

**SECTION 3
GENERAL CONDITIONS OF CONTRACT
FOR RIGS**

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1. DEFINITIONS

- (1) "ASSOCIATES" of COMPANY means Brunei Shell Marketing Company Sendirian Berhad, Brunei LNG Sendirian Berhad and Brunei Shell Tankers Sendirian Berhad.
- (2) "AFFILIATES" of CONTRACTOR means those companies directly or indirectly affiliated with CONTRACTOR as specified in the CONTRACT.
- (3) "COMPLETION DATE" means the date on which the WORK is required to have been completed in accordance with the CONTRACT, and in relation to a term contract means the expiry of that contract.
- (4) "CONTRACT" means the FORM OF AGREEMENT and the several documents listed therein
- (5) "CONTRACT PRICE" means the sum or sums or unit prices to be ascertained and paid in accordance with the provisions of the CONTRACT.
- (6) "CONTRACT HOLDER" means the person appointed as such by the COMPANY and named as such in the CONTRACT, having the authorities set forth in the Article headed REPRESENTATIVES OF THE COMPANY.
- (7) "COMPANY REPRESENTATIVE and/or COMPANY SITE REPRESENTATIVE(S)" means the person(s) appointed as such in writing by the CONTRACT HOLDER having the authorities set forth in the Article headed REPRESENTATIVES OF THE COMPANY.
- (8) "CONTRACT MANAGER" means the person appointed as such by the CONTRACTOR and named as such in the CONTRACT, having the authorities set forth in the Article headed REPRESENTATIVES OF THE CONTRACTOR.
- (9) "CONTRACTOR REPRESENTATIVE and/or CONTRACTOR SITE REPRESENTATIVE" means the person(s) appointed as such in writing by the CONTRACT MANAGER having the responsibilities and authorities set forth in the Article headed REPRESENTATIVES OF THE CONTRACTOR.
- (10) "EQUIPMENT" or ITEMS means any consumables, equipment, facilities, implements, plant, sanitary facilities, supplies, temporary buildings or structures, tools, transport, utilities, watercrafts or other items required or necessary for the satisfactory performance of the WORK but excludes MATERIALS.
- (11) "HSE" means Health, Safety and Environment.
- (12) "HSE STANDARDS" means any safety laws, rules, regulations and any COMPANY HSE STANDARDS, industry standards, codes of practice and equipment manufacturer specifications applicable to the WORK and any revision thereof.
- (13) "COMPANY HSE STANDARDS" means those documented HSE Standards referred to in the current COMPANY HSE Management System (Document Reference TMS0367) and detailed both in that HSE-MS and the associated modules.
- (14) "MATERIALS" means any goods, machinery, materials, consumables and other items to be incorporated or intended to be incorporated into the WORK.
- (15) "PERSONNEL" means the person or persons provided by the CONTRACTOR under the CONTRACT.
- (16) "SUBCONTRACT" means any contract between the CONTRACTOR and any party (other than the COMPANY or the CONTRACTOR'S employees) for the performance of any part of the WORK.
- (17) "SUBCONTRACTOR" means any party (other than the CONTRACTOR) to a SUBCONTRACT approved by the COMPANY.
- (18) "VEHICLE" means the unit of transportation provided by the CONTRACTOR in accordance with the requirements of the CONTRACT as more specifically described in Section 5 hereto.
- (19) "VARIATION" means any alteration to the WORK of a type specified in Article headed VARIATION in the CONTRACT.
- (20) "WORK" means all work or services to be performed by the CONTRACTOR in accordance with the CONTRACT.
- (21) "WORKSITE" or "SITE" means all places whatsoever on, under, in or through which the WORK is to be performed in accordance with the CONTRACT or which are provided to facilitate the performance of the WORK.

2. INTERPRETATION OF THE CONTRACT

- (1) No heading, index, title, subtitle or subheading of the CONTRACT shall limit, alter or affect the meaning or operation of the CONTRACT.
- (2) All correspondence, documentation and discussion with respect to the CONTRACT and the WORK shall be in the English language.
- (3) All instructions, notifications, agreements, authorisations, approvals and acknowledgments shall be in writing, which may be by telex or facsimile transfer. Any facsimile transfer shall be confirmed forthwith by dispatch of the original correspondence in letter form.
- (4) No review, approval or acknowledgment by the COMPANY shall relieve the CONTRACTOR from any liability or obligation under the CONTRACT.
- (5) Words importing the singular only also include the plural and vice versa where the context so requires.

3. REPRESENTATIVES OF THE COMPANY

- (1) The CONTRACT HOLDER shall have the authority to supervise the management and execution of the CONTRACT by the CONTRACTOR, to supervise the CONTRACTOR on WORKSITE, to issue instructions, drawings, Variations to Contract and certificates within the terms of the CONTRACT, to appoint a COMPANY REPRESENTATIVE and/or COMPANY SITE REPRESENTATIVE(S) and to generally represent the COMPANY in respect of the CONTRACT. All such instructions, decisions and other communications given by the CONTRACT HOLDER shall bind the COMPANY.
- (2) The CONTRACT HOLDER shall periodically, and at such other times as the CONTRACT MANAGER may request, review the management and execution of the CONTRACT with the CONTRACT MANAGER.
- (3) The CONTRACT HOLDER may appoint a COMPANY REPRESENTATIVE who shall have the delegated authority to supervise the CONTRACTOR on WORKSITE and to issue instructions, drawings, but not the authority to issue drawings, Variations to Contract, certificates or to commit the COMPANY in any other way to anything involving extra payment to the CONTRACTOR. The CONTRACT HOLDER shall notify the CONTRACT MANAGER in writing of the appointment of the COMPANY REPRESENTATIVE.
- (4) The CONTRACT HOLDER may, in addition to or instead of appointing a COMPANY REPRESENTATIVE, appoint a COMPANY SITE REPRESENTATIVE who shall have the day-to-day supervision of the CONTRACTOR on WORKSITE or if the WORK is carried out in more than one area or place, the day-to-day supervision of the CONTRACTOR in any such area or place. The CONTRACT HOLDER shall notify the CONTRACT MANAGER in writing of the appointment of the COMPANY SITE REPRESENTATIVE(S) and, where applicable, of the designated area or place. The COMPANY SITE REPRESENTATIVE(S) shall have the authority to issue instruction to the CONTRACTOR but not the authority to issue drawings, Variations to Contract, certificates or to commit the COMPANY in any other way to anything involving extra payment to the CONTRACTOR.
- (5) The CONTRACT HOLDER, the COMPANY REPRESENTATIVE and the COMPANY SITE REPRESENTATIVE(S) shall at all times have access to the WORKSITE and all other places in and outside Brunei where activities related to the CONTRACT are or will be undertaken and the CONTRACTOR shall afford every facility and assistance in gaining such access.
- (6) The COMPANY shall have the right to replace the CONTRACT HOLDER and the CONTRACT HOLDER shall have the right to replace the COMPANY REPRESENTATIVE and the COMPANY SITE REPRESENTATIVE(S) at any time at their sole discretion and they shall notify the CONTRACT MANAGER accordingly, in writing.
- (7) The supervision, inspections, acts or omissions of the CONTRACT HOLDER, the COMPANY REPRESENTATIVE, the COMPANY SITE REPRESENTATIVE(S) shall not in any manner relieve the CONTRACTOR from his duties, obligations and liabilities under the CONTRACT.
- (8) Only the CONTRACT HOLDER and the COMPANY REPRESENTATIVE are authorised to receive on behalf of the COMPANY, notifications, information and decisions of the CONTRACTOR under the CONTRACT.
- (9) Instructions, information and decisions from anyone other than the CONTRACT HOLDER, the COMPANY REPRESENTATIVE or COMPANY SITE REPRESENTATIVE(S) acting within the terms of their respective delegated authority

shall have no contractual force or validity even if they are written on COMPANY headed note paper.

4. REPRESENTATIVES OF THE CONTRACTOR

- (1) The CONTRACT MANAGER shall manage the execution of the CONTRACT, supervise the WORK on WORKSITE and have the authority to commit the CONTRACTOR to any course of action within the rights and obligations of the CONTRACTOR under the CONTRACT and to generally represent the CONTRACTOR in respect of the CONTRACT.
- (2) The CONTRACT MANAGER shall notify the COMPANY of all decisions of the CONTRACTOR under the CONTRACT. All decisions notified by the CONTRACT MANAGER to the COMPANY shall for the purpose of the CONTRACT constitute acts of the CONTRACTOR and shall bind the CONTRACTOR.
- (3) The CONTRACT MANAGER shall periodically, and at such other times as the CONTRACT HOLDER may request, review the management and execution of the CONTRACT with the CONTRACT HOLDER.
- (4) The CONTRACT MANAGER may delegate to a CONTRACTOR REPRESENTATIVE the supervision of the WORK on the WORKSITE. The CONTRACTOR REPRESENTATIVE shall have the authority to commit the CONTRACTOR to any course within the rights and obligations of the CONTRACTOR related to the WORK carried out under his supervision.
- (5) The CONTRACT MANAGER may, in addition or instead of appointing a CONTRACTOR REPRESENTATIVE, delegate to a CONTRACTOR SITE REPRESENTATIVE the day-to-day supervision of the WORK on WORKSITE or, if the WORK is carried out in more than one area or place, the day-to-day supervision of the WORK in any such area or place. The CONTRACTOR SITE REPRESENTATIVE(S) shall have the authority to commit the CONTRACTOR to any course of action within the rights and obligations of the CONTRACTOR related to the WORK carried out under their supervision.
- (6) The CONTRACTOR REPRESENTATIVE and CONTRACTOR SITE REPRESENTATIVE(S) shall not be appointed and neither they nor the CONTRACT MANAGER shall be replaced without the prior written agreement of the CONTRACT HOLDER, which shall not be unreasonably withheld.
- (7) The CONTRACT MANAGER, the CONTRACTOR REPRESENTATIVE or the CONTRACTOR SITE REPRESENTATIVE(S) may be replaced at COMPANY'S sole reasonable discretion and at CONTRACTOR'S cost.
- (8) The CONTRACT MANAGER or the CONTRACTOR REPRESENTATIVE may receive, on behalf of the CONTRACTOR, notifications, information and decisions of the COMPANY made under the CONTRACT and notification to the CONTRACT MANAGER or the CONTRACTOR REPRESENTATIVE shall be deemed to be notification to the CONTRACTOR.

The CONTRACT MANAGER, the CONTRACTOR REPRESENTATIVE and the CONTRACTOR SITE REPRESENTATIVE(S) shall have such knowledge of the English, Malay and such other language as may be required for the fulfillment of their duties.

5. THE WORK

- (1) The CONTRACTOR shall comply with all instructions with regard to the WORK that the COMPANY in its absolute discretion may from time to time issue. The CONTRACTOR shall perform the WORK in accordance with the requirements of the CONTRACT, in accordance with accepted oilfield practice, in compliance with all relevant laws and regulations, and in such a manner as will always safeguard and protect the COMPANY'S interests.
- (2) The CONTRACTOR shall provide all MATERIALS, EQUIPMENT, PERSONNEL, supervision, engineering and other services and all other things required or necessary for the satisfactory performance and completion of the WORK except those items specified in Section 7 - PROVISIONS BY COMPANY as items to be provided by the COMPANY.
- (3) If by reason of any accident or failure or other event occurring to or in connection with the WORK or any part thereof any emergency remedial or other work or repair is in the opinion of the COMPANY urgently necessary for security, safety or for any other purpose which justifies immediate action, then as soon as may be reasonably practicable after such occurrence the COMPANY shall notify the CONTRACTOR to that effect. Where practicable the CONTRACTOR shall be given an opportunity to perform such work but where the CONTRACTOR is unable or is unwilling to perform

that work forthwith then the COMPANY may carry out all work or repair by itself or allocate to other Contractors with or without existing Contract with the COMPANY as the COMPANY considers necessary.

- (4) Subject to the other provisions of the CONTRACT but without prejudice to the CONTRACTOR'S other obligations with respect to MATERIALS under the CONTRACT, the CONTRACTOR shall ensure that all MATERIALS shall, when installed, be in good condition, of correct design and workmanship, within the specifications, or if no such specifications exist, fully suitable for the use intended and the CONTRACTOR shall obtain in the name of the COMPANY the best obtainable suitable guarantees and warranties for MATERIALS provided by the CONTRACTOR in this respect from their suppliers, valid for a period which shall at least be compatible with the requirements of Article headed RESPONSIBILITY FOR THE WORK.

The foregoing does not relieve the CONTRACTOR of any of its obligations under Article headed RESPONSIBILITY FOR THE WORK.

- (5) The CONTRACTOR shall use and shall cause any SUBCONTRACTOR to use such EQUIPMENT as will be adequate, in quality and number, to carry out the WORK in accordance with the CONTRACT. The CONTRACTOR shall maintain and operate all EQUIPMENT strictly in accordance with the manufacturer's printed instructions. The COMPANY shall have the right to inspect all EQUIPMENT records.

If, in the opinion of the COMPANY any item of EQUIPMENT is not or is no longer suitable for the purpose intended, then the CONTRACTOR shall at no additional cost to the COMPANY and at the option of the COMPANY, either make adequate repairs or arrange for immediate replacement.

(6) Non-Exclusivity

- (a) The CONTRACT shall not confer on the CONTRACTOR an exclusive right to provide any or all of the WORK described in Section 4 - SCOPE OF WORK.
- (b) The COMPANY shall have the right at its sole discretion to award contracts to others for the provision of the WORK described in Section 4 - SCOPE OF WORK, or to perform the WORK itself.

(7) Obligations of the Contractor

- (a) The CONTRACTOR shall provide specialist PERSONNEL and EQUIPMENT to perform the WORK for the COMPANY as described in the CONTRACT.
- (b) Each member of PERSONNEL shall perform such WORK as the COMPANY may from time to time within his area of experience and competence.
- (c) Each piece of EQUIPMENT shall perform such WORK as the COMPANY may from time to time require and that the piece of EQUIPMENT in question is able to perform.
- (d) WORK shall be to the greatest possible extent, be performed without interruptions. Therefore if:-
- (i) any member of PERSONNEL is unavailable for any reason, or
 - (ii) any piece of EQUIPMENT does not function

at a time when the COMPANY requires WORK to be performed then the CONTRACTOR shall as soon as possible supply a suitably qualified replacement member of PERSONNEL or a replacement piece of EQUIPMENT as the case may be to minimise any interruption to any required WORK.

- (e) The CONTRACTOR shall if the COMPANY so request submit to the COMPANY for approval a resume of the qualifications and job experience of the PERSONNEL before departure for Negara Brunei Darussalam. If the COMPANY does not approve of any member of PERSONNEL then the CONTRACTOR shall provide a suitable alternative acceptable to the COMPANY.
- (f) The CONTRACTOR shall make available to the COMPANY additional PERSONNEL reasonably required by the COMPANY in connection with performance of the WORK and shall do so as soon as possible after receipt of a written request from the COMPANY. Such PERSONNEL shall be charged at the relevant rates as set out in Section 8 - SCHEDULE OF PRICES AND RATES or, if no such rate exists, at mutually agreed rates.
- (g) The COMPANY may reduce the number of PERSONNEL required by giving one-month prior written notice to the CONTRACTOR, or such other notice period as set out elsewhere in the CONTRACT.

- (h) The CONTRACTOR shall ensure that all pieces of EQUIPMENT (for which such an inspection is required) have satisfactory passed inspection by a Company approved internationally recognized inspection authority and have a valid certificate for safe working from such authority. The CONTRACTOR shall ensure that each piece of EQUIPMENT is submitted for such further periodic inspection as such inspection authority requires. Any piece of EQUIPMENT that does not comply with the requirements of the CONTRACT shall be replaced by the CONTRACTOR at its expense. Copies of all said certificates and details of inspection frequency shall be made available to the COMPANY on request.

No inspection or acceptance of any EQUIPMENT by the COMPANY shall in any way release the CONTRACTOR from any of his responsibilities.

- (i) The CONTRACTOR shall make available to the COMPANY additional EQUIPMENT as soon as possible after receipt of a written request from the COMPANY to do so. Such EQUIPMENT shall be charged at the relevant rates as set out in Section 8 - SCHEDULE OF PRICES AND RATES or if no such rate exists, at mutually agreed rates.
- (j) The COMPANY may reduce or terminate its requirements for any EQUIPMENT (whether additional or not) at such notice period as set out elsewhere in the CONTRACT.

6. THE RESPONSIBILITY OF THE CONTRACTOR TO INFORM ITSELF

- (1) The CONTRACTOR warrants that it has satisfied itself as to the nature of the WORK, including but not limited to the supervision, services and all labour, MATERIALS and EQUIPMENT required for the performance of the WORK, the correctness and sufficiency of the rates and prices stated in Section 8 SCHEDULE OF PRICES AND RATES, general and local conditions especially ground, climatic, sea, other water and weather conditions and all other matters which could affect the progress or performance of the WORK. Any failure by the CONTRACTOR to take account of matters which affect the WORK shall not relieve the CONTRACTOR from its obligations under the CONTRACT, nor entitle it to claim against the COMPANY.
- (2) The COMPANY shall not be liable for any inaccuracy or insufficiency in the information available or used by the CONTRACTOR which directly affects the performance of the WORK save for any confidential information that is supplied by the COMPANY under the CONTRACT and it is impracticable for the CONTRACTOR to check such information and which the CONTRACTOR is not required under Section 4 - SCOPE OF WORK to check.
- (3) Accuracy of Data
- Due to the uncertainty of well conditions CONTRACTOR cannot and does not warrant the accuracy, correctness or completeness of any interpretations of logs or other data or any recommendations or reservoir descriptions and CONTRACTOR shall not be responsible for any loss, damage or claims arising from, incidental to, or connected with the use of such information provided CONTRACTOR has followed accepted oilfield practice and used reasonable care in producing such logs, data, recommendation or reservoir description.
- (4) Subject to all other terms and conditions of the CONTRACT, the CONTRACTOR assumes all responsibility for WORK performed by the CONTRACTOR including WORK based upon sound and correct data and sound and correct information not contained in the CONTRACT.

7. THE RESPONSIBILITY OF THE CONTRACTOR TO INFORM THE COMPANY

- (1) The CONTRACTOR shall notify the COMPANY as soon as possible of all things in the CONTRACT which in the opinion of the CONTRACTOR appear to be deficiencies or omissions or contradictions or ambiguities or conflicts with applicable law. The COMPANY shall review and issue instructions, if any, before the CONTRACTOR proceeds with any part of the WORK affected.
- (2) The CONTRACTOR shall notify the COMPANY immediately whenever accidents, incidents or near miss incidents occur. The CONTRACTOR shall also notify the COMPANY of any other incidents arising out of the performance of the CONTRACT which may affect the interests or other operations of the COMPANY, its ASSOCIATES or third parties.
- (3) The CONTRACTOR shall notify the COMPANY immediately of any impending or actual stoppages of WORK, industrial disputes or other matters affecting or likely to affect the performance of the CONTRACT or lead to a delay in the time schedule referred to in Article headed SCHEDULING.

- (4) The CONTRACTOR shall keep the COMPANY fully informed of the progress of the WORK and shall comply with the reporting requirements set out in the CONTRACT.

8. USE OF SHELL PRODUCTS

- (1) The CONTRACTOR shall use or cause to be used only "Shell" fuels and lubricants and other "Shell" products in connection with the performance of the WORK to the extent that these are readily available and at prices and conditions generally competitive with other brands. The CONTRACTOR shall notify and seek COMPANY approval prior to purchasing other brands.
- (2) The CONTRACTOR may use other lubricants where these are specified by particular equipment and machinery manufacturers.

9. SUBCONTRACTS

- (1) The CONTRACTOR shall ensure that the rights of the COMPANY and the requirements in the CONTRACT regarding SUBCONTRACTORS are effectively provided for in any SUBCONTRACT.
- (2) The CONTRACTOR shall not subcontract the whole or any part of the WORK under the CONTRACT or appoint any SUBCONTRACTOR without prior consent of the COMPANY in writing, which consent shall not be unreasonably withheld. The COMPANY shall be given an adequate opportunity to review the form of the SUBCONTRACT, the choice of the SUBCONTRACTOR, the part of the WORK which shall be covered under the SUBCONTRACT, and any other details the COMPANY shall request or specify. The CONTRACTOR shall not enter into the proposed SUBCONTRACT until the requirements of this Article have been met and until the COMPANY has given its written consent to the proposed SUBCONTRACT.
- (3) No SUBCONTRACT shall bind or purport to bind the COMPANY and each SUBCONTRACT shall provide for its immediate termination in the event of termination of the CONTRACT or suspension in the event of suspension of the WORK. Each SUBCONTRACT shall provide that it shall be assigned to the COMPANY or its nominee if the COMPANY gives written notice to the SUBCONTRACTOR that it requires such an assignment if the COMPANY terminates the CONTRACT. Unless such an assignment takes place the SUBCONTRACTOR shall only be responsible to the CONTRACTOR, who shall in turn be responsible to the COMPANY.
- (4) The CONTRACTOR shall be responsible for all work, acts, defaults and breaches of duty of any SUBCONTRACTOR or its employees or agents as fully as if they were the work, acts, defaults or breaches of duty of the CONTRACTOR.
- (5) Where applicable the CONTRACTOR shall ensure that appropriate Brunei organisations and suppliers are given full and fair opportunity to tender for the supply of goods and services.
- (6) The CONTRACTOR agrees that it shall furnish to the COMPANY, if requested, satisfactory evidence that all SUBCONTRACTORS (including suppliers to the CONTRACTOR) have been paid on time and in full for work done or goods supplied in connection with the performance of the WORK. If such satisfactory evidence is not supplied then the COMPANY shall not be bound to make any further payment to the CONTRACTOR for that part of the WORK until it is supplied.
- (7) Furthermore the COMPANY may deduct from payments due to CONTRACTOR the amount not paid to such SUBCONTRACTORS, and may then make such payment directly to such SUBCONTRACTORS. Such direct payment to SUBCONTRACTORS shall be deemed to be payment under the CONTRACT and the CONTRACTOR shall have no further entitlement to such amount.
- (8) Nominated Subcontractor
 - (a) The COMPANY may request the CONTRACTOR to enter into SUBCONTRACTS with SUBCONTRACTORS nominated by the COMPANY. The CONTRACTOR shall not be bound to enter into a SUBCONTRACT with such a nominated SUBCONTRACTOR if the CONTRACTOR has reasonable objection to the nomination. The COMPANY shall in that event provide another nominated SUBCONTRACTOR and the CONTRACTOR shall have the same right to raise reasonable objection or the CONTRACTOR may nominate a subcontractor acceptable to the COMPANY.
 - (b) The CONTRACTOR shall be responsible for finding another SUBCONTRACTOR that is acceptable to the COMPANY if any nominated SUBCONTRACTOR fails either totally or partially to perform any SUBCONTRACT. The COMPANY shall only pay to the CONTRACTOR what it would have been bound to pay had such nominated SUBCONTRACTOR correctly performed the SUBCONTRACT in

question. Any additional costs incurred by the CONTRACTOR arising from the removal or replacement of any nominated SUBCONTRACTOR and/or in having the relevant activities performed by another shall be for the account of the CONTRACTOR.

10. PERSONNEL OF THE CONTRACTOR AND SUBCONTRACTORS

- (1) The CONTRACTOR warrants that it has and shall throughout the CONTRACT have the experience and capability including sufficient and competent supervisors and other PERSONNEL to efficiently and expeditiously perform the WORK. If in the reasonable opinion of the COMPANY there is any inadequacy in the number or competence of persons engaged in performing the WORK, then the CONTRACTOR shall on request, at no extra cost to the COMPANY, provide additional or alternative competent persons.
- (2) The CONTRACTOR further warrants that it shall ensure that any persons designated as "Key Personnel" in the CONTRACT shall not be replaced without the prior written approval of the COMPANY. In order to ensure that the continuity of the WORK is maintained, the approved successor shall work alongside the replaced Key Personnel for a reasonable handover period, at no cost to the COMPANY.
- (3) All supervisory PERSONNEL of the CONTRACTOR and any SUBCONTRACTOR shall be able to read, write and communicate in English and shall be able to directly communicate fluently in the language of the PERSONNEL they are supervising. Where all supervised PERSONNEL do not speak a common language there shall be sufficient supervisory PERSONNEL at all WORKSITES at all times to be able to communicate directly with all supervised PERSONNEL.
- (4) The CONTRACTOR shall comply with all applicable laws, rules and regulations relating to the engagement of PERSONNEL, local or otherwise, for their transport, housing, maintenance, payment of wages, board and lodging.
- (5) The CONTRACTOR shall at its own cost forthwith replace any of its PERSONNEL or agents or any SUBCONTRACTOR or procure the replacement of any person employed by any SUBCONTRACTOR if the aforesaid person failed to comply with the COMPANY'S safety or other rules or regulations or if the COMPANY in its sole discretion considers it to be in its best interests to do so.
- (6) The CONTRACTOR shall ensure that all PERSONNEL of the CONTRACTOR and any SUBCONTRACTOR engaged on the CONTRACT comply with all relevant labour and immigration laws, rules and regulations and where required are in possession of a valid work permit and appropriate vaccination certificates for the duration of the CONTRACT. Details of such work permits shall, if the COMPANY so requests, be submitted to the COMPANY prior to the person being engaged on the WORK.
- (7) The CONTRACTOR shall ensure that all its PERSONNEL or agents (including those of its SUBCONTRACTORS) have successfully completed a medical examination before they shall be employed under the CONTRACT. In addition, particular screening shall be conducted on those employees or agents (including those of its SUBCONTRACTORS) who shall be involved in specific occupational health hazards. The COMPANY shall have the right during the course of the CONTRACT to require the removal of any CONTRACTOR PERSONNEL who is diagnosed to be suffering from any communicable and/or contagious diseases and the CONTRACTOR shall provide suitable replacement PERSONNEL (such PERSONNEL shall be required to undergo and pass a similar medical examination) at the CONTRACTOR'S expense.

The CONTRACTOR shall forthwith, upon written request by COMPANY, deliver to COMPANY'S Chief Medical Officer results of such medical examination of any of the CONTRACTOR'S PERSONNEL or agents (including those of its SUBCONTRACTORS).

- (8) The CONTRACTOR warrants that any major new work, whether said work is related to a new or an existing contract, will not adversely affect the CONTRACTOR'S allocation of its own fully qualified and experienced PERSONNEL and other resources necessary to carry out the WORK in accordance with the requirements of the CONTRACT.
- (9) The COMPANY shall have the right to require the CONTRACTOR in writing to remove any PERSONNEL or agent of either the CONTRACTOR or its SUBCONTRACTOR from any location of the COMPANY or from any site where WORK are being performed without the COMPANY offering any reason for the request providing that such right is not exercised frivolously or vexatiously. The PERSONNEL or agent shall be removed forthwith and shall not be employed on any other contract between the CONTRACTOR and the COMPANY or sited in any location or premises of the COMPANY without the prior written approval of the COMPANY. The COMPANY shall give the CONTRACTOR the opportunity to make representations to cancel the removal but only after such removal has been effected. A request by the COMPANY for the removal of PERSONNEL or agents of either the CONTRACTOR or its SUBCONTRACTOR shall not itself give rise to disciplinary

action against such persons. Within 24 (twenty-four) hours or such longer time as agreed between the COMPANY and CONTRACTOR to be practical, those persons who have been removed from the WORK shall be replaced, if the COMPANY so requires, by other similar and suitably qualified persons acceptable to the COMPANY. All costs incurred in the removal of any person shall be for the sole account of the CONTRACTOR.

- (10) The CONTRACTOR agrees that upon request it shall furnish to the COMPANY as soon as possible, satisfactory evidence that the CONTRACTOR'S PERSONNEL who are engaged in the WORK have been paid on time and in full for their wages and for any other payments required by law to be paid to them. In the event that the CONTRACTOR does not provide such evidence, the COMPANY may make such payments directly to such PERSONNEL or to any persons on their behalf or withhold such amounts that COMPANY deems appropriate until COMPANY receives evidence that payment of wages has been made to the CONTRACTOR'S PERSONNEL. Any such payments made by the COMPANY shall be deemed to be payments to the CONTRACTOR under the CONTRACT and the CONTRACTOR shall have no further entitlement to any amounts so paid.
- (11) In the event the CONTRACTOR fails/had failed to pay its employees for their wages in full or for any other payments required by law to be paid to them, the COMPANY at its sole discretion shall have the right to terminate the CONTRACT.
- (12) Unprofessional Conduct
 - (a) Notwithstanding any other provisions in the CONTRACT, CONTRACTOR warrants that any personnel employed or engaged otherwise by the CONTRACTOR to perform any task in connection with the WORK shall carry out their duties in accordance with good and generally acceptable practices and procedures of their trade or profession and in accordance with the professional and ethical standards of that trade or profession.
 - (b) In the event that the CONTRACTOR or its personnel or any other person engaged by the CONTRACTOR to perform tasks in connection with the WORK, in the reasonable opinion of the COMPANY act in contravention of sub-article (12) herein if CONTRACTOR has failed to remedy or commence to remedy such deficiencies, after notice of same by COMPANY, such act(s) shall constitute breach of CONTRACT by the CONTRACTOR, and without prejudice to any other remedies which COMPANY may have under the provisions of the CONTRACT, COMPANY shall be entitled to terminate the CONTRACT summarily without notice or compensation to CONTRACTOR.

11. COOPERATION WITH OTHERS

- (1) The CONTRACTOR shall co-operate fully with the COMPANY and other contractors of the COMPANY and shall afford them reasonable access to the WORKSITE in order to perform work under other contracts with the COMPANY.

12. VARIATION

- (1) The COMPANY shall issue a VARIATION whenever it is required to do so by any other Article in Section 3 - GENERAL CONDITIONS OF CONTRACT.

In addition the COMPANY may by issuing a VARIATION at any time during the period of the CONTRACT order any change in the form, quality or quantity of the WORK which the COMPANY wishes to make.

- (2) The following shall not be VARIATIONS:-

Instructions, interpretations or decisions or acts of the COMPANY which are:

- (a) to achieve compliance with the CONTRACT by the CONTRACTOR, or
 - (b) to require the CONTRACTOR to correct errors, omissions, poor engineering, defective workmanship or any other failure of the CONTRACTOR to comply with the CONTRACT, or
 - (c) to avoid failure by the CONTRACTOR to achieve compliance with the CONTRACT.
- (3) The COMPLETION DATE shall be subject to adjustment only as a result of a VARIATION.
 - (4) A VARIATION shall in no way affect the rights or obligations of the parties except as expressly provided for in that VARIATION. Any VARIATION shall be governed by all the provisions of the CONTRACT.

- (5) If the CONTRACTOR considers that an occurrence has taken place that should give rise to a VARIATION or considers that any instruction, interpretation, decision or act of the COMPANY should give rise to a VARIATION, then the CONTRACTOR shall request immediately in writing that the COMPANY shall issue a VARIATION in respect of such claim. If the CONTRACTOR does not request a VARIATION within 28 (twenty-eight) days of the said occurrence, instruction, interpretation, decision or act then the COMPANY shall be released and discharged from all liability arising from or in connection with the said occurrence, instruction, interpretation, decision or act and the claim in question shall be deemed to be time-barred. The CONTRACTOR shall make such a request at the earliest practicable time before proceeding with any WORK affected. The COMPANY shall then notify the CONTRACTOR within 14 (fourteen) days of receipt of such a request whether he thinks the said occurrence, instruction, interpretation, decision or act does or does not justify a VARIATION.

The CONTRACTOR shall keep and maintain and cause any SUBCONTRACTOR to keep and maintain full records relating to any such claim and necessary to support such claim, and shall keep the COMPANY informed of outstanding claims on a monthly basis.

13. INSPECTION AND TESTING

- (1) The provisions of this Article are in addition to and without prejudice to any more detailed provisions for inspection and/or testing contained or referred to in the CONTRACT.
- (2) In order to confirm that the requirements of the CONTRACT are met the COMPANY shall have the right, but not the obligation, at all times to inspect and test all EQUIPMENT, MATERIALS and VEHICLES provided and all WORK or services or documentation relating thereto performed by the CONTRACTOR or any SUBCONTRACTOR.
- (3) The CONTRACTOR, at its cost, shall carry out such inspection or tests on any EQUIPMENT, MATERIALS or VEHICLES provided by the CONTRACTOR or on any part of the WORK as the COMPANY may from time to time require and the COMPANY shall have the right to witness and verify any such inspection and/or tests. The CONTRACTOR shall give the COMPANY such period of prior notice of any such inspections and/or tests as is specified in the CONTRACT and in the event that no period is specified not less than forty eight (48) hours notice shall be given.
- (4) No failure on the part of the COMPANY to inspect, witness or test the WORK nor failure to discover defects nor failure to reject WORK performed by the CONTRACTOR which is not in accordance with the CONTRACT shall relieve the CONTRACTOR from any liability or obligation under the CONTRACT.

14. SCHEDULING

- (1) The CONTRACTOR shall be responsible at all times for scheduling, progress reporting, forecasting and independently controlling progress to achieve the expeditious and efficient performance of the WORK in accordance with the CONTRACT.
- (3) The CONTRACTOR shall obtain prior approval from the COMPANY on the current programme of WORK before it is implemented.
- (5) Where applicable, the COMPANY shall, in consultation with the CONTRACTOR, produce a programme for the WORK and shall revise it from time to time as circumstances require or as may be necessary.

15. FORCE MAJEURE

- (1) Neither party shall be liable for any failure to perform any obligation under the CONTRACT to the extent to which performance is prevented, hindered or delayed by a force majeure occurrence. A force majeure occurrence shall mean an occurrence beyond the control and without the aid or fault or negligence, or dilatory action, or inaction of the party affected and which by the exercise of reasonable diligence the said party is unable to prevent or provide against, including without limiting the generality of the foregoing, war (declared or undeclared), insurrection, acts of terrorism, acts or orders of governments or governmental bodies (including legislative bodies, Local and Port Authorities) subsequent to the commencement date, maritime disasters, boycotts or strikes other than strikes limited to the workforce of, or provided by, the CONTRACTOR and/or SUBCONTRACTORS.

A force majeure occurrence shall not include the following:-

- (a) breakdown of any item of EQUIPMENT used by the CONTRACTOR or any SUBCONTRACTOR;

- (b) contractual commitment made by the CONTRACTOR or any SUBCONTRACTOR to third parties which limits the ability of the CONTRACTOR or any SUBCONTRACTOR to perform the WORK;
 - (c) inclement weather typical of the operating area, excluding extra ordinary bad weather;
 - (d) inability to hire or utilise CONTRACTOR PERSONNEL or SUBCONTRACTOR personnel due to difficulties in obtaining or withdrawal of licences or permits when due to causes within the CONTRACTORS or SUBCONTRACTOR(s) control.
- (2) Should either party be delayed in performing the CONTRACT by a force majeure occurrence, that party shall give written notice to the other party forthwith giving the full particulars including the date of commencement of such force majeure occurrence, shall use its best efforts to remedy the situation forthwith and shall notify the other party of the steps being taken to remedy the situation.
- (3) Where the CONTRACTOR is delayed in the performance of the WORK by a force majeure occurrence for a period less than 20 (twenty) consecutive days, the COMPANY shall pay the CONTRACTOR the sum due as specified in Section 8 – SCHEDULE OF PRICES AND RATES.
- (4) Where the CONTRACTOR is delayed in the performance of the WORK by a force majeure occurrence for a period of 30 (thirty) or more consecutive days, the COMPANY shall pay the CONTRACTOR the sum due as specified in Section 8 – SCHEDULE OF PRICES AND RATES.
- (6) If any period of the force majeure occurrence exceeds 60 (sixty) consecutive days either party may request to terminate the CONTRACT in accordance with the Article headed TERMINATION, DISCONTINUANCE OF THE WORK AND DEFAULT.

16. SUSPENSION

- (1) The COMPANY may:
- (a) give notice of suspension to the CONTRACTOR in respect of the WORK and/or
 - (b) give notice to the CONTRACTOR specifying the matter considered to be unsatisfactory or otherwise a breach of terms of the CONTRACT and requiring the CONTRACTOR immediately to take such remedial action as shall be required by the COMPANY.

in the event that the CONTRACTOR does not forthwith carry or commence to carry out remedial action in accordance with the notice served under (b) herein in a manner that is satisfactory to the COMPANY or in the event that the CONTRACTOR does not make progress with such remedial action that is satisfactory to the COMPANY or the COMPANY considers that the CONTRACTOR has failed, refused or is unable to carry out such remedial action in accordance with its requirements then the COMPANY shall have the right to either give notice of suspension to the CONTRACTOR in respect of part of the WORK or terminate the CONTRACT.

- (2) Upon notice of suspension, the CONTRACTOR shall cease work on such suspended part of the WORK on the date specified in the notice for a period not to exceed 20 (twenty) consecutive days, but shall continue to perform any unsuspended part of the WORK. During the suspension, the CONTRACTOR shall properly protect and secure the suspended part of the WORK so far as is necessary in the opinion of the COMPANY. Subject to immediate acceptance by COMPANY, the CONTRACTOR shall revise its WORK schedule or programme so as to reduce as much as possible the consequences flowing or which may flow from such a suspension;
- (3) The CONTRACTOR shall use its best endeavors to maintain, re-deploy, transfer or retain CONTRACTOR PERSONNEL and equipment in any part of the WORK not suspended or in any other job, or shall at CONTRACTOR'S option even discharge PERSONNEL if it is economical to do so for the period of suspension; and
- (4) If the COMPANY suspends all or any part of the WORK other than:
- (a) for the proper execution of the WORK, or any part thereof, or
 - (b) because of some mistake, error or default which has an adverse impact on the WORK on the part of the CONTRACTOR, or
 - (c) for substantial non-compliance to the Health, Safety and Environment requirements of the CONTRACT, for the protection of the environment, or
 - (d) for substantial non-compliance with Milestone Zero, or
 - (e) otherwise provided for in the CONTRACT.

COMPANY shall have the right to the extent permitted by applicable law and subject to CONTRACTOR's insurance underwriter's consent" after sending of the notice of suspension to take over from the CONTRACTOR the supervision and direction of CONTRACTOR PERSONNEL and SUBCONTRACTOR PERSONNEL to complete the suspended WORK with CONTRACTOR Items. If such PERSONNEL are unable or unwilling to operate CONTRACTOR Items then COMPANY shall have the right law and subject to CONTRACTOR's insurance underwriter's consent" to take over operation of such CONTRACTOR Items. In both these events the application of CONTRACTOR's insurance coverage is specified in Article headed INSURANCE.

Where COMPANY takes over any of CONTRACTOR Items it shall at the end of the suspension period return them in as good a condition as received, fair wear and tear excepted. If such CONTRACTOR Items are not in as good a condition as received for reasons other than fair wear and tear COMPANY shall pay reasonable compensation to the extent that loss or damage is caused by improper use by COMPANY.

- (5) The COMPANY may, at any time, authorise resumption of the suspended part of the WORK by notifying the CONTRACTOR of the part of the WORK to be resumed and the effective date of withdrawal of the suspension. WORK shall be resumed as promptly as possible by the CONTRACTOR after receipt of such notification.
- (6) If any period of suspension exceeds 30 (thirty) consecutive days the CONTRACTOR may request the COMPANY either to terminate the CONTRACT or to discontinue the suspended part of the WORK in accordance with Article headed TERMINATION, DISCONTINUANCE OF THE WORK AND DEFAULT hereof or to notify the CONTRACTOR of the date when the suspension shall be lifted. If the COMPANY does not within 7 (seven) days of receipt of the CONTRACTOR'S request either terminate the CONTRACT or discontinue the suspended part of the WORK or give a firm date for resumption of the suspended part of the WORK, then the CONTRACTOR may terminate the CONTRACT (provided the COMPANY has suspended the whole CONTRACT) or terminate its obligations with respect to the suspended part of the WORK as the case may be by written notice to the COMPANY.

17. TERMINATION, DISCONTINUANCE OF THE WORK AND DEFAULT

- (1) In the event that the CONTRACTOR does not perform any part of the WORK in a manner that is satisfactory to the COMPANY or in the event that the CONTRACTOR does not progress with the WORK in a manner that is satisfactory to the COMPANY or in the event the COMPANY considers that the CONTRACTOR has failed, refused or is unable to comply with any of the requirements of the CONTRACT which may affect the essential purpose of the CONTRACT, the COMPANY may after five (5) days prior written notice specifying the reason(s) for its dissatisfaction during which time CONTRACTOR has failed to remedy the matter(s) complained of:
 - (a) terminate the CONTRACT or
 - (b) (i) give notice of discontinuance to the CONTRACTOR in respect of part of the WORK and/or
 - (ii) give notice to the CONTRACTOR specifying the matter considered to be unsatisfactory or otherwise a breach of terms of the CONTRACT and requiring the CONTRACTOR immediately to take such remedial action as shall be required by the COMPANY.

In the event that the CONTRACTOR does not forthwith carry out remedial action in accordance with the notice served under (b)(ii) herein in a manner that is satisfactory to the COMPANY or in the event that the CONTRACTOR does not make progress with such remedial action that is satisfactory to the COMPANY or the COMPANY considers that the CONTRACTOR has failed, refused or is unable to carry out such remedial action in accordance with its requirements then the COMPANY shall have the right to either give notice of discontinuance to the CONTRACTOR in respect of part of the WORK or terminate the CONTRACT.

The rights of the COMPANY under this provision are in addition to any other rights which the COMPANY may have under the CONTRACT or at law.

- (2) In the event of Garnishee proceedings being served on the COMPANY in respect of a judgment against the CONTRACTOR or the CONTRACTOR becoming bankrupt or making a composition or arrangement with its creditors or having a winding-up order made or (except for the purposes of amalgamation or reconstruction) a resolution for voluntary winding-up passed or having a provisional Liquidator, Receiver or Manager or Administrator of its business or undertaking appointed, or having possession 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, the COMPANY shall have the right to terminate the CONTRACT by giving the CONTRACTOR notice of termination.

- (3) In addition to the COMPANY'S rights under sub-articles (1) and (2) herein the COMPANY shall also have the right at any time and at its absolute discretion to either discontinue part of the WORK by giving the CONTRACTOR notice of discontinuance or to terminate the CONTRACT by giving the CONTRACTOR notice of termination.
- (4) In the event of the COMPANY giving the CONTRACTOR notice of termination of the CONTRACT or of discontinuance of part of the WORK such notice shall become effective immediately upon delivery of the notification to the CONTRACTOR or on such later date as specified in the notification, whereupon the CONTRACTOR at such date shall immediately:-
 - (a) discontinue the WORK or part of the WORK specified in the notice;
 - (b) allow the COMPANY or its nominee full right of access to the WORKSITE so as to remove and/or take over the WORK or the relevant part of the WORK so far executed and to remove and/or to take over possession of all EQUIPMENT and MATERIALS in connection with all or part of the WORK and to allow the COMPANY to obtain completion by another contractor;
 - (c) assign to the COMPANY, or its nominee, to the extent desired by the COMPANY, all or the relevant part of the rights, titles and liabilities relating to the WORK which the CONTRACTOR may have acquired;
 - (d) remove all the EQUIPMENT and MATERIALS (other than that required under sub-article (4)(b) above) of the CONTRACTOR from the WORKSITE unless the parties agree otherwise;
 - (e) within 30 (thirty) days of the effective date of discontinuance or termination return to the COMPANY all documents, data or other information provided by the COMPANY and all originals, copies and reproductions of all drawings, specifications, requisitions, calculations, programme listings, plans, schedules, documents and all other data in whatever format prepared by the CONTRACTOR or any SUBCONTRACTOR.
 - (f) take all such further steps as are necessary to enable the COMPANY or its nominee to take over the CONTRACTOR'S position in the performance of the WORK with the least possible disruption, all in accordance with the COMPANY'S instructions.
- (5) If the COMPANY terminates the CONTRACT or discontinues any part of the WORK under sub-article (3) herein, then the COMPANY shall pay to the CONTRACTOR such sums as are rightly due in accordance with the CONTRACT for WORK performed in accordance with the CONTRACT up to the date of termination or discontinuance as the case may be, plus any demobilisation charge that may be specified in Section 8 SCHEDULE OF PRICES AND RATES, if any.
- (6) If the COMPANY terminates the CONTRACT or discontinues any part of the WORK under sub-articles (1) or (2) herein, then the CONTRACTOR shall be entitled to payment only as set out in Section 8 SCHEDULE OF PRICES for the part of the WORK completed in accordance with the CONTRACT up to the date of termination or discontinuance.
- (7) Discontinuance of part of the WORK or termination of the CONTRACT, shall not relieve the CONTRACTOR of any continuing obligations or liabilities under the provisions of the CONTRACT nor shall it affect any statutory or common law rights of the COMPANY or the CONTRACTOR.
- (8) Except as provided in this Article, any costs, loss or damage sustained by the CONTRACTOR from discontinuance of part of the WORK, or from termination of the CONTRACT shall be for the account of the CONTRACTOR.

18. COMPLETION

- (1) When the CONTRACTOR considers that the WORK has been completed, the CONTRACTOR shall notify the COMPANY accordingly.
- (2) Upon receipt of such notification from CONTRACTOR, the COMPANY shall issue to the CONTRACTOR a Certificate of Completion that the WORK appears to have been completed and stating the date of completion

19. RESPONSIBILITY FOR THE WORK

- (1) The CONTRACTOR shall according to industry practice perform the WORK with all proper skill and care and shall ensure that the WORK and facilities, services, MATERIALS and EQUIPMENT used to produce or incorporated into the WORK shall be fit for their intended purpose and of good quality and workmanship.

- (2) The CONTRACTOR shall not be liable for any breach of sub-articles (1) herein to the extent that:-
- (a) the errors, defects or failures are due to negligent operation by the COMPANY; or
 - (b) the CONTRACTOR acted reasonably in relying on the technical, design, fabrication or procedural requirements of the COMPANY specified in the CONTRACT; or
 - (c) the COMPANY has specified in the CONTRACT the environment for the performance of the WORK or part thereof in respect of which the breach has occurred and the actual environment for the performance of the WORK were more severe than those specified by the COMPANY elsewhere in the CONTRACT and caused the breach; or
 - (d) the breach is due to a defect or failure in MATERIALS supplied by the COMPANY which could not reasonably have been discovered by visual inspection the CONTRACTOR complying with the CONTRACTOR'S obligations under SECTION 6 - PROVISIONS BY COMPANY AND CONTRACTOR.
- (3) After notice to CONTRACTOR and CONTRACTOR has failed to remedy or commenced to remedy the deficiency" in the event of any breach of sub-articles (1) herein (other than a breach set out in sub-article (2) herein) the CONTRACTOR shall be responsible at its cost for:-
- (a) the repair or correction, or at the option of the COMPANY, the replacement of any defective services, MATERIALS or workmanship; and
 - (b) the carrying out of all work of uncovering, removal, procurement and reinstallation as may be necessary; and
- (4) The rights and remedies of the COMPANY provided herein are in addition to those available in respect of sub-article (1) herein and without prejudice to the COMPANY'S other remedies at law. The provisions of this Article 19 shall not affect the obligations of the COMPANY or the CONTRACTOR under the Articles headed TERMS OF PAYMENT, RESPONSIBILITIES AND INDEMNITIES and INSURANCE.

20. CONTRACT PRICE

- (1) For the performance and completion of the WORK, the COMPANY shall pay or cause to be paid to the CONTRACTOR, at the times and in the manner specified in the CONTRACT.
- (2) Except where it is expressly provided that the COMPANY shall carry out an obligation under the CONTRACT at its own cost, all things required to be supplied or performed by the CONTRACTOR under the CONTRACT shall be at the CONTRACTOR'S cost and deemed to be included in the CONTRACT PRICE.

21. TAXES

- (1) The CONTRACTOR shall assume full and exclusive liability for payment of all taxes, duties, levies, charges and contributions of any nature whatsoever that are from time to time imposed by either:-
- (a) the Government of Negara Brunei Darussalam; or
 - (b) any other country in which the WORK is being performed; or
 - (c) any other fiscal or other authority whatsoever,
in respect of:-
 - (i) employees or agents of the CONTRACTOR and its SUBCONTRACTORS (whether or not such taxes, duties, levies, charges and contributions are measured by wages, salaries and/or other remuneration); and
 - (ii) the gains of the CONTRACTOR and its SUBCONTRACTORS arising directly or indirectly out of the performance of the WORK.
- (2) The CONTRACTOR shall, and shall cause its SUBCONTRACTORS to report and pay all such taxes, duties, levies, charges and contributions directly to the appropriate authorities and otherwise comply with any applicable laws and regulations.
- (3) The CONTRACTOR hereby covenants and undertakes to defend, indemnify and hold harmless the COMPANY from any and all claims, suits, costs, liabilities, judgments, fines, penalties, demands, loss or damage including any and all expenses, disbursements, costs, legal fees, sums and amounts which the COMPANY suffers,

incurs or is put to resulting from, or in any way connected with, any assessment or imposition, for which by the terms of this Article the CONTRACTOR is liable.

(4) Changes in Taxation or Legislation

In the event of any change during the term of this CONTRACT after the COMMENCEMENT DATE in taxation or other legislation or in interpretation, enforcement or application of existing taxation or other legislation effective in the Operating Area which has a cumulative positive or negative effect of 2.5% (two and half percent) or more on the operating cost incurred by the CONTRACTOR in performing under the CONTRACT. COMPANY shall pay CONTRACTOR for such increased costs, or be reimbursed accordingly, as the case may be.

22. TERMS OF PAYMENT

- (1) On or before the end of the second week of the month during the progress of the WORK, the CONTRACTOR shall invoice the COMPANY for WORK completed during the preceding month and not included on previous invoices. Such invoice shall be submitted in the currency as stated in Section 8 - SCHEDULE OF PRICES AND RATES. The invoice shall be in such detail as may be requested by the COMPANY and shall, in all applicable cases, show separately the individual amounts in respect of each of the categories contained within the SCHEDULE OF PRICES AND RATES.

Any invoice submitted by the CONTRACTOR in respect of a milestone shall be supported by a copy of the Certificate of Completion which has been issued by the COMPANY in respect of that milestone in accordance with the provisions of Article headed COMPLETION hereof.

- (2) Each invoice shall include the CONTRACT reference number and title and shall be forwarded together with full documentary evidence including, where appropriate, originals of certified time sheets and full details of expenses claimed to:-

Brunei Shell Petroleum Company Sdn Bhd,
FAC/212,
Seria KB3534,
BRUNEI DARUSSALAM.

The CONTRACT reference number of this CONTRACT is shown in the FORM OF AGREEMENT. If the CONTRACT reference number is not shown on any invoice and/or not adequately supported, then the COMPANY shall not be bound to pay such invoice and may return it to the CONTRACTOR unpaid.

Only original invoices will be accepted for payment. If the original invoice is lost in transit or mislaid, a certified true copy of such invoice signed by the CONTRACTOR shall be submitted.

Eraser or white ink shall not be used for alteration, and invoices amended in this way shall be rejected.

- (3) If the COMPANY finds the invoice so submitted to be correctly prepared, adequately supported and in conformity with the requirements of the CONTRACT, then the COMPANY shall within 30 (thirty) days of receipt of the invoice in question remit the invoiced amount into the bank account nominated by the CONTRACTOR.
- (4) In the event of the COMPANY disputing any item of any invoice submitted by the CONTRACTOR, the COMPANY shall within 30 (thirty) days notify to the CONTRACTOR the item in dispute and shall specify its reasons for dispute. Payment in respect of such item in dispute shall be withheld until settlement of the dispute but all undisputed items of such invoice shall be paid in accordance with sub-article (3) herein.
- (5) The CONTRACTOR shall be responsible, at its own cost, for foreign exchange approval, foreign exchange clearance, transfers into other currencies, or bank accounts.
- (6) Following CONTRACT completion and after fulfillment by CONTRACTOR of all its duties and obligations under this CONTRACT, the CONTRACTOR shall render to the COMPANY the final invoice stating that all charges relating to the WORK have been included therein and that there are no outstanding charges or claims.
- (7) From any sum due to the CONTRACTOR under the CONTRACT, the COMPANY may deduct the amount of any sum which it in good faith regards as being owed by the CONTRACTOR to the COMPANY or its ASSOCIATES whether under the CONTRACT or otherwise.
- (8) Insofar as the CONTRACT or any part thereof is cost reimbursable the CONTRACT PRICE shall constitute the only income of the CONTRACTOR in connection with the CONTRACT which inter alia implies that it shall not accept any trade commission,

discount allowance or indirect payment or other consideration in connection with the CONTRACT, without notifying and accounting for same to the COMPANY. Failure to notify and account the above mentioned to the COMPANY shall be a breach of the CONTRACT and the COMPANY may at its sole discretion terminate the CONTRACT under Article headed TERMINATION, DISCONTINUANCE OF THE WORK AND DEFAULT and recover such cost for any trade commission, discount allowance or indirect payment or other consideration in connection with the CONTRACT.

- (9) The CONTRACTOR may nominate a different or new bank account in its own name only for payment due herein, in which case such nomination shall be communicated in writing.

23. AUDIT RIGHTS OF THE COMPANY

- (1) The COMPANY or its duly authorised representative shall at any time up to a limit of 6 (six) years after the completion or termination of or final payment under this CONTRACT, whichever is the latest, have the right to carry out audits of all the records and related documents, procedures and controls of the CONTRACTOR insofar as they relate to this CONTRACT. The CONTRACTOR shall grant COMPANY access to any or all of the CONTRACTOR'S premises to enable the COMPANY to exercise its rights herein.
- (2) The CONTRACTOR shall maintain or cause to have maintained its books and records, insofar as they relate to this CONTRACT, in accordance with generally accepted accounting principles and practices and shall preserve or cause to have preserved these books and records and all documents related thereto for a period of 6 (six) years following the completion or termination of or final payment under this CONTRACT, whichever is the latest. The COMPANY or its authorised representative shall have the right to reproduce any of the aforementioned records and documents.
- (3) In the event that the CONTRACTOR'S books, records and documents are in the control of or held by a third party, CONTRACTOR shall forthwith obtain the release of such books, records and documents for the use of the COMPANY.
- (4) The CONTRACTOR shall ensure that the provisions of sub-articles (1) and (2) above are included in any SUBCONTRACT thereby providing the COMPANY with the same rights to carry out audits of any SUBCONTRACTOR as it has in respect of this CONTRACT.

24. LIENS

- (1) The CONTRACTOR agrees that it shall not, and that it will ensure that no SUBCONTRACTOR shall claim any lien, attachment or charge on the WORK or any property of the COMPANY in the possession of the CONTRACTOR or any SUBCONTRACTOR or at any WORKSITE.
- (2) The CONTRACTOR shall indemnify the COMPANY against all costs and expenses of any nature whatsoever that the COMPANY suffers, incurs or is put to by virtue of a breach of sub-article (1) herein.
- (3) For the purpose of this Article reference to the COMPANY shall include its ASSOCIATES.

25. OWNERSHIP

- (1) Unless otherwise agreed title to, access to, copyright in, the right to, possession of and the free right of use of all things created under or arising out of the WORK shall vest in the COMPANY immediately upon the date of commencement of the WORK or creation of the article or document or item as applicable.
- (2) The CONTRACTOR shall grant and procure that the SUBCONTRACTORS grant the COMPANY a full, free and unrestricted licence for the use of all MATERIALS and EQUIPMENT provided by the CONTRACTOR or the SUBCONTRACTORS for the performance of the WORK. The licence shall not terminate upon the suspension, discontinuance or termination of all or part of the WORK and shall continue until the WORK has been completed.
- (3) The provision of this ARTICLE 25 shall not affect the obligations of the COMPANY or the CONTRACTOR under the ARTICLES TERMS OF PAYMENT, RESPONSIBILITIES AND INDEMNITIES and INSURANCE

26. RESPONSIBILITIES AND INDEMNITIES

- (1) General

For the purpose of Articles headed RESPONSIBILITIES AND INDEMNITIES AND INSURANCE herein,

- a) The benefit of any indemnity given in favour of COMPANY or CONTRACTOR herein shall include their respective indemnitees and visitors;
- b) COMPANY Indemnitees shall mean the COMPANY's Associates, its co-Venturers, its agents and all of their respective personnel;
- c) CONTRACTOR Indemnitees shall mean the CONTRACTOR's agents, its sub-contractors and all of their respective PERSONNEL;
- d) Co-Venturers shall mean the COMPANY's or its Associates' commercial partners in any venture and all of their respective personnel.
- e) In entering into the agreement contained in this Article and solely for that purpose only the COMPANY and the CONTRACTOR contract both on their own behalf and as agent and/or trustee on behalf of and/or for the benefit of their respective indemnitees.
- f) It is the intention of the parties hereto that the provisions of this Article 26 shall exclusively govern the allocation of risks and liabilities and the undertaking of indemnifications of parties to the CONTRACT with respect to the matters defined in this Article 26 of the CONTRACT.

In construing the provisions of this Article 26, the parties agree that the reasonableness of any provision should not be considered in isolation but rather that all the provisions of Article 26 should be construed together and in conjunction with the insurance provisions of this CONTRACT in the light of the parties' desire to obtain a clear delineation of risks to each party.

- g) The provisions of Article 26 concerning loss of or damage to COMPANY Items, CONTRACTOR Items and their respective other property and concerning Third Party liability apply only to occurrences and incidents at the SITE (whether or not the effects are limited to the SITE).
- (2) (a) The COMPANY shall be liable for and shall hold harmless, defend and indemnify the CONTRACTOR against any and all:
 - i) loss or damage to the property of, and/or
 - ii) personal injury, including fatal injury and disease to

the COMPANY, however caused that arises out of or in connection with the CONTRACTOR performing the WORK under the CONTRACT.

- (b) This indemnity shall apply in full even though the cause of the injuries (including death), loss or damage was the negligence of the CONTRACTOR and the COMPANY shall not seek contribution from such person or persons for such reason SAVE THAT the indemnity granted herein for personal injury including fatal injury and disease to COMPANY shall be limited only to all such periods when the aforesaid PERSONNEL and/or agents are performing the WORK under the CONTRACT.

(3) The Hole or Well

- (a) COMPANY shall be responsible for and shall defend and indemnify CONTRACTOR and SUBCONTRACTORS against all loss of or damage to the hole, the well or casing therein, or the cost of regaining control of a wild well, except where negligence or breach of duty of CONTRACTOR or its SUBCONTRACTORS caused to such losses or damage. In such event CONTRACTOR's liability will be limited to performing all remedial work at the Reduced Rate or other rate, as the case may be, as specified in SECTION 8 - SCHEDULE OF PRICES AND RATES unless otherwise explicitly provided for. Requiring the performance of the remedial WORK at the reduction in rates set out above shall be COMPANY's sole remedy against CONTRACTOR for the negligence or breach of duty specified and COMPANY shall indemnify and hold harmless CONTRACTOR against any further liability to Co-Venturers.
- (b) Remedial work shall be deemed to have started immediately after the loss or damage in question and shall end either:
 - (i) when the hole, well or casing is restored to the state it was in immediately prior to the loss or damage or
 - (ii) when a new replacement well reaches the same depth and is in the same condition as the old well immediately prior to the loss or damage or

- (iii) where restoration or redrilling is impossible, when the well in question has been properly abandoned in accordance with good oil-field practice.
 - (c) For the purpose of this Article "remedial work" means:
 - (i) (in relation to CONTRACTOR) doing all things necessary or expedient with CONTRACTOR ITEMS and CONTRACTOR PERSONNEL to restore the situation to the one contracted for (including without limitation, as may be applicable, inspections to locate the hole, damage surveys, removal of debris and wreckage re-entry into and/or making safe the old well, redrilling and running casing); and
 - (ii) (in relation to a SUBCONTRACTOR) doing all things necessary or expedient to restore the situation to the one contracted for using SUBCONTRACTOR's PERSONNEL, tools and equipment at the SITE and any further tools and equipment within SUBCONTRACTOR's possession and control that may be readily provided to the SITE.
 - (d) If COMPANY incurs cost performing or having other contractors perform remedial WORK that is the responsibility of CONTRACTOR or a SUBCONTRACTOR and which CONTRACTOR is unable or unwilling to perform, then CONTRACTOR shall reimburse such cost to COMPANY.
- (4) The Reservoir(s) or Geological Formation(s)
- COMPANY shall be responsible for, and shall defend and indemnify CONTRACTOR and SUBCONTRACTORS against all loss of or damage to the underground reservoir(s) or geological formation(s), whether or not the negligence or breach of duty of CONTRACTOR or SUBCONTRACTORS caused or contributed to such loss or damage.
- (5) Notwithstanding sub-article (3) herein,
- (a) The CONTRACTOR shall be liable for and shall hold harmless, defend and indemnify the COMPANY against any and all:
 - (i) loss or damage to the property of, and/or
 - (ii) personal injury, including fatal injury and disease to,the CONTRACTOR, however caused that arises out of or in connection with the CONTRACT.
 - (b) This indemnity shall apply in full even though the cause of the injuries (including death), loss or damage was the negligence of the COMPANY and the CONTRACTOR shall not seek contribution from such person or persons for such reason SAVE THAT the indemnity granted herein for personal injury including fatal injury and disease to CONTRACTOR's shall be limited only to all such periods when the aforesaid personnel and/or agents are performing the WORK under the CONTRACT.
- (6) Downhole Equipment
- (a) Notwithstanding sub-article (5), loss or destruction of or damage to CONTRACTOR's or any SUBCONTRACTOR's down-hole equipment, while operating with such equipment within a well, or conductor or riser, excluding however damages or losses caused by to CONTRACTOR's or such SUBCONTRACTOR's negligence, shall be reimbursed by COMPANY at depreciated replacement costs as determined in SCHEDULE OF PRICES AND RATES or if appropriate at the repair cost whichever is less. In each instance, however, COMPANY shall only reimburse the amount of loss or destruction or damage which is in excess of the deductible amount specified in the SCHEDULE OF PRICES AND RATES.

The foregoing shall not apply where the CONTRACTOR is able to recover costs under the CONTRACTOR'S insurances.
 - (b) CONTRACTOR'S or SUBCONTRACTOR's negligence referred to in this sub-article (6) will include, but not be limited to, CONTRACTOR or SUBCONTRACTOR not having adequately maintained the down-hole equipment or replaced worn-out materials in time.
 - (c) Notwithstanding COMPANY's obligations under this sub-article (6), down-hole equipment lost or damaged as aforesaid shall be replaced or repaired by

CONTRACTOR or SUBCONTRACTOR as soon as practicable. Normal wear and tear in the above-mentioned down-hole equipment will not be classified as damage.

- (d) If any of CONTRACTOR's or SUBCONTRACTOR's down-hole equipment becomes lodged or lost in a well COMPANY may at its sole discretion decide to fish for such equipment or abandon it or discontinue any fishing operation already commenced at any time. COMPANY shall undertake any fishing operations it decides to carry out. CONTRACTOR shall render assistance for such fishing operations in accordance with the CONTRACT. If COMPANY does not pursue or discontinues fishing operations then sub-article (6)(a) shall apply to compensate CONTRACTOR or Subcontractor for lost down-hole equipment.
- (e) COMPANY recognises that it is responsible vis-a-vis the government and other local authorities having jurisdiction over radioactive sources for retrieval from the hole or abandonment in the hole of radioactive sources lodged or lost in a well and for retrieval of radioactive sources from the seabed at the SITE.
- (f) CONTRACTOR shall be entitled to monitor, at its own cost, any recovery or abandonment efforts described in sub-article (6)(d) and (6)(e), without incurring additional liability or responsibility therefore to that specified above.

(7) War and Confiscation Risk

- (a) CONTRACTOR acknowledges that its responsibility and indemnity provided for sub-article 5 above includes explicitly the events of:
 - (i) war, insurrection, civil commotion, hostilities (whether or not war be declared or civil war recognised) sabotage, violence, seizure, riot, rebellion, blockage, revolution and embargo, by whosoever carried out and/or in any case.
 - (ii) nationalization, expropriation, confiscation, sequestration and any other orders and/or acts of any competent authority or any purported authority which affects the liberty or the rights in property of persons generally or that of CONTRACTOR specifically.

(8) Abnormally Abrasive/Corrosive Elements

Notwithstanding the provisions of sub-article (6), loss or destruction of or damage to equipment provided by CONTRACTOR due to excessive wear caused by exposure to abnormally abrasive or corrosive elements which were not known to nor could have reasonably been foreseen by CONTRACTOR, excluding however damages or losses caused by CONTRACTOR's negligence, shall be reimbursed by the COMPANY at depreciated replacement costs determined in SCHEDULE OF PRICES AND RATES. If the replacement cost of the equipment lost or damaged is not detailed in SCHEDULE OF PRICES AND RATES, CONTRACTOR and COMPANY shall meet to agree the value based on documented cost, the actual age of the lost or damaged EQUIPMENT and depreciation rates for other similar EQUIPMENT specified in the CONTRACT.

(9) Loss or Damage during Transportation

- (a) The liabilities assured in sub-article 2 and 5 shall apply regardless of cause to any loss or damage to COMPANY Items and/or CONTRACTOR Items and/or to any PERSONNEL injury (including fatal injury and disease) to the respective PERSONNEL of COMPANY, CONTRACTOR and SUBCONTRACTORS that occurs:
 - (i) on or in a supply boat, helicopter, or other transport proceeding to or from a SITE (which shall be deemed to include loss of or damage to the supply boat, helicopter, or other transport itself), and
 - (ii) on or in a CONTRACTOR's drilling unit during a Rig move for which COMPANY is providing the means of transportation (which shall be deemed to include loss of or damage to the drilling unit itself).
- (b) Subject to sub-article (9)(a), liability for loss of or damage to any property and or EQUIPMENT whatsoever that occurs outside a SITE and is not caused by an occurrence or incident at a SITE shall be determined by applicable law.

(10) Consequential Damages

Subject to any express provisions in this CONTRACT, COMPANY and CONTRACTOR agree that they and their indemnities shall in no event be liable one to the other for their respective indirect losses and loss of revenue, profit or anticipated profits whether or not due in whole or in part to the negligence of either party except to the extent of any liquidated damages provided for in the CONTRACT.

(11) Third Party Liabilities

The CONTRACTOR shall indemnify and hold harmless the COMPANY against all claims, demands, loss, costs (including costs as between attorney or solicitor and own client) damages, liabilities and expenses which they or any of them suffer, incur or are put to resulting from:-

- (a) loss or damage to property of, and/or
- (b) personal injury, including fatal injury and or disease to

third parties arising out of or in connection with the performance of the CONTRACT, whether or not the negligence or breach of duty of the COMPANY caused or contributed to such personal injury, loss or damage, and the CONTRACTOR shall not seek contribution from such person or persons for such reason.

The indemnity and hold harmless in this sub-article (11) shall be limited to US\$10 Million or equivalent and in excess of such level liability shall be governed by applicable law.

(12) Company/Contractor and Pollution

In this sub-article (12):

"Reservoir Fluids" means crude oil, natural gas, water and any other substance flowing from a subsurface reservoir either singly or in any mixture or combination.

"Petroleum Product" means any fuel, lubricant, or other man-made hydrocarbon produce that is not a Reservoir Fluid whether in a pure or contaminated state and whether held for use or as a waste product after use.

"Uncontrolled Flow" in relation to Reservoir Fluids means a catastrophic escape that cannot be controlled by following ordinary procedures at the SITE but which can only be controlled if at all by extraordinary measures.

"Escape or escape" in relation to any fluid or substance includes any discharge, release or other dispersal of such fluid or substance.

- (a) COMPANY shall defend and indemnify CONTRACTOR against all claims for loss, damage or expense (including cost of control and/or clean-up of the pollutant) arising from or relating to contamination or pollution which results in whole or in part from:
 - (i) fire, blowout, cratering or Uncontrolled Flow of Reservoir Fluids regardless of cause;
 - (ii) seepage of Reservoir Fluids from the seabed or surface of the land, or any other escape of Reservoir Fluids from any point upstream of the primary surface shut-off control valve of the well in question regardless of cause; and
 - (iii) Subject to sub-article 12(b) the possession, use or disposal by Other Contractors of Reservoir Fluids, Petroleum Products and other substances (including without limitation contaminated cuttings, and lost circulation and fish recovery equipment and fluids) that are connected with the WORK or wells to be drilled for COMPANY.
- (b) CONTRACTOR shall defend and indemnify COMPANY against all claims for loss, damage or expense (including cost of control and/or clean-up of the pollutant), arising from or relating to contamination or pollution which results in whole or in part from:
 - (i) any escape (other than an Uncontrolled Flow) of Reservoir Fluids from CONTRACTOR Items at any point downstream of the primary surface shut-off valve of the well in question;
 - (ii) subject to remainder of sub-article (12)(b) any escape from CONTRACTOR Items or from CONTRACTOR's or any

SUBCONTRACTOR's possession or control of any Petroleum Product, pipe dope, garbage, sewage, debris or other substance (excluding Reservoir Fluids) whether or not caused or contributed to by the negligence or breach of duty of COMPANY; and

- (iii) any escape attributable to the Negligence or breach of duty of CONTRACTOR or any SUBCONTRACTOR of any oil emulsion, oil base or chemically treated drilling fluids or of lost circulation and fish recovery equipment when such items are in the possession and control of CONTRACTOR or of any SUBCONTRACTOR.
- (c) The provisions of this sub-article (12) apply only to contamination or pollution emanating from the SITE or from the immediate vicinity of the SITE that is connected with drilling and/or associated operations at the SITE.

27. INSURANCE

- (1) Without limitation of its obligations and responsibilities the CONTRACTOR shall take out before starting the WORK and shall maintain for the duration of the CONTRACT the following insurances naming the COMPANY as additional insured to the extent of liabilities assumed and indemnities given by the CONTRACTOR in the CONTRACT and containing a cross liability Article where appropriate with insurers acceptable to the COMPANY:-
 - (a) Employer's Liability and/or Workmen's Compensation Insurance with a minimum limit of B\$5,000,000 for any one accident or series of accidents arising out of one occurrence, unlimited in the aggregate and as may be required by statute or similar regulations in countries where the WORK is being performed in respect of the CONTRACTOR's personnel in connection with the CONTRACT.
 - (b) General Third Party Liability Insurance covering personal injuries (including death) and property damage with sufficient indemnity to cover the level of Third Party Liability assumed by the CONTRACTOR in Article 26(11).
 - (c) Adequate motor vehicle insurance for owned, non owned or hired motor vehicles, covering liabilities arising from the use and/or operation of the motor vehicles including liability contractually assumed to third parties under the CONTRACT, liability to passengers and liability for damage due to collision.
 - (d) Marine Hull Insurance covering vessels, crafts and other equipment owned or hired or which CONTRACTOR or its SUBCONTRACTOR may be responsible, for the full value thereof against perils and risk of loss equivalent to those set forth on 2 June 1977, American Institute Hull clauses or other COMPANY approved Hull clauses and the December 1977 American Institute Hull War Risks and Strikes clauses or other COMPANY approved War Risks and Strikes clauses.
 - (e) Adequate Protection and Indemnity insurance including wreck and debris marking and removal and pollution liability.

The CONTRACTOR shall ensure that its SUBCONTRACTORS take out and maintain such similar insurances.

- (2) The CONTRACTOR shall furnish the COMPANY with Certificate of Insurance or certified copies giving evidence of the types, scope and duration of each insurance and a statement from the insurers that no insurance will be cancelled or materially changed for the duration of the CONTRACT without thirty (30) days prior notice from the insurers to the COMPANY. All such insurance shall contain a waiver of subrogation rights against the COMPANY, Company Indemnities, its ASSOCIATES and any of their respective employees or agents.

28. PERMITS, LAWS AND REGULATIONS

- (1) The CONTRACTOR shall abide by and comply, and ensure compliance by its SUBCONTRACTORS, of all applicable law, rules and regulations of any governmental or regulatory body having jurisdiction over the WORK.
- (2) The CONTRACTOR shall obtain all licences and permits to conduct business and employ persons in the country or countries and any political subdivisions thereof wherein any part of the WORK is performed and shall obtain all permits, authorisations and labour quotas required by any applicable law, rules and regulations.

- (3) The CONTRACTOR shall ensure that any of its or its SUBCONTRACTOR'S PERSONNEL involved in performing the WORK and any of their respective accompanying dependents hold and maintain valid travel documents and all other documents necessary to entitle them lawfully to be in Negara Brunei Darussalam or other location to which they are assigned.
- (4) All costs of complying with all applicable laws, rules and regulations and obtaining authorities, approvals, licences, permits, for performance of the WORK shall be for the account of the CONTRACTOR.
- (5) All operations necessary for the performance of the CONTRACT shall be conducted so as not to interfere unnecessarily or improperly with the convenience of the public or the access to, use and occupation of, navigable and other waters, waterways, channels, harbours or harbour works, fisheries, natural harbours and anchorages and other places of shelter, by sea or land, public or private roads and footpaths to or of properties whether in the possession of the COMPANY, the CONTRACTOR, SUBCONTRACTORS or any other person. The CONTRACTOR hereby indemnifies the COMPANY against all claims, demands, proceedings, damages, costs, charges and expenses whatsoever arising in relation to any of the aforesaid matters in so far as the CONTRACTOR is responsible for such interference.
- (6) The CONTRACTOR shall comply with all security requirements at COMPANY WORKSITES where WORK is being performed by the CONTRACTOR. All costs for complying with such requirements shall be for the account of CONTRACTOR.

29. HEALTH, SAFETY AND ENVIRONMENT

- (1) The CONTRACTOR is required to meet the COMPANY'S requirements on all Health, Safety and Environment matters as specified in the CONTRACT or as notified to the CONTRACTOR by the COMPANY from time to time.
- (2) The CONTRACTOR shall perform the WORK with all proper care and diligence in accordance with the HSE STANDARDS and as stated in the CONTRACT. In the event of conflict between any of the HSE STANDARDS the most demanding standard shall apply.
- (3) Protection of the Environment
 - (a) The CONTRACTOR shall comply with national legislation of Negara Brunei Darussalam in so far as it applies to environmental protection. In addition, the CONTRACTOR shall comply with any international conventions or legislation relating to environmental protection which has been signed or, ratified by Negara Brunei Darussalam or which has been specified in the CONTRACT.
 - (b) The CONTRACTOR shall comply with the COMPANY'S policy on protection of the environment.
 - (c) The CONTRACTOR shall only use products which shall not cause any impact on the environment when used in accordance with the instructions of the supplier. Products shall be stored in a manner which shall cause minimum undue impact on the environment.
 - (d) The CONTRACTOR shall take the necessary precautions to prevent damage to the WORKSITE and to property and the environment adjoining the WORKSITE.
 - (e) The disposal of any waste materials from the WORKSITE shall be in accordance with the COMPANY'S procedures. The disposal of waste materials must be agreed with the COMPANY in advance and shall only be to waste disposal sites approved for the purpose.
 - (f) At all times during the CONTRACT the CONTRACTOR shall keep the WORKSITE and its surroundings clean, tidy and in good order. The CONTRACTOR shall remove any of its waste materials and faulty equipment as soon as reasonably practical.
 - (g) The WORK shall not be deemed to have been completed until the CONTRACTOR has removed from the WORKSITE and its surroundings all waste, debris, scrap, left over materials, and temporary structures and has delivered the WORKSITE to the COMPANY in a state of good order and cleanliness. The degree of rehabilitation of the WORKSITE shall be in accordance with the requirements of the CONTRACT.

30. MILESTONE ZERO

- (1) Milestone Zero is a date nominated by the COMPANY prior to commencement of WORK. On or before Milestone Zero the CONTRACTOR shall show that it has in place all of the resources (PERSONNEL, EQUIPMENT and procedures) necessary to execute the WORK in accordance with all the requirements of the CONTRACT.
- (2) The COMPANY may at its discretion permit in writing the CONTRACTOR to defer compliance with some of the Milestone Zero requirements of the CONTRACT until a later date or dates.
- (3) The CONTRACTOR shall not commence WORK in connection with any aspect of the CONTRACT where the adequacy of resources has not been established or in particular where any COMPANY specified requirements are to be resolved.
- (4) Notwithstanding the above, the COMPANY may:
 - (a) suspend or terminate the CONTRACT if the CONTRACTOR does not fulfill the requirements of Milestone Zero as referred to above. The COMPANY is not liable to the CONTRACTOR for any cost due to non-compliance of Milestone Zero requirement.
 - (b) without prejudice to the COMPANY'S other rights of recourse, withhold from payment to the CONTRACTOR such reasonable sums as the COMPANY estimates to be required by the CONTRACTOR to fulfill the obligations of Milestone Zero and where such obligations have been deferred or in respect of which the CONTRACTOR is in default.
- (5) Equipment Integrity

The CONTRACTOR shall ensure that all EQUIPMENT/MATERIALS used in the execution of the WORK or supplied and installed as part of the WORK shall be installed, inspected and properly certified if applicable and maintained all in accordance with the HSE STANDARDS.

31. PUBLIC AND INDUSTRIAL RELATIONS AND PUBLICITY

- (1) The CONTRACTOR shall maintain good relations at all times among the various regulatory bodies and with the general public. The COMPANY shall act as prime initiator in contacts with any Brunei Government departments or agencies on any matters relating to the CONTRACT except for those covered under Article headed PERMITS, LAWS AND REGULATIONS.
- (2) The CONTRACTOR shall maintain good industrial relations, and shall consult the COMPANY when requested to do so on all matters relating to industrial relations, including but not limited to, minimum rates of payments, allowances, amenities and overtime so that the interests of the COMPANY shall not be prejudiced.
- (3) The CONTRACTOR shall make no publicity releases or announcements concerning the activities of the CONTRACTOR or participation with respect to the CONTRACT without the prior agreement of the COMPANY. The CONTRACTOR shall require all SUBCONTRACTORS and suppliers to comply with this requirement.
- (4) The CONTRACTOR shall, and shall cause its SUBCONTRACTORS to, pay fair wages to their employees in Brunei Darussalam.
- (5) The COMPANY shall have the sole right of advertising upon or adjacent to COMPANY owned WORKSITES in Brunei Darussalam and the CONTRACTOR shall not display or permit the display of any advertisement without the COMPANY'S prior written consent.

32. BUSINESS ETHICS

The COMPANY shall be entitled to terminate the CONTRACT and to recover from the CONTRACTOR the amount of any loss arising from such termination if:

- (1) the CONTRACTOR or any SUBCONTRACTOR offers, gives or agrees to give, or receives or agrees to receive, at any time, to or from any person, any gift or favour or releases or agrees to release any obligation to or from any person as an inducement or reward for:
 - (a) doing or forbearing to do (or for having done or forborne to do) any act which relates to the obtaining or execution of the CONTRACT, or
 - (b) showing or forbearing to show favour to any person in relation to any contract with the COMPANY, OR

- (2) the gifts or favours referred to in sub-article (1) above have been offered by any person or persons employed by the CONTRACTOR or SUBCONTRACTOR or acting on their behalf (whether with or without their knowledge), OR
- (3) the CONTRACTOR, SUBCONTRACTOR or any person employed by either of them or acting on their behalf has, in relation to any contract with the COMPANY,
 - (a) committed, abetted or attempted to commit any offence, or
 - (b) given any fee or reward the receipt of which is an offenceunder the Brunei Penal Code or Prevention of Corruption Act 1982 including any amendment or re-enactment (or any similar law or enactment in force at either the CONTRACTOR's place of business or the place for performance of any part of the WORK outside Brunei Darussalam).

33. GENERAL LEGAL PROVISIONS

- (1) Assignment of the Contract
 - (a) The CONTRACTOR shall not assign either the CONTRACT or any part of it or any benefit or interest in or under it (except for an assignment of payments to the CONTRACTOR'S bank) without the COMPANY's prior written consent. The COMPANY shall be entitled to assign the CONTRACT which shall not be unreasonably withheld.
 - (b) In respect of the WORK executed or of MATERIALS supplied by the SUBCONTRACTOR, if a SUBCONTRACTOR has undertaken towards the CONTRACTOR any continuing obligation extending for a period exceeding that of the guarantee period under the CONTRACT, the CONTRACTOR shall at the end of the guarantee period notify the COMPANY of the continuing obligation and at the request of the COMPANY, shall assign to the COMPANY the benefit of that obligation for its unexpired duration.
- (2) Waiver

Any failure or forbearance or delay or omission on the part of the COMPANY at any time or from time to time to enforce or to require the strict adherence and performance of any of the terms or conditions of the CONTRACT or of any breach arising under this CONTRACT shall not constitute a waiver of such terms or conditions or breaches and/or affect or impair such terms or conditions in any way or the right of the COMPANY at any time to avail itself of such remedies as it may have for each and every breach of such terms or conditions.
- (3) Independence of the Contractor

The CONTRACTOR shall act as an independent contractor with respect to the CONTRACT.
- (4) Proper Law

The validity, construction and performance of this CONTRACT shall be governed by English law.
- (5) Legislation

Unless specified in the CONTRACT, reference to any legislation of Brunei Darussalam shall be construed as reference to that legislation as respectively amended or re-enacted at the commencement of the CONTRACT.
- (6) Any dispute between the parties which is not resolved amicably shall be submitted to the jurisdiction of the Courts of Brunei Darussalam.

34. SUBSTANCE ABUSE

- (1) Before commencement of the WORK, the CONTRACTOR shall have established a drugs, alcohol and substance abuse policy written in any language which may be appropriate. The CONTRACTOR shall ensure that this policy is understood and observed by all PERSONNEL and agents (including those of all SUBCONTRACTORS) engaged on the WORK.
- (2) The CONTRACTOR's drugs, alcohol and substance abuse policy shall as a minimum provide that:
 - (a) all PERSONNEL and agents while performing the WORK or at any WORKSITE or on any COMPANY premises shall be free from the influence of any alcohol or illegal drugs or other prohibited substances;

- (b) no PERSONNEL and agents shall use legal drugs illicitly nor shall they use, possess, distribute, buy or sell alcohol or illegal drugs while performing the WORK or at any WORKSITE or on any COMPANY premises;
 - (c) any PERSONNEL or agents who are suspected of having consumed alcohol or illegal drugs or other prohibited substances while performing the WORK shall be required to undergo tests to detect such;
 - (d) any PERSONNEL and agents who are in breach of the provisions of sub-articles 2(a) or 2(b) above or refuse to be tested in accordance with the provisions of sub-article 2(c) above or who have been tested positive shall be subject to disciplinary action which may include instant dismissal without compensation of any kind.
- (4) The CONTRACTOR shall undertake not to provide to the COMPANY any PERSONNEL and agents who have violated any of the provisions of sub-article (2).
 - (5) The CONTRACTOR shall use its best endeavours to ensure that any PERSONNEL it recruits would pass a drug test.
 - (6) The COMPANY shall have the right to conduct random testing on any of the PERSONNEL provided by the CONTRACTOR in the execution of the CONTRACT. Any PERSONNEL tested positive for substance abuse, or who refuse to be tested in accordance with this Sub-Article (6), shall be removed immediately from the COMPANY's premises and shall be subject to the CONTRACTOR's disciplinary actions.

35. CUSTOMS CLEARANCE/DUTIES

- (1) The CONTRACTOR shall be responsible for the importation and re-exportation of MATERIALS and EQUIPMENT required for the proper performance of the WORK and for all costs related thereto including customs duties.

36. INTELLECTUAL PROPERTY RIGHTS

(1) Responsibilities:

- (a) Where CONTRACTOR furnishes any equipment, machinery, material, substance or process that is subject to a patent, trademark or payment of royalties, the CONTRACTOR shall observe all applicable laws and conventions in this connection and obtain a license to use the patent and pay any corresponding royalties and other fees. Such fees shall be for the CONTRACTOR's account.
- (b) CONTRACTOR shall indemnify COMPANY with respect to any claims to which COMPANY may be subject through the infringement by CONTRACTOR of any patent, trademark or design or infringement of Intellectual Property or through non-payment of royalty as referred to in sub-article (1)(a).

Intellectual Property includes without prejudice to its generality, patents, designs, trademarks, know-how and copyrights.

- (c) In the event of any claim being made or action brought against COMPANY arising out of such Intellectual Property infringement by CONTRACTOR then CONTRACTOR shall be promptly notified thereof by COMPANY and may at its own expense conduct all negotiations for the settlement of the dispute. COMPANY shall at the request of CONTRACTOR afford all available assistance for the purpose of contesting any such claim or action and shall be reimbursed by the CONTRACTOR any documented expenses incurred in so doing.
- (d) COMPANY shall indemnify and hold the CONTRACTOR harmless from and against all costs for, or arising out of, any alleged infringement of any Intellectual Property, or proprietary, or protected right, arising out of or in connection with the performance of the obligations of COMPANY under the CONTRACT, or from the use by CONTRACTOR of specifications, data or documentation supplied by COMPANY.
- (e) Where the CONTRACTOR becomes aware of any infringement or possible infringement of any Intellectual Property, trademark or design by COMPANY, the CONTRACTOR shall inform COMPANY immediately.

(2) Other Proprietary Rights

- (a) Title to and copyright in all Confidential Information shall vest in COMPANY immediately upon the EFFECTIVE DATE or on creation of the article or

document as applicable and COMPANY shall have the right to the free use of right of access to and inspection of and the right to remove the said items. All rights to title, copyright and ownership in any reports, drawings, specifications, calculations and other documents, tools, MATERIALS and EQUIPMENT developed by the CONTRACTOR outside the CONTRACT shall remain vested in the CONTRACTOR.

- (b) COMPANY shall have the right to obtain copyright or patents in any country on any item or idea originating in whole or in part from COMPANY arising in the course of or out of the WORK. This application and the benefits derived there from shall be shared with CONTRACTOR to the extent that each party originated the item or idea. COMPANY shall promptly seek such patent coverage at its own expense on any time or idea arising under the CONTRACT or give a written release of the item or idea to CONTRACTOR.
- (c) CONTRACTOR shall provide reasonable cooperation in all efforts by COMPANY to obtain such patents, and will be reimbursed a reasonable charge for the extra time and expense required. COMPANY shall grant to CONTRACTOR a royalty-free license to use any patents developed out of the CONTRACT for the ultimate use only of CONTRACTOR. COMPANY and CONTRACTOR may agree on a case to case basis to extend the license for any item or idea so that CONTRACTOR may market it generally subject to written agreement on mutually acceptable terms.
- (d) Where COMPANY gives a written release of an item or idea arising under the CONTRACT to the CONTRACTOR which subsequently itself wishes to obtain copyright or patents on the said item or idea, the CONTRACTOR shall grant COMPANY and its ASSOCIATES and Co-Venturers a royalty-free irrevocable license to use the item or idea where COMPANY and its ASSOCIATES and Co-Venturers requires (which shall include a license to manufacture or have the item manufactured royalty free for such use).

37. INFORMATION SECURITY

- (1) Where CONTRACTOR is required in the performance of the CONTRACT access to COMPANY'S Information Assets in the form of electronically stored information, information systems and communication systems, and computing equipment and facilities the CONTRACTOR shall comply with Information Security Procedure of the COMPANY.
- (3) CONTRACTOR shall ensure that its PERSONNEL have the appropriate access authority approved by the COMPANY prior to carrying out the WORK. Access authorisation granted by the COMPANY shall be to individual CONTRACTOR'S PERSONNEL only and may not be transferred to or shared with any person.

38. EMPLOYMENT AND TRAINING

- (1) The CONTRACTOR shall employ, wherever possible, suitably qualified Brunei Citizens to manage and carry out the WORK. The CONTRACTOR shall prepare an organization chart indicating which positions will be filled at the start of the CONTRACT by citizens and permanent residents of Brunei, and which positions are planned to be filled during the term of the CONTRACT by such persons. The CONTRACTOR shall provide details of any training programmes for such persons which are planned to be carried out during the term of the CONTRACT.
- (2) The CONTRACTOR shall provide the COMPANY with all necessary information to enable the COMPANY to monitor the progress of the CONTRACTOR towards implementation of the CONTRACTOR'S employment and training plans for citizens and permanent residents of Brunei.

39. LIQUIDATED DAMAGES FOR DELAY

- (1) CONTRACTOR shall pay COMPANY the sum stated in SECTION 8 – SCHEDULE OF PRICES as liquidated damages for delays in commencing operations in accordance with the provisions of Article 6 (b) of SECTION 1 – FORM OF AGREEMENT. Such liquidated damages are agreed between the parties to be genuine pre-estimated of damages to be incurred by COMPANY and do not constitute a penalty. COMPANY may, without prejudice to any other method or recovery allowed under the CONTRACT, deduct the amount of such liquidated damages from any monies in its hands, due or which may become due to CONTRACTOR. The payment or deduction of such damages shall not relieve CONTRACTOR from its obligations to execute the WORK or from any other of its obligations and liabilities under the CONTRACT. The damages under this Article shall not be applicable if the Drilling Rig is destroyed or damaged so that it is unable to mobilise or is prevented from mobilising due to Force Majeure or other event beyond CONTRACTOR'S control.

