

LOGIC PURCHASE ORDER TERMS AND CONDITIONS (SHORT FORM)  
EDITION 1 DECEMBER 1997 SPECIAL CONDITIONS OF CONTRACT

The General Conditions contained in LOGIC Purchase Order Terms and Conditions (Short Form) Edition 1 December 1997 shall be modified in the following manner:

1. Clause D1.1 (b)

The words “or provided” shall be inserted after the word “employed” in the second line of Clause D1.1(b).

2. Clause D3

Delete Clause D3 in its entirety and replace with:

D3.1

The CONTRACTOR shall arrange as a minimum the insurances set out in this Clause D3 and ensure that they are in full force and effect throughout the life of the 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 the 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 the PURCHASE ORDER to the extent of the liabilities assumed by the CONTRACTOR under the PURCHASE ORDER. Such insurances shall also where possible, provide that the COMPANY shall be given not less than thirty (30) days notice of cancellation of or material change to cover. The provisions of this Clause D3 shall in way limit the liability of the CONTRACTOR under the 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 WORK):

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

Note: all insurances procured by the CONTRACTOR and any of its sub-contractors required under (a) above shall include a waiver of all rights of subrogation against the COMPANY and insurance required under (c) above name the COMPANY as Additional Insured within the policy. All premiums in respect of procuring such insurances and arranging any endorsements shall be met entirely by CONTRACTOR.

#### D3.3

The CONTRACTOR shall supply the COMPANY with evidence of such insurances on commencement of the PURCHASE ORDER or at any time on demand.

#### D3.4

The CONTRACTOR shall ensure that SUBCONTRACTORS are insured to appropriate levels as may be relevant to their work.

3.

#### Clause D4

Delete Clause D4 in its entirety and replace with:

#### D4.1

The CONTRACTOR shall at no time without the prior agreement of the COMPANY either:

- (a) make any publicity releases or announcements concerning the subject matter of the PURCHASE ORDER; or
- (b) except as may be necessary to enable the CONTRACTOR to perform its obligations under the PURCHASE ORDER, use, reproduce, copy, disclose to, place at the disposal of or use on behalf of any third party or enable any third party to use, peruse or copy any information including but not limited to drawings, data, and computer software which:
  - (i) is provided to the CONTRACTOR by or on behalf of the COMPANY, the CO-VENTURERS or its or their AFFILIATES in relation to the PURCHASE ORDER; or
  - (ii) vest in the COMPANY in accordance with the PURCHASE ORDER; or
  - (iii) the CONTRACTOR prepares in connection with the WORK.

#### D4.2

The provisions of Clause D4.1 shall not apply to information which:

- (a) is part of the public domain; or
- (b) was in the possession of the CONTRACTOR prior to award of the PURCHASE ORDER and which was not subject to any obligation of confidentiality owed to the COMPANY; or
- (c) was received from a third party whose possession is lawful and who is under no obligation not to disclose; or
- (d) is required to be disclosed in order to comply with the requirements of any law, rule or regulation of any governmental or regulatory body having jurisdiction over the WORK or the CONTRACTOR, or any relevant stock exchange; or
- (e) is used or disclosed by the CONTRACTOR five (5) years or more after the completion of the WORK.

#### D4.3

The CONTRACTOR shall ensure that the provisions of Clause D4 are incorporated into any SUBCONTRACT and that the officers, employees and agents of the CONTRACTOR and of the SUBCONTRACTORS comply with the same.

#### D4.4

All information provided by the CONTRACTOR which the CONTRACTOR wishes to remain confidential shall be clearly marked as confidential provided, however that any such information relating the CONTRACTOR's pricing and trade secrets shall

always be treated as confidential by the COMPANY without the necessity on the part of the CONTRACTOR to clearly mark as such. In respect of such confidential information, the COMPANY shall be entitled to:

- (a) disclose to and authorise use by the COMPANY GROUP; and
- (b) disclose pursuant to any statutory or other legal requirement; and
- (c) subject to the CONTRACTOR's prior consent, which shall not be unreasonably withheld or delayed, disclose to and authorise use by third parties to the extent necessary for the execution and maintenance of the project and /or structure and /or facility in connection with which the WORK is to be performed.

Notwithstanding the above, the COMPANY shall, and shall ensure that its officers, employees and agents take reasonable measures to protect confidential information of the CONTRACTOR concerning or arising from the PURCHASE ORDER for a period of five (5) years from the EFFECTIVE DATE OF COMMENCEMENT OF THE PURCHASE ORDER. For the avoidance of doubt, the provisions of this Clause D4 shall not apply to information which vests in the COMPANY in accordance with the PURCHASE ORDER.

4. Clause D7

Delete Clause D7 in its entirety and replace with:

D7.1(a) The COMPANY is entitled to assign the PURCHASE ORDER or any part of it or any benefit or interest in or under it to any CO-VENTURER or AFFILIATE 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.

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

(c) The CONTRACTOR shall assign neither the 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.

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

5. Clause D9

Add at the end of Clause D9:

If any dispute connected with the PURCHASE ORDER exists between the parties the COMPANY may withhold from any money which becomes payable under the PURCHASE ORDER the amount which is the subject of the dispute. The COMPANY shall not be entitled to withhold monies due to the CONTRACTOR under any other contracts with the COMPANY as set off against disputes under the PURCHASE ORDER, nor shall it be entitled to withhold monies due under the PURCHASE ORDER as set off against disputes under any other PURCHASE ORDER.

6. Addition of New Clause D12

The following wording shall be added as new Clause D12

D12.1

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 the PURCHASE ORDER.

D12.2

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

D12.3

The COMPANY and the CONTRACTOR shall each develop with government authorities, customs 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 the PURCHASE ORDER.

D12.4

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 who is in possession (not ownership) of the items subject to customs control at any given time.

D12.5

For the purpose of this Clause D12, "WORKPOINT" shall mean an offshore location or vessel from which the exploration or exploitation of oil and /or gas is carried out.

D12.6

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 the 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 prior to the commencement of the WORK.

D12.7

Where equipment and materials are sold to the COMPANY under the 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 in the event that 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.

7. Addition of New Clause D13

The following wording shall be added as Clause D13.

D13.1

The CONTRACTOR shall in accordance with the provisions in Clause D16, except as may otherwise be provided 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 the PURCHASE ORDER; and
- (d) ensuring that any SUBCONTRACTOR or any other person employed, or providing services on or in connection with the PURCHASE ORDER shall comply with this Clause D13.

D13.2

The CONTRACTOR shall supply to the COMPANY all such information, in connection with activities under the 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 the PURCHASE ORDER, is or may 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 the WORK 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 the 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 the PURCHASE ORDER.

In the event that 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 the 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 13.2 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 13.2 mean that the company or person is regarded by the Inland Revenue as United Kingdom resident.

#### Clause D13.3

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 the PURCHASE ORDER and from all costs reasonably incurred in connection therewith.

#### Clause D13.4

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 the 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.

#### Clause D13.5

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 the 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.

8. Addition of Clause D14

The following wording shall be added as Clause D14

Clause D14.1

During the course of the WORK and for a period ending two (2) years thereafter, the COMPANY or its duly authorised representative shall have the right to audit at all reasonable times and, upon request, take copies of all CONTRACTOR's records (including data stored on computers), books, personnel records, accounts, correspondence, memoranda, receipts, vouchers and other papers of every kind relating to;

- (a) all invoiced charges made by the CONTRACTOR on the COMPANY; and
- (b) any provision of this PURCHASE ORDER under which the CONTRACTOR has obligations the performance of which is capable of being verified by audit.

In this respect the COMPANY shall not be entitled to investigate the make up of rates and lump sums included in the PURCHASE ORDER except to the extent necessary for the proper evaluation of any VARIATIONS.

Clause D14.2

The CONTRACTOR shall co operate fully with the COMPANY and/or its representatives in the carrying out of any audit required by the COMPANY. The COMPANY will conduct any audit in a manner which will keep to a reasonable minimum any inconvenience to the CONTRACTOR.

Clause D14.3

The CONTRACTOR shall obtain equivalent rights of audit to those specified above from all SUBCONTRACTORS and will cause such rights to extend to the COMPANY.

Clause D14.4

The COMPANY and the CONTRACTOR shall keep all documents and data, including that which is stored on computers, related to this PURCHASE ORDER for a period of six (6) years after the date of completion of the WORK.

9. Addition of Clause D15 – Conflict of Interest

Clause D15.1

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 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 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 D15.1 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 D15.1 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.

Clause D15.2

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 D15.2 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 rise 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 D15.2, 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.

Clause D15.3

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 this Clause D15.3.

10. Addition of Clause D16

The following wording shall be added as Clause D16

Clause D16.1

The CONTRACTOR shall comply with all applicable laws, rules and regulations of any governmental or regulatory body having jurisdiction over the WORK and / or the WORKSITE.

Clause D16.2

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

11. Addition of Clause D17

The following wording shall be added as Clause D17

Clause D17.1

Subject to Clause D17.3, the parties intend that no provision of the PURCHASE ORDER shall, by virtue of the Contracts (Rights of Third Parties) Act 1999 ("the Act") confer any benefit on, nor be enforceable by any person who is not a party to the PURCHASE ORDER.

Clause D17.2



For the purposes of this Clause 17, "Third Party" shall mean any member of the COMPANY GROUP (other than the COMPANY) or CONTRACTOR GROUP (other than the CONTRACTOR).

Clause D17.3

Subject to the remaining provisions of the PURCHASE ORDER, Clauses B11, D1, D2 and D3 are intended to be enforceable by a Third Party and by virtue of the Act.

Clause D17.4

Notwithstanding Clause D17.3, the PURCHASE ORDER may be rescinded, amended or varied by the parties of the PURCHASE ORDER without notice to or the consent of any Third Party even if, as a result that Third Party's right to enforce a term of this PURCHASE ORDER may be varied or extinguished.

Clause D17.5

The rights of any Third Party under Clause D17.3 shall be subject to the following: -

- (a) any claim, or reliance on any term of the PURCHASE ORDER by a Third Party shall be notified in writing as soon as such Third Party becomes aware that an event is likely to give rise to such a claim and such notification shall contain the following information as a minimum:
  - (i) details of the occurrence giving rise to the claim; and
  - (ii) the right relied upon by the Third Party under the PURCHASE ORDER,
- (b) the provisions of Clause D8 shall apply in respect of any claim by a Third Party in that the relevant parties agree to resolve any dispute between them in a prompt and amicable manner by adopting the provisions of Clause D8
- (c) the Third Party's written agreement to submit irrevocably to the jurisdiction of the English Courts in respect of all matters relating to such rights.

Clause D17.6

In enforcing any right to which it is entitled by virtue of the Act and the provisions of this PURCHASE ORDER, the remedies of a Third Party shall be limited to damages.

Clause D17.7

A Third Party shall not be entitled to assign any benefit or right conferred on it under the PURCHASE ORDER by virtue of the Act.

12. Addition of Clause D18 – Independence of the CONTRACTOR

The CONTRACTOR shall act as an independent contractor with respect to the WORK and shall exercise control, supervision, management and direction as to the method and manner of obtaining the results required by the COMPANY.

13. Addition of Clause D19 – Entire Agreement

The PURCHASE ORDER constitutes the entire agreement between the parties hereto with respect to the WORK and supersedes all prior negotiations, representations or agreements related to the PURCHASE ORDER, either written or oral. No amendments to the PURCHASE ORDER shall be effective unless evidenced in writing and signed by the parties to the PURCHASE ORDER.