

## TERMS AND CONDITIONS

### RENTAL OF NON-DOWNHOLE EQUIPMENT

“Rental Equipment” means the particular non-downhole items of equipment described in the Purchase Order that Contractor is to provide to Company on a rental basis, generally for use by Company and Company’s other contractors for their own purposes.

“Site” means any location owned (solely or jointly), operated, managed, or controlled by Company where Company wishes Rental Equipment to be delivered to, positioned at, or used at.

In addition to any other applicable mode of acceptance, delivery of Rental Equipment specified in this Purchase Order will constitute acceptance of this Purchase Order with all its Terms and Conditions.

#### 1. SUPPLY OF RENTAL EQUIPMENT

- A. Contractor is responsible for obtaining and maintaining all permits, licenses, certifications, and any other authorizations required by any governmental authority in respect of the existence and customary operation of Rental Equipment. Company is responsible for obtaining and maintaining all such permits, licenses, and other authorizations required for the presence and operation of Rental Equipment at Sites.
- B. Before delivery of Rental Equipment, Contractor shall diligently inspect and test it for compliance with this Purchase Order, and conformance to all applicable specifications. Company representatives are entitled to witness such testing. No Rental Equipment is to be dispatched without such inspection or testing. Contractor shall supply Company with copies of Contractor’s inspection and test certificates, certified by Contractor to be true copies. Unless otherwise specified in this Purchase Order, all inspections and testing are to be at Contractor’s sole cost and risk. Should the Purchase Order stipulate specific payments for particular inspections or tests, Contractor will not be paid for any such inspection or test when the Rental Equipment has failed to achieve or maintain the required standard.
- C. Contractor shall ensure that all Rental Equipment is provided with the manufacturer’s original safety features and devices not modified in any way, and fully functional. Contractor shall deliver Rental Equipment with all appropriate and necessary insignia, warning labels, identification markings, and maintenance and operating instructions.
- D. Rental Equipment remains the personal property of Contractor, and title thereto remains exclusively in Contractor’s name. Company will not change or remove any ownership insignia or lettering placed on Rental Equipment. Company will keep Rental Equipment free and clear from any liens and claims attributable to Company’s activities during the term of the Purchase Order.
- E. Care, custody, and control of Rental Equipment will pass to Company upon the earliest of: (i) delivery of the Rental Equipment by Contractor to Company for transport by Company; (ii) delivery of the Rental Equipment by Contractor to a carrier selected by Company, in Company’s sole discretion; or (iii) delivery of the Rental Equipment by Contractor to the Site specified by Company.
- F. After care, custody, and control of Rental Equipment have passed to Company as provided in Item E above, care, custody, and control of such Rental Equipment will return to Contractor upon the

earliest of: (i) redelivery of the Rental Equipment by Company at Site to Contractor for transport by Contractor; (ii) redelivery of the Rental Equipment by Company to a carrier selected by Contractor, in Contractor's sole discretion; or (iii) redelivery of the Rental Equipment by Company to the location specified by Contractor as specified in the Purchase Order.

- G. Company will use Rental Equipment within its care, custody, and control in a careful and prudent manner in accordance with applicable industry standards and practices. Company will return such Rental Equipment to Contractor in substantially the same condition such Rental Equipment was in when Company took care, custody, and control thereof, provided that Company will not be liable for loss or destruction of or damage to such Rental Equipment within Company's care, custody, and control to the extent that such loss, destruction, or damage is a result of (i) manufacturer's defect; (ii) any inherent defect in the Rental Equipment; or (iii) normal wear and tear.
- H. Upon written notice to Contractor, Company may terminate Contractor's provision of any Rental Equipment before the end of the period identified in this Purchase Order. In such event the rental rate for the Rental Equipment will apply up to and including the date of Company's last usage of the Rental Equipment in accordance with such notice.
- I. Company will be entitled to continue to use Rental Equipment after the end of the period provided in the Purchase Order for the same rental rate, provided (i) Company has given notice in writing to Contractor that it wishes to do so; and (ii) Contractor does not have a pre-existing commitment to provide the Rental Equipment to another client that clashes with such intended continued use. Contractor shall keep Company informed regarding any prospective commitment of the Rental Equipment to others following Company's usage thereof, and shall give Company a right of first refusal to continue Company's usage in lieu of making any such commitment with others.

## **2. SHIPPING, FREIGHT**

Contractor shall advise at once in writing if Contractor is unable to meet any specified shipping date. Time is of the essence of this Purchase Order and Company reserves the right to cancel this order at any time if specified shipping date is not met. No minimum order charges, or charges for packing, cartage, insurance or value charges by any mode of transportation are to be payable or paid by Company unless so specified in this Purchase order. Contractor must include the order number and other specified numbers on the Bill of Lading and advise the carrier that such numbers must be shown on freight bills. Contractor prepaid freight charges for Company's account must be supported by a copy of the Bill of Lading and the carrier's freight bill. Contractor shall assure that each shipment contains a packing slip listing contents and order number. Company's count will be accepted as final and conclusive on all shipments not accompanied by a packing slip.

## **3. ASSIGNMENTS**

Contractor shall not assign or transfer this Purchase Order or any money due under this Purchase Order without the prior written consent of Company.

#### **4. INSPECTION; RECORDS**

Company may inspect the Rental Equipment to determine that Rental Equipment is in good working order, and Contractor shall, upon request, furnish copies of any license, permit, bond, report, certificate, or other document maintained, compiled, or required by Contractor or any governmental authority for or in connection with the provision of Rental Equipment hereunder. Any inspection or lack of inspection by Company shall not in any manner relieve Contractor of any of its obligations hereunder. Contractor shall maintain a true and correct set of records pertaining to Rental Equipment provided hereunder, and Company shall have the right to inspect or audit such records at any reasonable time during the term of the Purchase Order and for a period of four years from and after the completion of the work or from the return of the Rental Equipment to Contractor. Contractor shall cooperate with Company during any such inspections or audits, and Company shall have the right to obtain statements from Contractor's personnel in the course of such inspections or audits.

#### **5. COMPENSATION**

Contractor shall be compensated as set forth in the Purchase Order for the supply of the Rental Equipment. Said compensation shall constitute payment in full for all performance hereunder, for all compensable loss or damage arising out of provision of Rental Equipment hereunder, and for all risks of every description connected herein, except as may be otherwise expressly provided in the Purchase Order.

- A. Unless otherwise expressly stipulated otherwise in the Purchase Order, rental charges for Rental Equipment (i) will apply from the date Rental Equipment is ready in all respects for initial operation at the Site to which it is first delivered until the date notified by Company to Contractor on which usage of the Rental Equipment will cease prior to its demobilization, both inclusive; and (ii) will be subject to appropriate reduction within any prolonged rental period, when cumulative rental charges equate to significant proportion of the original capital cost of the Rental Equipment.
- B. Rental charges for the Rental Equipment will not be payable for such time period as the Rental Equipment is not able to be operated normally owing to any repair or replacement of the Rental Equipment that is Contractor's responsibility under the Purchase Order.
- C. Upon written notice to Contractor, Company may terminate Contractor's provision of any Rental Equipment before the end of the period identified in the Purchase Order. In such event the rental rate shall be paid up to and including the date of Company's last usage of the Rental Equipment in accordance with such notice, and Company shall have no obligation to make rental payments after such date.

## **6. INVOICING; PAYMENT**

Invoices shall be prepared in the form and manner requested by Company and shall be submitted monthly unless Company directs otherwise. All invoiced amounts shall be itemized in the detail required by Company and shall be certified by Contractor as constituting allowable charges hereunder. Conditioned upon satisfactory provision of Rental Equipment, Company will pay all amounts due within thirty (30) days after receipt of Contractor's invoice together with all required supporting documentation; provided, however, if Company disputes any amounts invoiced Company will so notify Contractor, and Contractor shall issue a new invoice for the undisputed portion or a credit note for the undisputed portion, with the aforementioned 30-day payment period to run from receipt thereof. The Parties shall endeavor to settle and adjust such disputed amount forthwith. Company may set off against payments due Contractor any amount due and owing Company by Contractor for any reason. Any payment made by Company shall not prevent Company from filing claims or prejudice its right to recover the amount of such claims however they may have arisen including, without limitation, any sums paid Contractor by mistake of law or of fact. Notwithstanding anything to the contrary herein, payment to Contractor shall not be construed as acceptance or evidence of approval of the satisfactory provision of Rental Equipment.

## **7. INTELLECTUAL PROPERTY RIGHTS**

**CONTRACTOR SHALL DEFEND, INDEMNIFY AND HOLD COMPANY AND ITS AFFILIATES HARMLESS FROM AND AGAINST ANY AND ALL CAUSES OF ACTION, CLAIMS, SUITS, LOSSES, LIABILITIES, FINES, PENALTIES, COSTS, DAMAGES, JUDGMENTS, AWARDS AND EXPENSES, INCLUDING COURT COSTS AND ATTORNEYS' FEES, ASSERTED BY OR ARISING IN FAVOR OF ANY PERSON OR ENTITY FOR OR AS A RESULT OF ACTUAL OR ALLEGED VIOLATION OR INFRINGEMENT OF ANY PATENT(S), COPYRIGHTS OR OTHER INTELLECTUAL PROPERTY RIGHTS, OR FOR MISAPPROPRIATION OR MISUSE OF TRADE SECRET(S) OR OTHER CONFIDENTIAL INFORMATION, BASED ON OR RELATED TO CONTRACTOR'S PROVISION OF RENTAL EQUIPMENT PURSUANT TO THE PURCHASE ORDER OR COMPANY'S USE OF ANY OF THE RENTAL EQUIPMENT. SHOULD CONTRACTOR BE PREVENTED FROM PERFORMING ANY PORTION OF ITS OBLIGATIONS UNDER THE PURCHASE ORDER OR SHOULD COMPANY BE PREVENTED OR ESTOPPED FROM USE OR APPLICATION OF ANY RENTAL EQUIPMENT SUPPLIED UNDER THE PURCHASE ORDER BY REASON OF LEGAL PROCEEDINGS BASED UPON CLAIMS DESCRIBED HEREIN ABOVE, COMPANY SHALL BE RELIEVED OF ANY OBLIGATION TO MAKE PAYMENT THEREFOR, AND CONTRACTOR SHALL, AT COMPANY'S OPTION, EITHER (I) OBTAIN THE NECESSARY LICENSE TO ALLOW CONTRACTOR TO PERFORM ITS OBLIGATIONS UNDER THE PURCHASE ORDER AND COMPANY TO UTILIZE THE RENTAL EQUIPMENT IN THE MANNER CONTEMPLATED, OR (II) REDESIGN THE RENTAL EQUIPMENT TO ENABLE COMPLETE PERFORMANCE IN ACCORDANCE WITH THE PURCHASE ORDER WITHOUT INFRINGING ANY SUCH RIGHTS AND WITHOUT DECREASING, LIMITING OR OTHERWISE AFFECTING THE FUNCTIONALITY OF SUCH RENTAL EQUIPMENT.**

## **8. RENTAL EQUIPMENT: LOSS, DESTRUCTION, DAMAGE**

If Rental Equipment is lost, destroyed, or in Contractor's opinion, acting reasonably, determined to be damaged beyond economic repair while such Rental Equipment is in the care, custody and control of Company, the rental period (or the relevant part thereof) related to such Rental Equipment will terminate immediately. To the extent such loss, destruction, or damage to the Rental Equipment is caused by the sole, joint or concurrent negligence or other legal fault of Company, Company will be liable, in addition to the rental charges up to and including the date of termination, for (x) the original cost of such Rental Equipment reduced by the percentage of such cost set out in the adjustment table below; and (y) reasonable costs for demobilization as documented by Contractor of the damaged Rental Equipment if Company requires the Rental Equipment to be collected and removed by Contractor and replaced by other

equipment. The total of (x) and (y) is to be reduced by any insurance which Contractor is entitled to collect under its policies.

<b>ADJUSTMENT TABLE</b>	
<b>Age of Rental Equipment at Date of Loss</b>	<b>Reduction Percentage</b>
<b>Up to 1 Year</b>	<b>10%</b>
<b>More than 1 and up to 2 Years</b>	<b>20%</b>
<b>More than 2 and up to 3 Years</b>	<b>30%</b>
<b>More than 3 and up to 4 Years</b>	<b>40%</b>
<b>More than 4 Years (including when Contractor cannot adequately demonstrate the age of lost Rental Equipment)</b>	<b>50%</b>

Any claim by Contractor is to be supported by documentary evidence of purchase price and first usage of the relevant Rental Equipment. If the age of such Rental Equipment cannot be adequately documented by Contractor, it will be presumed to be more than four (4) years old. Company retains the right to replace the relevant Rental Equipment with "like" equipment rather than paying Contractor the adjusted cost as set out in Item C above. "Like" equipment is defined as equipment similar in quality and appearance to the relevant Rental Equipment and that meets applicable specifications. No rental charges apply while damaged items are being evaluated and repaired. In the event such evaluation concludes that the Rental Equipment is damaged beyond repair, or that repair is not economically viable, no rental charges are to apply from the time the damage occurred.

NEITHER PARTY IS LIABLE TO THE OTHER FOR LOSS OF ANTICIPATED PROFITS OR FOR ANY SPECIAL, INDIRECT, OR CONSEQUENTIAL DAMAGES ("CONSEQUENTIAL LOSS") RESULTING FROM OR ARISING OUT OF OR OCCURRING IN CONNECTION WITH THIS PURCHASE ORDER.

## **9. WARRANTY**

- A. Contractor undertakes and warrants and guarantees to Company that: (i) Contractor is the lawful owner of the Rental Equipment and has the right to provide the Rental Equipment to Company; (ii) upon its delivery the Rental Equipment will be in good operating condition and suitable for the purposes for which it was designed; (iii) Contractor shall do nothing to prejudice or detract from Company's quiet enjoyment of the Rental Equipment during the term of the Purchase Order as long as Company is not in default under the Purchase Order; (vi) Rental Equipment shall be in full compliance with all applicable laws; and (vii) Rental Equipment shall be provided in accordance with any particular requirements stipulated in the Purchase Order.
- B. Company will inform Contractor without undue delay, either verbally or in writing, of any problems with Rental Equipment, whereupon Contractor shall promptly rectify such problems with the Rental Equipment. Potential rectification measures may include carrying out any required repairs, at no cost to Company; or replacing the Rental Equipment with similar Rental Equipment.
- C. If Contractor has not commenced and proceeded diligently and expeditiously with appropriate rectification measures required by Article B above within seventy-two (72) hours after Company has informed it of problems with Rental Equipment, then Company will have the following options, exercisable at its sole discretion:

- i. to perform the repairs itself or to have a reputable third party perform the repairs, and Contractor shall promptly reimburse Company for the substantiated costs and expenses thereby incurred by Company; or
- ii. to rent from others a suitable temporary replacement for the Rental Equipment (inclusive of everything necessary for it to function in every respect equivalently to the Rental Equipment) pending its repair or replacement by Contractor, in which case Contractor shall bear the substantiated costs of such temporary replacement (inclusive of any minimum hire charges, if applicable) relative to amounts Company would have paid Contractor in the absence of problems with the Rental Equipment and the need for its repair or replacement; or
- iii. to terminate the Purchase Order without further notice or liability to Contractor, except that Company will return the Rental Equipment to Contractor as provided in the Purchase Order.

## **10 . GOVERNING LAWS**

The laws of the State of Alaska shall govern this Purchase Order. Contractor and Company agree that no lawsuit pertaining to any matter arising under or growing out of this Purchase Order shall be instituted in any other Court than the Anchorage Superior Court of the State of Alaska.

## **11. COMPLIANCE WITH LAWS**

Contractor represents and warrants that it is in compliance with all applicable laws, rules and regulations which affect this Purchase Order. Included in such laws, rules and regulations are local, state, federal and international transportation regulations. These transportation regulations require that all freight is accurately described, classified, certified, packaged, marked, labeled, placarded, and in all respects in proper condition for transport. These regulations also require the Contractor to furnish a current "Material Safety Data Sheet" (MSDS), with the shipment of all hazardous material.

By acceptance of this Purchase Order, Contractor acknowledges and certifies that, to the extent required by law, rule, or regulation, Contractor shall comply, and require its subcontractors to comply with the following: The Immigration Reform and Control Act of 1986 and related regulations; the Equal Opportunity clause prescribed in 41 CFR 60-1.4 (race, color, sex, national origin); the Affirmative Action Clause prescribed in 41 CFR 60-250.5(a) (veterans); the Affirmative Action Clause prescribed in 41 CFR 60-741.5(a) (handicapped workers) , 43 CFR Chapter 1, Subpart 19.7 (Small Business and Small Disadvantages Business Concerns); 48 CFR Chapter 1, Subpart 320.1 (Utilization of Labor Surplus Area Concerns); Executive Order 13201 (Notice of Employee Rights regarding Payment of Union Dues or Fees);Executive Order 12138 (women-owned businesses); 41 CFR 60-1.40(establishment of a written affirmative action program within 120 days from the effective date of this Purchase Order ); 41 CFR 60-1.7 (filing the Employer Information report annually); 41 CFR 60-1.8 (non-segregated facilities); the Fair Labor Standards Act of 1938; and all relevant amendments or re-enactments of such laws, rules and regulations.

## **12. TAXES**

- A. CONTRACTOR SHALL INDEMNIFY COMPANY AND ITS AFFILIATES FROM ANY AND ALL CLAIMS MADE DIRECTLY OR INDIRECTLY AGAINST COMPANY OR ITS AFFILIATES, OR AGAINST CONTRACTOR, BY ANY TAXING AUTHORITIES CLAIMING JURISDICTION OVER THE PURCHASE ORDER, THE RENTAL EQUIPMENT OR THE WORK, IN RESPECT OF:**  
(i) all income, excess profit, or other taxes, charges, and imposts assessed or levied on account of earnings of Contractor; (ii) all taxes assessed or levied against or on account of salaries or other remuneration or benefits paid by Contractor to its officers, directors, and personnel; (iii) all taxes, duties, and imposts assessed or levied against or on account of any property of Contractor or its respective officers, directors, or personnel; (iv) all applicable sales, use, value added, or other similar taxes assessed or levied against or on account of the remuneration received by Contractor under the Purchase Order; and (v) any fines, penalties, or interest in relation to any of the foregoing.
- B. Contractor shall make all reports and take all necessary action required with respect to such obligations. Company is entitled, in the event it is required by applicable laws, to withhold and pay to the proper tax authorities any taxes, imposts, or duties levied or assessed on account of Rental Equipment or work performed hereunder. It is the intent of this Article that all such taxes, imposts, or duties which accrue as a result of performance by Contractor pursuant the Purchase Order are exclusively the legal responsibility of Contractor. All such applicable taxes, imposts, and duties are to be paid by Contractor to the proper taxing authority in the manner prescribed by applicable laws.**
- C. Sales, use, value added, or other similar taxes, referred to in Article 12 A (iv), if any, which accrue as a result of performance by Contractor pursuant to the Purchase Order may be passed through to Company by Contractor. Contractor is responsible, however, to make timely remittance of such taxes to the proper taxing authority, **AND CONTRACTOR SHALL (i) INDEMNIFY, DEFEND AND HOLD COMPANY AND ITS AFFILIATES HARMLESS FROM AND AGAINST ANY FINES, PENALTIES, INTEREST, COSTS (INCLUDING ATTORNEY FEES), OR OTHER ASSESSMENTS RESULTING FROM CONTRACTOR'S FAILURE TO MAKE TIMELY REMITTANCE OF SUCH TAXES AS SET FORTH ABOVE; and (ii) promptly reimburse Company and its affiliates for any and all such amounts they are required to pay as a result thereof. Contractor's invoices are to show the total amount of applicable sales, use, value added, and other similar taxes billed by Contractor.****

### **13. AUDIT, ETHICS AND CONFLICTS OF INTEREST**

Contractor shall, and shall ensure that each of its subcontractors is to, maintain a true and correct set of records pertaining to all activities relating to its performance of this Purchase Order and all transactions related thereto. Contractor further agrees, and shall ensure that its subcontractors agree, to retain all such records for a period of not less than four (4) years after completion of performance under this Purchase Order. Any representative(s) authorized by Company may audit any and all such records of Contractor and its subcontractors at any time(s) during the term of this Purchase Order and during the four (4) year period after completion of performance. Contractor shall cooperate fully with Company with copies of all requested documents Company. Company has the right to obtain statements from Contractor's personnel in the course of such audits. Contractor shall not, and shall ensure that its subcontractors do not, directly or indirectly pay salaries, commissions, or fees, or make payments or rebates to, employees or officers of Company, or designees of such employees or officers; or favor any of the aforementioned persons with gifts or entertainment of significant cost or value or with services or goods sold at less than full market value; nor enter into any business arrangements with employees or officers of Company unless such employees or officers are properly acting as representatives of the Company.

Contractor shall be guided (and shall ensure that its officers, directors, and personnel are guided) by the principles and standards set forth in the *ConocoPhillips Code of Business Ethics and Conduct*, as it may be amended and updated from time to time (the **Code**). The Code is available from Company upon request or from Company's internet website at:

<http://static.conocophillips.com/files/resources/codeofethics.htm#1>.

Contractor shall immediately report to Company any known or suspected actions that are inconsistent with the principles and standards set forth in the Code. Any lack of compliance with or violation of the principles and standards of the Code, or a violation of Contractor's own commensurate code of conduct, by any of the members of Contractor Group or their respective officers, directors, or Personnel constitutes a material breach by Contractor and grounds for termination for cause.

#### **14. EXPORT COMPLIANCE**

- A. Contractor shall comply (and shall ensure that its officers, directors, and personnel comply) with all applicable laws relating to control of exports and re-exports, and to sanctions, including the Export Administration Regulations (EAR) maintained by the U.S. Department of Commerce, trade and economic sanctions regulations maintained by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC), and the International Traffic in Arms Regulation (ITAR) maintained by the U.S. Department of State.
- B. Contractor warrants and guarantees that no part of the Work provided under this Purchase Order will originate from any country against which the United States or other applicable government has imposed comprehensive economic sanctions or restrictions

#### **15. CONFIDENTIALITY AND PUBLICITY**

- A. Except as provided in Article B below, Contractor shall hold in strict confidence and not disclose to any third party any technical, business, or other information received from any of the members of Company Group or acquired from performance of the Work (collectively "Confidential Information").
- B. Contractor may only disclose Confidential Information to (i) other members of Contractor Group who need, and (ii) to its and their respective officers, directors and personnel who need, the Confidential Information for performance of the Work under this Purchase Order and who are bound by confidentiality and limited use obligations no less stringent than those in this Article 15. Contractor is responsible for ensuring compliance with this Article 15 by all members of Contractor Group and their respective officers, directors, and Personnel who will receive, or who might in performance of Work discover or be exposed to, any Confidential Information.
- C. Any information which was lawfully in Contractor's possession without restriction on use or disclosure prior to disclosure thereof by or on behalf of Company to Contractor, or which is or becomes part of the public knowledge or literature from a source other than Contractor, either directly or indirectly, is not subject to the provisions of this Article 15. Information which becomes lawfully available to Contractor from a source other than Company is released from the provisions of this Article 15 to the extent necessary to permit such use and disclosures as are authorized by such source.
- D. Contractor shall not issue any publicity or make any public announcement in relation to this

Purchase Order without Company's prior written approval, which Company is entitled to withhold in its absolute discretion.

E. The obligations under Articles 15 A, 15 B, and 15 D are to survive expiration or termination of this Purchase Order and to remain effective and binding on the parties.

#### **16. TERMINATION FOR CONVENIENCE**

Company may terminate for its convenience further performance of all or any separable part of this Purchase Order at any time by written notice to Contractor. On the date of such termination stated in said notice, Contractor shall discontinue all work pertaining to this Order. Payment to Contractor shall be based on the rental fees for the period prior to the date of termination. Contractor shall not be entitled to any prospective or anticipatory profits or damages because of such termination.

#### **17. ENTIRE AGREEMENT**

Contractor and Company affirm that the Purchase Order (including these Purchase Order Terms and Conditions and other documents, if any, incorporated into the Purchase Order) sets forth their entire agreement and there are no promises or understandings other than those stated herein. Any document prepared by Contractor containing any contrary or additional terms (including any billings, invoices and preprinted forms) shall be void and not modify or add to the terms of the Purchase Order in any way, nor shall execution of any such document create a new contract. No subsequent alteration, amendment, change, modification, or addition to this Purchase Order shall be binding upon the parties unless reduced to writing and signed by authorized representatives of both parties.

**ADDITIONAL PAGES OF THIS PURCHASE ORDER MAY BE ATTACHED HERETO AND INCORPORATED HEREIN AS PART THIS PURCHASE ORDER**