

CHEVRON NORTH SEA LIMITED SPECIAL CONDITIONS OF CONTRACT
TO THE LOGIC PURCHASE ORDER TERMS AND CONDITIONS (SHORT FORM)
EDITION 2, DECEMBER 2005

The General Conditions contained in LOGIC Purchase Order Terms and Conditions (Short Form), Edition 2, December 2005, shall be modified in the following manner:

SECTION A - GENERAL

1. The definition of PURCHASE ORDER given in Section **A1. Definitions** is deleted in its entirety and replaced with the following:

““PURCHASE ORDER” shall mean the contract formed by the acceptance of a COMPANY issued purchase order, which incorporates the LOGIC Purchase Order Terms and Conditions (Short Form) Edition 2, December 2005, as amended by these COMPANY special terms and conditions of contract. “

SECTION B - THE CONTRACTOR'S COMMITMENT TO THE COMPANY

2. **B7 Packing**
The following sentence is added at the end of Clause B7:

“All material must be tagged/labelled with Order/Document Number and Material Number if known.”

3. New Clause B13 is added as follows:

“B13 Data Privacy

CONTRACTOR will comply with all reasonable requests of COMPANY with respect to protecting personal data of COMPANY employees, customers, and suppliers it receives in connection with its performance of this PURCHASE ORDER, including but not limited to following COMPANY's instructions in connection with processing such personal data; implementing adequate security measures to protect such personal data; not disclosing such personal data to any third party without COMPANY's written permission; and complying with all applicable data privacy laws.”

4. New Clause B14 is added as follows:

“B.14 Conflict of Interest / FCPA

B14.1 No director, employee or agent of CONTRACTOR or of any subcontractor or vendor of CONTRACTOR of any tier shall give to or receive from any director, employee, or agent of COMPANY or any AFFILIATE of COMPANY any commission, fee, rebate, or any gift or entertainment of significant cost or value in connection with this PURCHASE ORDER, or enter into any business arrangement with any director, employee or agent of COMPANY or any AFFILIATE of COMPANY other than as a representative of COMPANY or its AFFILIATE, without prior written notification thereof to COMPANY. CONTRACTOR shall promptly notify COMPANY of any violation of this Clause B14.1 and any consideration received as a result of such violation shall be paid over or credited to COMPANY. Additionally, if any violation of this Clause B14.1 occurring prior to the date of this PURCHASE ORDER resulted directly or indirectly in COMPANY's consent to enter into this PURCHASE ORDER with CONTRACTOR, COMPANY may, at COMPANY's sole option, terminate this PURCHASE ORDER at any time, and notwithstanding any other provision of this PURCHASE ORDER, pay no compensation or reimbursement to CONTRACTOR whatsoever for any work done or services or materials provided after the date of termination.

B14.2 Neither CONTRACTOR nor CONTRACTOR'S employees, agents, or subcontractors of any tier, or their employees or agents, shall make any payment or give anything of value to any official of any government or public international organization, including any officer or employee of any government department, agency, or instrumentality to influence his or its decision, or to gain any other advantage for COMPANY or CONTRACTOR in connection with this PURCHASE ORDER. CONTRACTOR shall immediately notify COMPANY of any violation of this Clause B14.2 and shall immediately reimburse company out of any and all monies paid by COMPANY to CONTRACTOR, an amount equal to the amount of the payment or the value of the gift to a governmental official which gives rises to such violation. **CONTRACTOR SHALL DEFEND AND INDEMNIFY COMPANY FROM AND AGAINST ALL LOSSES AND EXPENSES ARISING OUT OF SUCH VIOLATION.** In the event of any violation of this Clause B14.2, COMPANY may, at its sole option, terminate this PURCHASE ORDER at any time and, notwithstanding any other provision of this PURCHASE ORDER, pay no compensation or reimbursement to CONTRACTOR whatsoever for any work done or services or materials provided after the date of violation.

B14.3 Any representative(s) authorized by COMPANY may audit any and all records of CONTRACTOR and any such subcontractor or vendor for the sole purpose of determining whether there has been compliance with Clauses B14.1 and B14.2.”

5. New Clause B15 is added as follows:

“B.15 Right to Audit

COMPANY may from time to time and at any time after the date of this PURCHASE ORDER until twenty-four months after termination of this PURCHASE ORDER make an audit of all records of CONTRACTOR and its subcontractors and vendors of any tier in connection with payments made on a cost reimbursement basis. Such audit may also cover CONTRACTOR’s procedures and controls with respect to such reimbursable costs. Upon completion of this audit, COMPANY shall pay CONTRACTOR any additional compensation due hereunder as shown by the audit. Any amount by which the total payment by COMPANY to CONTRACTOR exceeds the amount due CONTRACTOR as shown by the audit shall be returned to COMPANY. CONTRACTOR shall assist COMPANY in making the above audits.”

SECTION C THE COMPANY’S COMMITMENT TO THE CONTRACTOR

6. **C5. Price and Payment**

The following sentence is added to the end of Clause C5

:

“Order Number must be quoted on invoice. Invoices without an Order Number will be returned unpaid.”

SECTION D OUR COMMITMENTS TO EACH OTHER

7. **D1. Indemnity Arrangements**

In Clause D1.1 (b) the words “or provided” are inserted after the word “employed”.

8. **Clause D3 Insurance**

Clause D3 is deleted in its entirety and replaced with:

“D3.1

The CONTRACTOR shall arrange as a minimum the insurances set out in D3.2 below and ensure that they are in full force and effect throughout the life of this PURCHASE ORDER. All such insurances shall be placed with reputable and substantial insurers, satisfactory to the COMPANY, and shall for all insurances (including insurances provided by subcontractors) other than Employers’ Liability Insurance / Workmen’s Compensation to the extent of the liabilities assumed by the CONTRACTOR under this PURCHASE ORDER, include the COMPANY, CO VENTURERS and its and their respective AFFILIATES as additional assureds. All insurances required under this Clause D3 shall be endorsed to provide that underwriters waive any rights of recourse, including in particular subrogation rights against the COMPANY, CO VENTURERS and its and their respective AFFILIATES in relation to this PURCHASE ORDER to the extent of the liabilities assumed by the CONTRACTOR under this PURCHASE ORDER. Such insurances shall also where possible, provide that the COMPANY shall be given not less than thirty days prior written notice of cancellation of or material change to cover. The provisions of this Clause D3 shall in no way limit the liability of the CONTRACTOR under this PURCHASE ORDER.

D3.2

The insurances required to be effected under Clause D3.1 shall be as follows (to the extent that they are relevant to the GOODS):

- (a) Employer’s Liability and (where the jurisdiction of where the GOODS are to be made or under which the employees employed requires the same) Worker’s Compensation insurance covering personal injury to or death of the employees of the CONTRACTOR engaged in the provision of the GOODS to the greater of (i) the minimum value required by any applicable legislation, including extended cover (where required) for working offshore or (ii) five million pounds Sterling (£5,000,000) for any one incident or series of incidents arising from one event.
- (b) General Third Party Liability insurance for any incident or series of incidents covering the operations of the CONTRACTOR in the performance of this PURCHASE ORDER, in an amount not less than one million pounds Sterling (£1,000,000) for any one incident or series of incidents arising from one event.
- (c) Third Party and passenger Liability insurance and other motor insurance as required by applicable jurisdiction.

- (d) All Risks Insurance in respect of all equipment to be furnished by CONTRACTOR for or in connection with the GOODS, with a limit of not less than full replacement value.

D3.3

The CONTRACTOR shall supply the COMPANY with evidence of such insurances on demand.

D3.4

The CONTRACTOR shall procure that subcontractors are insured to appropriate levels as may be relevant to their work.”

9. **Clause D4 Confidentiality**

Clause D4 is deleted in its entirety and replaced with:

“The CONTRACTOR shall keep the terms of the PURCHASE ORDER and any information which the CONTRACTOR learns about the COMPANY in strict confidence and will not disclose the same to any third party without prior written consent of the COMPANY.”

10. **Clause D7 Transfer of PURCHASE ORDER**

Clause D7 is deleted in its entirety and replaced with:

“D7.1(a)

The COMPANY is entitled to assign this PURCHASE ORDER or any part of it or any benefit or interest in or under it to any CO-VENTURER or AFFLIATE of the COMPANY. In addition the COMPANY may make any such assignment to any other third party but only with the prior agreement of the CONTRACTOR, which shall not unreasonably be withheld or delayed.

D7.1(b)

The CONTRACTOR undertakes that, in the event of any assignment described above, it will execute without delay a formal assignment of interest in this PURCHASE ORDER to the relevant party, to be effective upon the written assumption by the assignee of all obligations of the COMPANY under this PURCHASE ORDER.

D7.1(c)

The CONTRACTOR shall assign neither this PURCHASE ORDER nor any part of it nor any benefit or interest in or under it without prior approval of the COMPANY, which shall not unreasonably be withheld or delayed.

D7.1 (d)

The CONTRACTOR shall not sub-contract the whole or any part of its obligations under this PURCHASE ORDER to any other person, without first obtaining the COMPANY’s prior consent.”

11. **New Clause D13 - Customs and Excise is added as follows:**

“D13.1

When applicable the COMPANY and the CONTRACTOR shall each apply to HM Customs and Excise for Shipwork End Use (SEU) and shall where appropriate apply Inwards Processing Relief (IPR), Outward Processing Relief (OPR) and Returned Goods Relief (RGF) for their respective import, export and re-import of materials, goods, tools, equipment and supplies required for this PURCHASE ORDER.

D13.2

The CONTRACTOR undertakes to import, export, re-import any items for the GOODS which are subject to customs control in such a way as to enable maximum advantage to be taken of HM Customs and Excise Procedures.

D13.3

The COMPANY and the CONTRACTOR shall each comply with applicable customs regulations and procedures for their respective export to the WORKPOINT and re-import from the WORKPOINT of all materials, goods, tools, equipment and supplies to be provided under this CONTRACT.

D13.4

The COMPANY and CONTRACTOR shall each respectively be accountable and liable for compliance with customs procedures based on each party being a customs authorised trader and which party is in possession (not ownership) of the items subject to customs control at any given time.

D13.5

For the purpose of this Clause D13, "WORKPOINT" shall mean an onshore or offshore location or vessel from which the exploration or exploitation of oil and /or gas is carried out.

D13.6

The CONTRACTOR shall pay and make payment at such times when due and payable, all import/export taxes and duties on materials, goods, tools, equipment and supplies required for this PURCHASE ORDER and imported or exported by the CONTRACTOR. The CONTRACTOR will be responsible for ensuring that it holds the necessary import/export licences issued by the relevant authorities.

D13.7

Where equipment and materials are sold to the COMPANY under this PURCHASE ORDER the CONTRACTOR shall:

- (a) prepare and provide to the COMPANY full documentation to show and rectify all information regarding items subject to customs control, including the origin, customs status and customs commodity code number as may be necessary for the COMPANY to minimise or nullify the effects of customs duty on such items; and
- (b) make available on a confidential basis to HM Customs and Excise all data reasonably necessary to enable the CONTRACTOR to obtain maximum benefits in terms of reliefs and shall pass all such benefits in full to the COMPANY; and
- (c) inform the COMPANY without delay if the CONTRACTOR is unsuccessful in any application for reliefs. In such event, the COMPANY shall have the option to import or export or re-import any items affected under its own authorised procedure.

D13.8

Where CONTRACTOR is exporting End Use goods from an EU member country for shipment to the UK, specifically to fulfil this PURCHASE ORDER, delivery shall be made under the terms of COMPANY End Use Authorisation Number EU/0908/035/11. The following information must be detailed on your invoice/delivery documentation:

Harmonised Code (Tariff Commodity Code)

Net Mass (Kgs)

Transport Type

Country of Origin

D13.9

Export Compliance: To ensure compliance with U.S. export regulations, CONTRACTOR must notify COMPANY of the Export Control Classification Number ('ECCN') of every product purchased for export from the U.S. The ECCN must also be specified in the shipping documents provided by CONTRACTOR. CONTRACTOR must further identify all products purchased for the destination specified in this PURCHASE ORDER. If a license(s) is required, CONTRACTOR shall provide all requisite information to enable COMPANY to apply for and obtain the required license(s)."

12. New Clause **D14 Taxes is added as follows:**

"D14.1

The CONTRACTOR shall, in accordance with the provisions in Clause D10, and except as may otherwise be stated in the PURCHASE ORDER, be responsible for:

- (a) the payment of all taxes, duties, levies charges and contributions (and any interest or penalties thereon) for which the CONTRACTOR is liable as imposed by any appropriate government authority whether of the United Kingdom or elsewhere, whether or not they are calculated by reference to wages, salaries, benefits or expenses and other remuneration paid directly or indirectly to persons engaged or employed by the CONTRACTOR; and
- (b) the payment of all taxes, duties, levies, charges and contributions (and any interest or penalties thereon) including but not limited to income, profits, corporation taxes and taxes on capital gains, turnover and added value taxes for which the CONTRACTOR is liable, whether arising in the United Kingdom, its territorial waters, its continental shelf or elsewhere, now or hereafter levied or imposed by any appropriate government authority whether of United Kingdom or elsewhere, arising from this PURCHASE ORDER; and
- (c) compliance with all statutory obligations to make deductions on account of and to remit the required amounts to any appropriate government authority whether of the United Kingdom or elsewhere, including, but not limited to income tax, PAYE, national insurance, employee taxes, charges, social security costs, levies and contributions whether or not they are measured by wages, salaries or other remuneration or benefits paid to persons employed by the CONTRACTOR, or persons providing services in connection with the PURCHASE ORDER to the CONTRACTOR, and the imposition of a similar obligation upon all subcontractors or any other persons employed by them or providing services to them in connection with this PURCHASE ORDER; and

- (d) ensuring that any subcontractor or any other person employed, or providing services on or in connection with this PURCHASE ORDER shall comply with this Clause D14.

D14.2

The CONTRACTOR shall supply to the COMPANY all such information, in connection with activities under this PURCHASE ORDER, as is necessary to enable the COMPANY to comply with the lawful demands for such information by any appropriate government authority whether of the United Kingdom or elsewhere.

Where the CONTRACTOR, any subcontractor or any other person employed by them, or providing services to them or in connection with this PURCHASE ORDER, is or any be liable for tax as a result of the operation of Section 38 Finance Act 1973 and/or Section 830 of the Income and Corporation Taxes Act 1988 (hereinafter in this Clause D13 the 'ICTA') and /or Section 276 Taxation of Chargeable Gains Act 1992, and if such a person, within 45 days of the effective date of commencement of the PURCHASE ORDER, is not able to exhibit to the reasonable satisfaction of the COMPANY that the person is 'resident' for tax purposes within the United Kingdom, the CONTRACTOR shall, where this PURCHASE ORDER or any part thereof is to be performed within the United Kingdom and/or within a 'designated area' obtain for itself and procure that any such subcontractor or any other person employed by them, or providing services to them on or in connection with this PURCHASE ORDER, obtains a United Kingdom Inland Revenue Certificate of Exemption in favour of the COMPANY in accordance with the provisions of paragraph 7 of the Schedule 15 Finance Act 1973 and any statutory amendment thereto. The CONTRACTOR shall immediately upon receipt of thereof, forward such certificate to the COMPANY or where such certificate is refused, the CONTRACTOR shall upon being so informed, immediately notify the COMPANY of such refusal. In the event that the person ceases to be so resident or such Certificate of Exemption is cancelled the CONTRACTOR shall immediately advise the COMPANY of such event.

If such Certificate of Exemption is not obtained within 45 days of the effective date of commencement of the PURCHASE ORDER, or having been obtained is subsequently withdrawn, the COMPANY shall have the right to make deductions from any amounts due to the CONTRACTOR up to the maximum estimated potential tax liability arising to the person or persons whose Certificate of Exemption has not been obtained or has been withdrawn, as reasonably computed by the COMPANY, arising out of this PURCHASE ORDER.

If such deductions are made by the COMPANY, these shall be paid to CONTRACTOR on receipt by the COMPANY of satisfactory evidence that the CONTRACTOR, subcontractor or other person employed by them or providing services to them on or in connection with this PURCHASE ORDER has paid all taxes arising out of the PURCHASE ORDER and the Board of Inland Revenue will not be serving a notice on the COMPANY under paragraph 4 of Schedule 15 Finance Act 1973.

'designated area' shall for the purpose of Clause 14.2 bear the same meaning as that given in Section 38 Finance Act 1973 and /or Section 830 of the ICTA and/or Section 276 Taxation of Chargeable Gains Act 1992.

'resident' shall for the purpose of this Clause 14.2 mean that the company or person is regarded by the Inland Revenue as United Kingdom resident.

D14.3

The CONTRACTOR shall save, indemnify, defend and hold harmless the COMPANY against all levies, charges, contributions and taxes of the type referred to in this Clause and any interest or penalty thereon which may be assessed, by any appropriate government authority whether of the United Kingdom or elsewhere, on the CONTRACTOR GROUP in connection with this PURCHASE ORDER and from all costs reasonably incurred in connection therewith.

D14.4

If the COMPANY receives a notice requiring it to pay any levies, charges, contributions or taxes of the types referred to in the Clause and /or any interest or penalty thereon whether with respect to the CONTRACTOR, any subcontractor, their respective AFFILIATES or any person employed by the CONTRACTOR or any subcontractor or providing an services to the CONTRACTOR or any subcontractor or in connection with this PURCHASE ORDER, the COMPANY shall forthwith notify the CONTRACTOR who shall work with the COMPANY to make all reasonable endeavours to make any valid appeal against such payment, the COMPANY may recover from the CONTRACTOR any such sums and all costs reasonably incurred in connection therewith and the CONTRACTOR shall within 14 days of receiving written notice from the COMPANY pay to the COMPANY any such sum or the COMPANY shall be entitled to deduct such sums from any monies due, or which may become due, to the CONTRACTOR.

D14.5

The COMPANY shall save, indemnify, defend and hold harmless the CONTRACTOR against levies, charges, contributions and taxes of the type referred to in this Clause and any interest or penalty thereon which may be assessed, by any appropriate government authority whether of the United Kingdom or elsewhere, on the COMPANY in connection with this PURCHASE ORDER and from all costs incurred in connection therewith,

other than those taxes and other matters referred to above which the provisions of this Clause allow the COMPANY to recover from the CONTRACTOR.”

13. New Clause **D16 Laws and Regulations** is added as follows:

“D16.1

The CONTRACTOR shall comply with all applicable laws, rules and regulations of any governmental or regulatory body having jurisdiction over the GOODS and or the location where the GOODS are to be utilised.

D16.2

The CONTRACTOR shall obtain all licences, permits, temporary permits and authorisations required by the applicable laws, rules and regulations for the GOODS, save to the extent that the same can only be legally obtained by the COMPANY.”