



PURCHASE ORDER TERMS AND CONDITIONS

Standard Terms and Conditions of Purchase Order

1. DEFINITIONS

- (i) "Purchaser" means Apache North Sea Limited (or one of its affiliates) and shall include its personal representatives, successors and permitted assigns.
- (ii) "Seller" means the person, firm or corporation to whom this Order is addressed and shall include its personal representatives, successors and permitted assigns.
- (iii) "Order" means the Purchase Order, of which these Standard Terms and Conditions of Purchaser form part, and any other written material specifically incorporated herein by Purchaser.
- (iv) "Work" shall mean either the equipment, materials and items ("Goods") to be provided, or any services ("Services") to be performed, by the Purchaser in accordance with this Order.

2. AGREEMENT

The Purchaser shall purchase, hire or request performance of the Work from the Seller on the terms set out in this Order. This Order constitutes the entire agreement between the parties.

All conditions expressed by Seller are excluded except those specifically accepted by Purchaser in writing. The terms and conditions of this Order shall supersede any terms and conditions contained with the Seller's price list or order confirmation or any other published rates, sums or prices, whether such terms were delivered prior or subsequent to the execution of this Order. If Seller fails to sign and return the acknowledgement copy of this Order, it shall be deemed to have accepted the Order and its terms as soon as it commences to perform any of its obligations hereunder.

The Work performed by Seller under this Order may be performed on behalf of Purchaser or one of its Affiliates.

3. ADJUSTMENTS / TERMINATION

No deviation from the specifications, terms and other conditions contained in this Order is permitted without Purchaser's prior written agreement. Purchaser may at any time by written notice to Seller (i) make any change to this Order, including a change in quantity or specification, (ii) suspend this Order or any part thereof to the extent detailed in such notice of suspension or (iii) cancel this Order as to all or any portion of the Work not accepted. Any adjustment to prices and/or delivery resulting from the change or cancellation shall, where possible, be agreed in writing by Purchaser before or at the time the change, suspension or cancellation is instituted. Any such price adjustment may include reasonable direct costs incurred by Seller. Such adjustment in price or delivery must in any event be agreed by Purchaser and Seller within fourteen (14) days from date of Purchaser's written notice, unless otherwise agreed. No cancellation shall relieve Purchaser or Seller of any of its obligations as to any part of the Work already accepted.

4. ASSIGNMENT

Seller shall not, without the written consent of Purchaser (which shall not be unreasonably withheld) partly or wholly assign this Order (or any of its rights or obligations hereunder) or in any way sub-contract for the supply of the Work or any significant component of the Work (other than sub-contracts for raw materials or minor parts).

5. DISCREPANCIES



PURCHASE ORDER TERMS AND CONDITIONS

Seller shall be responsible for any discrepancies, errors or omissions in the Work supplied by it, whether such Work has been accepted by Purchaser or not. Should Seller find any discrepancies, ambiguities or contradictions within this Order or subsequent amendments hereto, or any errors or omissions, it shall inform Purchaser in writing within seven (7) working days.

6. PRICING / INVOICING

The price specified in this Order shall be fixed and firm and not subject to escalation. Where Purchaser hires Goods from Seller the period of hire shall be as stated in the Order. The period of hire shall be from the date that the Goods have been delivered to or collected by Purchaser at such location as Purchaser shall specify in the Order, until the return thereto.

Prices shall include all taxes and duties of any kind in respect of production, sale or transport of the Work and shall include all charges for packing, loading and transport, such charges being stated separately if Purchaser specifically so requests. Unless specifically stated otherwise in writing by Purchaser, Seller may submit its invoice only after the Work has been accepted and, except where the Seller has failed to perform its obligations under this Order or such invoice contains an error or disputed amount, payment will be made by Purchaser thirty (30) days from receipt of a valid and proper invoice. Interest shall be payable by Purchaser on any invoices not paid within such period at the then current annual Bank of England base rate plus one percent (1%).

The Seller shall not be entitled to receive any payment on any invoice received by the Purchaser after ninety (90) days from completion of the related Work, or part thereof. Nevertheless the Purchaser may, at its sole discretion, make payment against any such invoice.

7. DELIVERY

The Seller shall deliver or make the Work available to the Purchaser at the time and place specified in this Order on the delivery date specified therein. Time is of the essence for this Order and failure by Seller to complete or deliver the Work within the time specified herein, or within a reasonable time, if no time is specified, shall relieve Purchaser of any obligation to accept and pay for the Work.

8. ACCEPTANCE

Acceptance of the Work shall occur at the time that a duly authorised employee or representative of the Purchaser accepts the Work (delivered or collected) and where such Work is not defective or damaged in any way and comply with the Order. In the event that a defect in or damage to the Work or any breach of the Order is identified by the Purchaser during inspection, it shall be deemed not to have accepted the Work until such time as such defect, damage or breach is remedied by the Seller. Such acceptance shall be within a reasonable time following delivery or collection, but shall be without prejudice to the Seller's liability for any defect in or damage to the Work or any breach of the Order which is not identified by such duly authorised employee or representative of the Purchaser at the time of acceptance.

9. INSPECTION

Any Work provided by Seller hereunder is subject to the Purchaser's inspection and approval. Seller will provide a credit for any defective Work not in accordance with Purchaser's specifications. All handling and transportation expenses shall be borne by Seller. No Work rejected or returned to Seller as defective shall be replaced or reperformed except upon Purchaser's formal authorization.

10. TITLE / RISK

Title to and risk of loss in the Work procured by Purchaser shall vest in Purchaser upon acceptance in accordance with the requirements of this Order. Title to and risk of loss in respect of any Work which



PURCHASE ORDER TERMS AND CONDITIONS

does not comply with the requirements of this Order and are rejected by Purchaser prior to acceptance shall at all times remain with Seller. Title to and risk of loss in respect of any Work that is determined to be defective or otherwise fail to comply with the requirements of this Order shall re-vest in Seller upon return of the Work to Seller.

Title to any items provided to Seller by Purchaser for the Work (including but not limited to repair or refurbishment work) shall remain with Purchaser at all times. Risk of loss or damage to such Purchaser owned items shall pass to the Seller while they are in Sellers care, custody and control.

Title to and risk of loss in any rental items provided to Purchaser by Seller as part of the Work will remain with Seller at all times.

11. PERFORMANCE

If (i) at any time on request, Seller fails to give assurance of due performance satisfactory to Purchaser, or (ii) the Work does not comply with the requirements set forth in this Order or are deficient or defective and Seller fails to bring the Work up to specification or to otherwise rectify the deficiency or defect, or (iii) Seller is in breach of a condition or obligation under this Order, or (iv) Seller makes any composition or arrangement with its creditors, becomes insolvent, commits an act of bankruptcy, has a receiver appointed or enters into liquidation, then Purchaser shall be entitled to cancel this Order in whole or in part, as to the Work then not completed or delivered and accepted, without liability for any payment for such cancellation as might otherwise be allowed under Clause 2 above.

12. SPECIFICATIONS

Seller warrants that the Work shall conform as to quantity, quality specifications and description with the particulars stated in this Order and shall be of sound materials and workmanship and consistent with good oilfield practices and U.K. statutory and legislative requirements. If the purpose for which the Work is required is indicated in this Order, either expressly or by implication, then Seller warrants that the Work shall be fit for that purpose. The Work is ordered by Purchaser in reliance on each and all of the warranties and guarantees specified herein or implied by law and usage of trade.

In the event that Purchaser notifies the Seller of any defects in the Work twelve (12) months the from the date of first use, the Seller shall, without limitation to Purchaser's other legal rights, make all necessary alterations, repairs, reperformance or replacement of defective Work free of charge.

13. SUPPLY OF MATERIALS

Where Seller provides materials as part of the Work, and Purchaser subsequently determines that it no longer requires such materials, then the Seller agrees to buy back such materials on the following basis:

- a) Standard or off the shelf materials which Purchaser identifies to Seller as being no longer required within a period of three (3) months from receipt by Purchaser – 80% of the original purchase price for such materials;
- b) Standard or off the shelf materials which Purchaser identifies to Seller as being no longer required after a period of three (3) months from receipt by Purchaser but prior to twelve (12) months from receipt by Purchaser – 50% of the original purchase price for such materials;



PURCHASE ORDER TERMS AND CONDITIONS

- c) Standard or off the shelf materials which Purchaser identifies to Seller as being no longer required after a period of twelve (12) months from receipt by Purchaser – a fair price to be mutually agreed between Purchaser and Seller on a case by case basis;
- d) Non-standard or made to order specialist items which Purchaser identifies to Seller as being no longer required – a fair price to be mutually agreed between Purchaser and Seller on a case by case basis.

For the avoidance of doubt a “fair price” as stated in c) and d) above will be determined by the condition and saleability of the materials.

Where the above buy provisions are implemented, then Purchaser will raise an invoice, which Seller will pay within thirty (30) days of receipt.

14. ETHICS

All transactions shall be based strictly on service, quality and competitive price of materials. Seller shall not pay any salaries, commissions or fees, or make any payments or rebates to any employee or officer of Purchaser, or to any delegate thereof or favour any employee or officer of Purchaser or any designate with gifts or entertainment of significant cost or value, or enter into any business arrangements with any employee or officer of Purchaser other than as a representative of Purchaser.

Seller shall ensure full compliance with (i) the Foreign Corrupt Practices Act 1977, (ii) the United Kingdom Bribery Act 2010, (iii) all other applicable laws, regulations, rules, decrees and government orders (including court orders) relating to combating bribery in business transactions, (iv) the U.S. Money Laundering Act, (v) the U.K. Proceeds of Crime Act 2002, and (vi) all other applicable laws, regulations, rules, decrees, and government orders (including court orders) relating to money laundering. Seller shall be responsible for and shall release, save, indemnify, defend and hold harmless Purchaser from and against all claims, damages, costs (including legal costs) expenses and liabilities in respect of any violations against said compliance.

15. INTELLECTUAL PROPERTY

The Seller shall release, save, defend, and hold harmless the Purchaser and its affiliates and their respective officers, directors, employees and agents from all claims, losses, damages, costs (including legal costs and Consequential Loss), expenses, and liabilities of every kind and nature for, or arising out of, any alleged infringement of any patent, copyright, or proprietary or protected right, arising out of or in connection with the performance of the obligations of the Seller under this Order.

16. COMPLIANCE

Seller warrants that the Work shall have been performed, produced, sold and delivered in strict compliance with all applicable laws, regulations, labour agreements, working conditions, technical codes and requirements to which the Seller and/or the Work is subject and Purchaser's applicable policies and procedures (as the Seller is advised of from time to time).

17. INDEMNITY

Seller shall be responsible for and shall release, save, indemnify, defend and hold harmless the Purchaser, its affiliates, its and their co-venturers (and their affiliates) and its and their respective directors, officers and employees (including agency personnel) from and against any claims, losses, damages, costs (including legal costs) expenses and liabilities in respect of:



PURCHASE ORDER TERMS AND CONDITIONS

- (a) personal injury including death or disease to any person employed by Seller, its affiliates or its and their subcontractors (of any tier) arising from, relating to or in connection with the performance or non-performance of this Order;
- (b) loss of or damage to the property (whether owned, hired, leased or otherwise provided) of the Seller, its affiliates or its and their subcontractors (of any tier); and
- (c) loss of or damage to the property (whether owned, hired, leased or otherwise provided) of the Purchaser, its affiliates or its and their subcontractors (of any tier) while it is in the care, custody and control of the Seller,

regardless of the negligence and/or breach of duty (whether statutory or otherwise) of the Purchaser, its co-venturers, its and their respective affiliates and its and their respective directors, officers and employees (including agency personnel).

18. PACKING

It is Seller's responsibility to provide suitable protection, packing and preservation for Work to ensure arrival at destination in satisfactory condition.

19. DOCUMENTATION

Documentation shall be provided as called for in this Order and charges for which are deemed to be included in the Price specified in this Order, unless specifically mentioned to the contrary. Where no such documentation requirements are specified, documentation shall be in line with good oil and gas industry practice and will comply with all statutory requirements. Notwithstanding anything expressed elsewhere in this Order, payment shall not become due until all required documentation has been delivered to Purchaser.

20. CONSEQUENTIAL LOSS

Notwithstanding any provision to the contrary elsewhere in this Order and except to the extent expressly agreed including, without limitation, liquidated damages (including without limitation any predetermined termination fees) provided for in this Order, the Purchaser shall release, save, indemnify, defend and hold harmless the Seller from the Purchaser's own Consequential Loss and the Seller shall release, save, indemnify, defend and hold harmless the Purchaser from the Seller's own Consequential Loss, arising from, relating to or in connection with the performance or non-performance of this Order. For purposes of this Clause, the expression "Consequential Loss" shall mean (i) consequential or indirect loss under English law and (ii) loss and/or loss of product, loss of use, loss of revenue, profit or anticipated profit (if any) in each case whether direct or indirect to the extent that these are not included in sub clause (i), and whether or not foreseeable at the date of the Order.

21. GOVERNING LAW

This Order shall be construed and governed exclusively in all respects by English Law. The High Court in London shall have exclusive jurisdiction to entertain any action brought in connection with or arising out of this Order

22. LIENS

Seller warrants that it will not claim a lien, attachment, charge or claim against any items owned by the Purchaser. Seller warrants that the Work shall be free from, and shall release, save, indemnify, defend and hold harmless the Purchaser from and against all liens, attachments or charges of, or claims by, any other party in connection with or arising from the performance of the obligations of the Seller under this Order.



PURCHASE ORDER TERMS AND CONDITIONS

23. INSURANCE

The Seller shall maintain levels of insurance sufficient to cover its liabilities and obligations under this Order and at law. Upon request, Seller shall furnish insurance certificates to Purchaser evidencing its compliance with such requirement.

24. TAXES

Seller shall be liable and responsible for and, to the fullest extent permitted by law, Seller shall protect, indemnify, save and hold harmless the Purchaser from the reporting, filing and payment of any taxes, duties, charges, licenses, or fees (and any related fines, penalties or interest) imposed directly or indirectly on Purchaser or its subcontractors, employees, agents or servants as a result of Seller's provision of the Work, which are levied or assessed at any time, and whether under laws or regulations in effect at the effective date of this Order or enacted subsequent thereto. Upon request, Seller shall furnish Purchaser evidence of its payment and compliance with the aforesaid tax obligations. Where required by law or regulation, Purchaser may withhold taxes from any amounts due Seller and shall account for such withholdings.

25. THIRD PARTIES

The parties intend that no provision of this Order shall, by virtue of the Contracts (Rights of Third Parties) Act 1999 confer any benefit on, nor be enforceable by, any person who is not a party to this Order.

26. CONFIDENTIALITY

The Seller shall keep this Order and any information which either party learns about the other in strict confidence and will not disclose the same to any third party without the prior written consent of the other party.

SPECIAL CONDITIONS – SERVICES

1. RENTAL PORTABLE EQUIPMENT

All equipment supplied for use on a Purchaser operated or contracted offshore facility, including, where appropriate, the physical installation of such equipment, must be in compliance with all applicable legislation and procedures. In particular, Seller shall ensure that any portable / transportable rental equipment supplied for use on a Purchaser-operated offshore facility is in full compliance with Purchaser's procedure reference 'ANS-SOP-005 Control of Hired and Transportable Equipment', including the documentation which must be shipped with such equipment. Hazardous Area Equipment must comply with ATEX Directive 94/9/EC unless agreed by Purchaser in writing.

2. RENTAL RATES

2.1 The rental day rate shall apply from the verified time and date of delivery of such equipment to the Purchaser's shorebase and shall cease upon verified time and date of return to Purchaser's shorebase. Purchaser shall endeavor to return Seller's equipment within twenty four (24) hours upon its return to quayside. No rates shall apply if delivery cannot be made at the weekend due to Seller's onshore base being closed.

2.2 Equipment rental rates are based on a twenty-four (24) hour working day and are applicable to all days worked including weekends and Public Holidays. Equipment rates



PURCHASE ORDER TERMS AND CONDITIONS

are inclusive of, but not limited to depreciation, insurance, storage, painting and marking, testing and inspection, spare parts, back up, maintenance and packing.

2.3 Seller shall generate an **Equipment on Hire (EoH)** report to be submitted to Purchaser on a weekly basis:

- The EoH report shall be submitted via email with attachment in Microsoft Excel Spreadsheet format
- The EoH report shall include the following information -
- Overall time on hire to COMPANY
- Charge rate and UoM (i.e. day, month)
- Cumulative costs to date
- In particular the EoH report should highlight items which have been on hire greater than one month.

It is also expected that Seller shall be responsive in alerting Purchaser to hire issues – e.g. highlighting potential 'lost' items.

2.4 Charges for hired equipment shall be adjusted in accordance with the following table taking onto account the hire duration:

Hire Period (continuous)	Discount on Normal Charge Rate
Up to 1 month	0%
1 to 6 months	50%
> 6 months	100%

2.5 All equipment supplied for use on a Purchaser operated facility, including where appropriate, the physical installation of such equipment, must be in compliance with all applicable legislation and procedures. Seller will not be reimbursed for any equipment on hire that is out of certification.

3. CARGO TRANSPORT UNITS

3.1 Offshore Containers provided by Seller for use by Purchaser

Where Seller fabricates, manufactures or supplies Cargo Transport Units (CTU's) i.e. Containers, Baskets, Tanks, to be used by Purchaser for the transport of goods to and from Offshore Installations, then such CTU's, must meet the Design, Testing, and Inspection Standards as outlined in IMO circular (MSC/Circ860) "Guidelines for the Approval of Offshore Containers Handled in Open Seas", including:

- Det Norske Veritas (DNV): 2.7-1; 2.7-2; 2.7-3
- EN12079: Offshore Containers- Design, Construction, Testing, Inspection and Marking
- ISO10855: Offshore Container Standard (New Offshore Container Standard in preparation by the International Standards Organisation (ISO)

3.2 Special Cargo



PURCHASE ORDER TERMS AND CONDITIONS

For units/frames/structures to be shipped offshore as Deck Lifts, the following requirements must be adhered to:

- Units/frames/structures must be delivered with lifting sling sets designed and fitted to allow lifting with a single hook.
- Sling sets must be designed and attached in such a way that they cannot snag on the lift.
- The lifting points on the lift must have had an initial test load applied of 200% of the maximum gross weight (MGW).
- The SWL of the sling sets must have an enhancement factor of a minimum 1.5 x the gross weight.
- The lift must be suitably protected from damage from other cargo or an exclusion zone suitably applied during its transportation.

In addition, all of the above is required to be in full compliance with Oil and Gas UK – Best Practice for the Safe Handling of Cargo to and From Offshore Locations – (latest revision).

The above excludes drilling tubulars or cargo which is not identified as a container but requires to be shipped on a repeat basis, e.g. more than twice a year, in which case it should be built to one of the recognised standards.