



TERMS AND CONDITIONS (EQUIPMENT RENTAL)

Deep Drill Supply Group

And her subsidiaries:

Deep Drill Equipment B.V.
Deep Drill Tubulars B.V.
Deep Drill Rentals B.V.

Deposited with the Chamber of Commerce of North West Netherlands under numbers 36037581, 37146497, 37075335, 37060376

SECTION 1: DEFINITIONS

1.1. In these terms and conditions:

- a. “Deep Drill” means Deep Drill Supply Group (Chamber of Commerce of North West Netherlands under number 36037581) and her subsidiaries Deep Drill Equipment B.V., Deep Drill Tubulars B.V. and Deep Drill Rentals B.V. all private companies with limited liability registered in the Netherlands, having its registered office at Havenkade 24, 1775 BA Middenmeer;
- b. “the Customer” means the person, firm or company specified as such in any Hire Agreement to whom any Equipment is supplied by way of rental or to whom any services are provided by Deep Drill;
- c. “Equipment” means any equipment, tubulars, machinery or other goods supplied by Deep Drill to the Customer by way of rental including any accessories or component parts and including any replacement of spare parts supplied by Deep Drill whether initially or subsequently;
- d. “Hire Agreement” means any agreement or contract between Deep Drill and the Customer in relation to the hire of the Equipment into which these Terms and Conditions are incorporated by reference;



- e. “the Rental” means the rental rates as specified in the Hire Agreement or Deep Drill’s rental rates as updated by Deep Drill from time to time;
- f. “the Rental Period” means the period of hire of Deep Drill’s Equipment commencing on the day the Equipment is dispatched or uplifted from Deep Drill’s premises and terminating on the day it is returned to or received at Deep Drill’s premises. For the avoidance of doubt twenty-four hours or any part thereof constitutes one day’s rental, with a minimal rental period of five days;
- g. “Terms and Conditions Rentals” means the present by Deep Drill used terms and conditions.

SECTION 2: APPLICABILITY

- 2.1. These Terms and Conditions are to govern any Hire Agreement between Deep Drill and the Customer and shall prevail over any terms put forward by the Customer unless Deep Drill expressly agrees to them in writing.
- 2.2. Any written confirmation of these Terms and Conditions containing proposals or terms additional to or different from those set forth herein are not binding on Deep Drill unless Deep Drill expressly agrees to any such proposal or terms in writing, signed by (or by some person duly authorized by) Deep Drill.
- 2.3. Deep Drill contracts and does business solely upon these Terms and Conditions notwithstanding anything to the contrary contained or purported to be contained in any document or statement made by Customer. No variation or alteration of these Terms and Conditions shall be of any effect unless expressly agreed to in writing, signed (or by some person duly authorized by) Deep Drill.
- 2.4. No conduct by Deep Drill shall be deemed to constitute acceptance of any terms put forward by the Customer.
- 2.5. Any Equipment hired by Deep Drill at the Customer’s request from a third party and then hired to the Customer shall be subject to the conditions



and prices quoted by such third party and which conditions the Customer hereby undertakes to observe. At Deep Drill's discretion these prices may be subject to a 15% handling charge. A copy of the third party's conditions will be made available at, or immediately prior to, the time of Rental and are incorporated by reference into these Terms and Conditions and be interpreted as if Deep Drill is the Owner and the Customer the lessee of such Equipment.

- 2.6. Deep Drill is entitled to hire subcontractors without the consent and/or knowledge of the Customer. If so, these Terms and Conditions remain in full force regarding the liability of Deep Drill.

SECTION 3: OFFERS

- 3.1. All offers of Deep Drill, in any form whatsoever, are free of obligations.
- 3.2. All information provided in respect of Deep Drill's offers, including quotes, illustrations, drawings, calculations, pricelists, catalogues etcetera is as accurate as possible. This information is only binding on Deep Drill if Deep Drill confirms such expressly in writing.
- 3.3. Information provided by Deep Drill as well as intellectual property rights regarding this information belongs to Deep Drill and may not be copied by the Customer or put at the disposal of third parties by the Customer.

SECTION 4: AGREEMENT

- 4.1. Apart from the acceptations as stated hereinafter, the Hire Agreement is realised by written approval of Deep Drill.
- 4.2. The confirmation is deemed to represent the contents and purpose of the agreement correctly and fully.
- 4.3. In case the Hire Agreement is not confirmed in writing and in spite thereof the parties carry out their obligations under this agreement, the parties consider the invoice as the written confirmation of the Hire Agreement.



- 4.4. Any possible additional terms and conditions or alterations thereof, as well as (oral) agreements by employees of Deep Drill or by third parties on behalf of Deep Drill, are not binding unless Deep Drill Expressly Confirms them in writing.

SECTION 5: CONDITION OF THE EQUIPMENT AND WARRANTY

- 5.1. This warranty defines Deep Drill's liability in respect of the Equipment. Accept as expressly stated in these Terms and Conditions all other conditions, warranties or other undertakings concerned with the condition or quality of the Equipment, their fitness for purpose or correspondence with any description or sample, whether express or implied by statute, common law, custom, usage or otherwise are excluded from these Terms and Conditions. Deep Drill is not liable for defects to the Equipment, except for defects of which Deep Drill had knowledge or should have had knowledge when parties entered the Hire Agreement.
- 5.2. Deep Drill warrants that the Equipment as at the commencement of the Rental Period shall comply with the manufacturer of the Equipment's guidelines and instructions as in force at the commencement of the Rental Period. In the event that this is not the case the Customer's sole remedy and Deep Drill's sole liability shall be to repair or replace the item(s) of Equipment found to be in breach of the foregoing warranty and at Deep Drill's sole discretion to refund the Rental paid or incurred by the Customer in relation to the item(s) of Equipment in breach of this warranty if such repair or replacement is in Deep Drill's sole opinion impossible of uneconomic.
- 5.3. Deep Drill gives no undertaking that the Equipment hired is fit for any particular purpose and the Customer having greater knowledge of its own requirements relies entirely on its own skill and judgement in evaluating the suitability of the Equipment for its purpose.
- 5.4. It is agreed that the Customer at all times remains in full charge of the conditions existing in and about the well, the well bore, the drilling machine and derrick. Therefore, while it is understood that Deep Drill



employees will at all times exercise their best judgement under known or expected conditions, the opinions and interpretations of such employees are advisory only. The Customer accepts such options only as advisory. Deep Drill cannot and does not guarantee any specific results to be obtained from the use of its products, performance of its services, or actions based on opinions of its employees.

- 5.5. No employee of Deep Drill has authority to make any statement or representation about the Equipment hired under any Hire Agreement.

SECTION 6: OBLIGATIONS CUSTOMER

- 6.1. The Customer shall use the Equipment as prescribed and in any case with due care. The Customer shall keep the equipment in good condition (fair wear and tear excepted as to what constitutes fair wear and tear Deep Drill shall decide) and all damaged Equipment which may need to be repaired whether during or following termination of the Rental Period will be repaired by Deep Drill at its discretion and the cost of such repairs shall be for the Customer's account.
- 6.2. For the avoidance of doubt any repairs due to the Customer's negligence or improper use of the Equipment shall be for the Customer's account.
- 6.3. For the avoidance of doubt, inspection of the Equipment will be carried out by Deep Drill and Deep Drill will not accept any inspection or repair carried out by the Customer or any third party. Any inspection costs for work carried out by Deep Drill or assigned to third party inspectors will be for the Customer's account.
- 6.4. All Equipment lost or damaged beyond repair during the Rental Period shall be paid for in full by the Customer at the reinstatement value (i.e. replacement cost new) documented or applicable at the time of loss plus cost of freight charges, customs duty and cost of exporting/importing documentation. In the event of the return of Equipment previously notified as lost, Deep Drill reserves the right to cancel any sale charges and charge rental for the period between notification of loss and subsequent return of Equipment.



- 6.5. For the purposes of these conditions, equipment is considered lost, i.a. if it is not returned within a month after the Rental Period. If no such Rental Period is agreed, Deep Drill is entitled to state a reasonable time-limit to return the equipment, if any circumstance arises which afford grounds for Deep Drill to assume that the equipment will not be returned, or if the Customer is temporarily unable to return the equipment. Any claim of the Customer on circumstances beyond control, as mentioned in article 6:75 of the Dutch Civil Code, for equipment considered lost is excluded.
- 6.6. The Equipment which is returned at the end of the Rental Period shall be inspected by Deep Drill with all costs to the Customer's account unless stated otherwise. If any equipment is downgraded for any reason other than due to normal wear and tear such items shall be sold to the Customer at the replacement and landed costs plus 10% according to Deep Drill's price list.
- 6.7. If the Customer does not meet the obligations under the Hire Agreement fully and timely and Deep Drill dissolves the agreement, the Customer is to be liable to pay damages. If a specific rental period is agreed, damages mean: all remaining rental fees, without prejudice to the other rights of Deep Drill, i.a. consequential loss. If no specific rental period is agreed, damages mean: the remaining rental fees until the moment the Equipment has been returned to Deep Drill, or until the moment it is considered lost as mentioned in Sections 6.4 and 6.5, without prejudice to the other rights of Deep Drill, i.a. consequential loss.
- 6.8. Without prejudice to Sections 6.4, 6.5 and 6.7 the Customer shall further indemnify Deep Drill against any loss of or damage to the Equipment from whatever cause arising during the Rental Period and whether or not such loss or damage results from the negligence or breach of duty (whether statutory or otherwise) of Deep Drill. The Customer shall further indemnify Deep Drill in respect of any loss of Rental or other consequential loss incurred by Deep Drill as a result of or arising from any loss of or damage to the Equipment during the Rental Period. Any claim of the Customer on circumstances beyond control, as mentioned in article 6:75 of the Dutch Civil Code, for any loss of or damage to the equipment is excluded.



- 6.9. For the purposes of these conditions Consequential Loss means indirect losses and/or loss of production, loss of product, loss of use and loss of revenue profit or anticipated profit.
- 6.10. The Customer shall permit Deep Drill or procure that Deep Drill is permitted at all reasonable times to enter upon the premises in which the Equipment is for the time being kept for the purpose of inspecting and examining the condition of the Equipment or for the purpose of recovering the Equipment in the event of the Customer being in breach of these Terms and Conditions or in the event of the rental hereunder terminating. Any such inspection or examination shall be without prejudice to the provisions of Section 5. The Customer shall at the immediate request of Deep Drill provide Deep Drill with details of the locations of the Equipment.
- 6.11. The Customer is not entitled to sublet the Equipment without the prior written consent of Deep Drill.

SECTION 7: TERMS OF DELIVERY

- 7.1. Indicated and agreed delivery times and other times are determined by approach and are never to be considered as fatal terms.
- 7.2. The requirement to pay the Rental and the Rental Period for the Equipment and the acceptance of responsibility for the Equipment by the Customer (including the risk of loss of damage) shall begin when the Equipment leaves Deep Drill's premises at Middenmeer and the requirement to pay the Rental and the Customer's responsibility for the Equipment shall continue in full until the Equipment is returned to the said premises by the Customer at its own cost in accordance with the provisions of these Terms and Conditions.
- 7.3. The Equipment shall remain the property of Deep Drill at all times and nothing contained in these Terms and Conditions shall confer or be deemed to confer any interest in the Equipment on the Customer.
- 7.4. All transportation, crange and labour costs in respect of the rental of



Equipment will be for the Customer's account. All items of Equipment and all transportation or other services supplied by an outside contractor and purchased by Deep Drill in connection with providing services to the Customer may be charged to the Customer at cost plus 15%.

- 7.5. Well conditions or other factors, which prevent satisfactory operation of the Equipment (including loss of or damage to the Equipment), shall not relieve the Customer of the responsibility for paying the Rental during the Rental Period.
- 7.6. In providing and performing any advisory services Deep Drill shall have no executive powers in relation to any project of to any servant or agent of the Customer and shall not give any direction or order to any servant or agent of the Customer to act or purport to act on behalf of the Customer in any dealing with any third party.
- 7.7. It shall be the responsibility of the Customer to decide whether any recommendations made by Deep Drill in performing the advisory services are followed out or not.

SECTION 8: LIABILITY

- 8.1. Except to the extent expressly prohibited by law:
 - a. Deep Drill shall not be liable for any personal injury including death or disease to any person employed by the Customer and its affiliates/subcontractors arising from or relating to the performance of any Hire Agreement and/or the use of the Equipment;
 - b. Deep Drill shall not be liable for any loss or damage to the property of the Customer and its affiliates/subcontractors whether owned, hired, leased or otherwise provided by the Customer and its affiliates/subcontractors arising from or relating to the performance of any Hire Agreement and/of the use of the Equipment;
 - c. Deep Drill shall not be liable for any personal injury including death or disease or loss of or damage to the property of any third party caused by the performance of any Hire Agreement and/or the use of the Equipment. For the purposes of this section and the following section "third party" shall mean any party that is not Deep Drill or the



- Customer;
- d. Deep Drill shall not be liable for any consequential loss of the Customer and its affiliates/subcontractors and/or any third party which is caused by or arises from the performance of any Hire Agreement and/or the use of the Equipment irrespective of whether such Consequential Loss is caused by the negligence or breach of duty (whether statutory or otherwise of Deep Drill). For the purposes of this section "Consequential Loss" shall mean indirect losses and/or loss of production, loss of product, loss of use and loss of revenue, profit or anticipated profit;
 - e. Deep Drill shall not be liable for any pollution and/or contamination (including without limitation pollution or contamination emanating from any reservoir or in-hole below the rotary table or above the rotary table which arises from the performance of any Hire Agreement and/or the use of the Equipment.
- 8.2. The Customer shall be responsible for and shall save, indemnify, defend and hold harmless Deep Drill from and against all claims, losses, damages, costs (including legal costs), expenses and liabilities in respect of:
- a. personal injury including death or disease to any person employed by the Customer and its affiliates/subcontractors arising from or relating to the performance of any Hire Agreement and/or the use of the Equipment;
 - b. loss of or damage to the property of the Customer and its affiliates/subcontractors whether owned, leased, hired or otherwise provided by the Customer or its affiliates/subcontractors arising from or relating to the performance of any Hire Agreement and/or the use of the Equipment;
 - c. personal injury including death or disease or loss of or damage to the property of any third party caused by the performance of any Hire Agreement and/or the use of the Equipment.
- 8.3. The Customer shall save, indemnify, defend and hold harmless Deep Drill from and against any claim of whatsoever nature arising from pollution and/or contamination (including without limitation pollution or contamination emanating from any reservoir or in-hole below the rotary table or above the rotary table which arises from the performance of any



Hire Agreement and/or the use of the Equipment.

- 8.4. The Customer shall save, indemnify, defend and hold harmless Deep Drill against all claims, losses, damages, costs (including legal costs), expenses and liabilities resulting from:
- a. the loss of or damage to any well or hole;
 - b. blow out, fire, explosion, cratering or uncontrollable oil condition (including the cost to control a wild well and the removal of debris);
 - c. damage to any reservoir, geological formation or underground strata of the loss of oil or gas there from;
 - d. the use of radioactive tools in relation to the use of the Equipment or any contamination resulting there from (including retrieval and/or containment and clean up);

which arise from the performance of any Hire Agreement and/or the use of the Equipment.

- 8.5. All exclusions and indemnities given under the above mentioned sections shall apply irrespective of cause and notwithstanding the negligence or breach of duty (whether statutory or otherwise) of the indemnified party or any other entity or party and shall apply irrespective of any claim in delict under contract or otherwise at law.
- 8.6. The Customer shall indemnify Deep Drill against all fines, penalties and liabilities imposed on Deep Drill or arising in respect of any non-compliance or contravention of law or regulation arising from any Hire Agreement and/or from the use of the Equipment during the Rental Period.
- 8.7. Deep Drill shall not be liable to the Customer in respect of any incorrect or incomplete advice of information given by Deep Drill or any servant or agent of Deep Drill to the Customer.

SECTION 9: PAYMENT

- 9.1. All sums due to Deep Drill shall be paid within 30 days of the date of the invoice without deduction and payment shall not be withheld or deferred



on account of any claim, counterclaim, or set-off. The Customer is not entitled to invoke circumstances beyond one's control, as mentioned in article 6:75 of the Dutch Civil Code.

- 9.2. If the term specified in Article 9.1 is exceeded, the Customer will be required without any notice of default to pay a penalty that is set at 2% of the outstanding invoice amount.
- 9.3. If the term specified in Article 9.1 is exceeded, the Customer will be in default without any notice of default being required and will owe interest at 1% per month on the outstanding invoice amount, in which respect at the end of each month the amount on which the interest is calculated will be increased by the interest payable for that month.
- 9.4. Payment shall be made in Euro, unless Deep Drill agrees to payment in a currency other than Euro. If payment is made in a currency other than Euro, the obligation to pay shall be deemed fulfilled only to the extent that the sum paid is freely convertible into Euros at the rate of exchange on the day of payment.
- 9.5. Any tax (including Value Added Tax) required to be paid or charged by Deep Drill in connection with rental, inspection or advisory services will be added to the price and payable by the Customer.

SECTION 10: APPLICABLE LAW AND COMPETENT COURT

- 10.1. The parties' rights and obligations arising out of or in connection with these Terms and Conditions shall be governed, construed, interpreted and enforced according to the laws of The Netherlands, excluding principles of conflict of laws. The applicability of the United Nations Convention on Contracts for the International Sale of Goods (CISG) is excluded.
- 10.2. The parties agree that any suits, actions or proceedings that may be instituted by any party shall be initiated exclusively before the competent court in The Netherlands, in this case the court that has power within the place where the company's registered office is situated without prejudice to Deep Drill's right to submit the relevant case to the court



which would have jurisdiction if this provision has not been incorporated in the Terms and Conditions, and the parties do hereby consent to the jurisdiction of those courts and waive any objection which they may have, now or hereafter, to venue of those suits, actions or proceedings.