinafter referred to as "CONTRACT"), as previously amended by Amendments No. 1 through No. 4; and

WHEREAS, COMPANY and CONTRACTOR desire to amend the CONTRACT as more particularly set forth herein.

NOW THEREFORE, for and in consideration of the mutual covenants and agreements hereinafter provided, COMPANY and CONTRACTOR agree to amend the CONTRACT as follows:





Except as changed by Amendments No. 1 through No. 4 and this Amendment No. 5, the CONTRACT shall remain in full force and effect as originally written.

IN WITNESS WHEREOF, the authorized representatives of the parties hereto have executed this Amendment No. 5 in duplicate originals as of the date and year first above written.

BP EXPLORATION AND PRODUCTION, INC.
COMPANY

By: _____
_____ *Printed Name*

Title: _____

M-I L.L.C.
CONTRACTOR

By: _____
_____ *Printed Name*

Title: _____