



TENDER NO.: 12216

FOR

PROVISION OF NEW CP STATION BETWEEN CP# 16 AND CP# 17

BETWEEN

PETROLINES FOR CRUDE OIL LIMITED

AND

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This Contract is made as of the Effective Date, *****

BETWEEN:

PETROLINES FOR CRUDE OIL LTD.

A company organized and existing under the law of Sudan and having its place of business at GNPOC Tower – Plot No.91, Block No. 4, AIMugran District, Khartoum, Republic of the Sudan (hereinafter referred to as “PETCO”)

OF THE FIRST PART

And

*****,

A company incorporated under the law of ***** and having an office at ***** (hereinafter referred to as “Contractor”)

OF THE SECOND PART

(Hereinafter the name of the first and the second part/s shall be referred to singularly as “Party” and collectively as “Parties”).

WHEREAS PETCO is engaged in the operation and maintenance of the Crude Oil Transportation System in the Republic of Sudan for, and on behalf of the Government of Sudan, and is entering into this Contract in such capacity;

WHEREAS PETCO requires certain Work to be performed in an effective, efficient and safe manner as more particularly described in this Contract;

AND WHEREAS Contractor represents that it is able, capable, and willing to provide the Work in accordance with the terms and conditions of this Contract;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, the Parties covenant and agree as follows:

**ARTICLE 1
CONTRACT DOCUMENTS**

1.1 The following documents together with the recitals herein constitute this Contract:

Contract Form	ARTICLES 1 – 51 inclusive
EXHIBIT I	Scope of Work
EXHIBIT II	Schedule of Compensation
EXHIBIT III	Administration Procedures
EXHIBIT IV	Health, Safety and Environment
EXHIBIT V	Contractor’s Organization
EXHIBIT VI	Bank Guarantee Format
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EXHIBIT VIII	Contract Expense Report
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- 1.2 The Exhibits forming part of this Contract are to be taken as mutually explanatory and complementary to one another.
- 1.3 Should any actual conflict or conflicts exist between or among the provisions of any of the Exhibits and the Contract Form, the Contract Form shall take precedence and prevail.
- 1.4 In the case of discrepancies between the Exhibits, Contractor shall notify PETCO of such discrepancy and the PETCO Representative and Contractor Representative shall agree on which Exhibits shall prevail over the others.
- 1.5 All standards, codes, instructions, specifications, drawings and other documents which are referred to in the Exhibits shall be deemed incorporated herein by reference and made a part hereof. If any discrepancies exist between any of the aforementioned documents or parts of any of them, Contractor shall immediately notify PETCO, and PETCO and Contractor shall agree on which document shall prevail in regard thereto.
- 1.6 Should Contractor fail to notify PETCO as required by this Article or fail to discover such discrepancies as should reasonably have been discovered by Contractor, all costs directly resulting from such failure shall be borne by Contractor.
- 1.7 The fact that any one part of this Contract shall specify Work or acts to be done in more particularity, or shall require more Work or acts to be done in connection with any particular operation, than is required by another part of this Contract, is not and shall not be considered as an ambiguity, discrepancy or conflict. It is the Parties' intention that the provisions of this Contract shall be cumulative and any additional detail or requirement provided in one part of this Contract but not in others, shall be read as applicable to and required for all references to that particular Work or operation.
- 1.8 The headings and subheadings in this Contract are used for convenience and ease of reference only and shall not affect or limit the meaning, interpretation or construction of this Contract.
- 1.9 In this Contract, words importing the singular shall include the plural and vice versa and words importing one gender shall include other genders and words importing individuals shall include firms and corporations and vice versa, as the context may require.
- 1.10 In this Contract, the term "shall" denote a mandatory requirement of this Contract and additionally, in the case of its use with respect to Contractor, the term means that any and all costs associated with the activity in question are to be borne by Contractor.
- 1.11 Unless otherwise provided:
 - (a) "this Contract", "hereto", "herein", "hereof", "hereby", "hereunder" and similar expressions refer to this Contract in its entirety and not to any particular Article, clause, subclause, paragraph or other portion thereof; and
 - (b) Reference to an Article, clause, subclause or a paragraph refers to an Article, clause, subclause or paragraph of the Contract Form.
- 1.12 All references to months or years in this Contract shall be computed in accordance with the Gregorian calendar.

ARTICLE 2 DEFINITIONS

- 2.1 The following capitalized words and terms shall have the following definitions throughout this Contract except where the context otherwise requires:
- (a) **"Affiliate"** shall mean any company or other entity that directly or indirectly through one or more intermediary companies or entities controls, is controlled by, or is under common control with a party to this Contract;
 - (b) **"Control"** shall mean ownership of more than fifty percent (50%) of the voting stock of the controlled company or the direct or indirect right to determine its actions by contract or otherwise;
 - (c) **"Applicable laws"** shall include all laws (national, state, municipal, local or others) and any requirement, by-, ordinance, rule, regulation, enactment, order or decree of any governmental authority or agency (national, state, municipal, local or other) having jurisdiction over the Work or Worksite or other locations where the Work will be performed including, but not limited to, those s related to health, safety and the environment. "Applicable laws" shall include all of the former items which exist at the Effective Date as well as any which may be enacted during the term of this Contract;
 - (d) **"Approval"** shall mean printed or handwritten documentation evidencing the PETCO Representative's consent or approval, and shall include, but not be limited to, faxes, e-mail and similar forms of written communication;
 - (e) **"Approved"** shall mean an Approval is required and must have already been issued with respect to the item, action or matter described;
 - (f) **"Bank Guarantee"** shall mean an irrevocable and unconditional first call guarantee in the form and content set out in Exhibit VI and issued by a non-U.S. commercial bank acceptable to PETCO that has at least an AA- rating of its long-term debt from Standard and Poors or at least an AA3 rating of its long-term debt from Moody's;
 - (g) **"Contract"** shall mean recitals and the terms and conditions of the Contract Form and the Exhibits attached hereto, as amended from time to time; **Provision of New CP Station between CP# 16 and CP# 17.**
 - (h) **"Contract Form"** shall mean Articles 1 to 51 inclusive of this Contract;
 - (i) **"Contract Price"** shall mean the estimated total value of this Contract being *****;
 - (j) **"Contractor"** shall mean *****;
 - (k) **"Contractor's Representative"** shall mean a competent and experienced representative appointed by Contractor pursuant to clause 17.1;
 - (l) **"Customs Duties"** shall mean all import licenses, duties, surtax, sales tax, and other statutory taxes levied on imported machinery, equipment, supplies, consumable or movable property or other imported materials or items;
 - (m) **"Demobilization"** shall mean the departure of Contractor's Personnel, materials and equipment from the Worksite upon completion of assignment or

suspension or termination of the Work by PETCO. For greater clarity Contractor's Personnel are considered as demobilized when they leave the Worksite at which time all charges will cease unless otherwise stipulated herein;

- (n) **"Drawings and Documentation"** shall mean drawings and documentation associated with the Work whether provided by PETCO or created by Contractor in conjunction with the Work and shall include, but not be limited to, plans, sketches, drawings, reports, calculations, manuals, procedures, schedules, recommendations, timesheets, specifications, logs, requisitions, patent documents, technical information, computer programs, raw data and field logs;
- (o) **"Effective Date"** shall mean 8:00 a.m. Khartoum time on *********;
- (p) **"PETCO"** shall mean Petrolines for Crude Oil Limited;
- (q) **"PETCO Indemnified Persons"** shall mean **PETCO** its board of directors, Personnel and officers of each;
- (r) **"PETCO's Representative"** shall mean the representative appointed by PETCO pursuant to clause 16.1;
- (s) **"MBPS"** shall mean the Muglad Basin Pipeline System;
- (t) **"Mobilization"** shall mean the initial arrival of Contractor's Personnel and equipment at the Worksite for the commencement of the Work. For greater clarity, Contractor shall be considered mobilized when Contractor's Personnel and equipment report to the Worksite as designated by PETCO and are ready to begin the Work, at which time charges as described herein shall commence unless otherwise stipulated;
- (u) **"Performance Guarantee"** shall mean a duly executed performance guarantee in the form provided in Exhibit VII;
- (v) **"Personnel"** shall mean employees, agents, consultants, representatives, directors, officers and servants, and, when the term is used to mean Contractor's employees, agents, consultants, representatives, directors and servants, the term shall also include Subcontractors and their employees, agents, consultants, representatives, directors, officers and servants;
- (w) **"Pounds Sterling", "British Pounds", "£" or "GBP"** shall mean the full national currency of the United Kingdom;
- (x) **"Rates"** shall mean the rates, lump sum payments and reimbursement costs to be paid to Contractor by PETCO as set out in Exhibit II;
- (y) **"Senior Managerial Personnel"** shall mean any Personnel employed by PETCO as a director or other corporate officer or who occupies a senior managerial position with direct responsibility for the conduct of the Work under this Contract;
- (z) **"Subcontract"** shall mean any contract between Contractor and any Approved third party or parties for the performance of the Work or any part thereof;
- (aa) **"Subcontractor"** shall mean an Approved third party to a Subcontract;

- (bb) **"United States Dollars", "USD" or "\$"** shall mean the full currency of the United States of America;
- (cc) **"VAT"** shall mean the 17% value added tax imposed in Sudan;
- (dd) **"Wilful Misconduct"** shall mean an intentional, conscious or reckless disregard by Senior Managerial Personnel of good and prudent international petroleum industry practice or of any of the terms of this Contract in utter disregard of avoidable and harmful consequences but shall not include any act, omission or error of judgement or mistake made in the exercise in good faith of any function, authority or discretion vested in or exercisable by such Senior Managerial Personnel and which in the exercise of such good faith is justifiable by special circumstances, including but not limited to safeguarding of life, property or the environment and other emergencies;
- (ee) **"Work"** shall mean all obligations, activities and work to be performed and rendered by Contractor pursuant to the terms of this Contract and also all Contractor's activities that are reasonably inferable from the description of such activities and work and also all deliverables that may be required to be provided by Contractor pursuant to this Contract. "Work" shall include the activities, work and other deliverables set out in Exhibit I hereto and any Change Orders that may be issued to Contractor from time to time and such work shall become part of the scope of this Contract;
- (ff) **"Change Order Request"** shall mean a document prepared by PETCO in the form set out in Exhibit III to request that Contractor prepare a Change Order Proposal on any matter related to the Work;
- (gg) **"Change Order"** shall mean a document in the form set out in Exhibit III and issued by PETCO setting forth a change to the Work, the adjustment to the Contract Price and Rates, if any, and the basis on which Contractor will be compensated for the change;
- (hh) **"Change Order Proposal"** shall mean a document prepared by Contractor in the form set out in Exhibit III when Contractor wishes to propose a change to the Work or when requested by PETCO pursuant to a Change Order Request;
- (ii) **"Work Order"** shall mean a document in the form set out in Exhibit I and issued by PETCO setting forth the final confirmation in term of duration, Rates and instruction to Contractor to execute the *additional Work; and
- (jj) **"Worksite"** shall mean the locations in Sudan designated by PETCO at which the Work is to be performed as set out in this Contract and/or as instructed by PETCO from time to time.
- (kk) **"Consequential Loss"** shall mean any indirect or other consequential loss, which shall be deemed to include, but not be limited to:
 - a) loss of production, failure or inability to produce, process, use, take delivery of, transport or deliver or delay or interruption in producing, processing, using, taking delivery of, transporting or delivering hydrocarbons;
 - b) any failure, loss, damage, cost or expense directly or indirectly consequent upon any of the foregoing including but not limited to any loss or damage incurred or liquidated or pre-estimated damages or sums of any kind whatsoever borne or payable under any contract;

- c) any loss of or anticipated loss of profit, any loss or anticipated loss or deferment or anticipated deferment of revenue or income, loss or anticipated loss of or failure to obtain any contract or other business opportunity; and
 - d) Any loss or anticipated loss, damage, cost or expense arising out of any action, claim, suit, demand, or judgement resulting from or arising out of any of the foregoing,
 - e) Howsoever arising, whether under contract, tort (including negligence), equity, and/or breach of duty (statutory or otherwise).
- (II) **“Force Majeure”** shall mean Unforeseeable, Unavoidable circumstances /beyond the control of the two Parties which prevent each or one of them from fulfilling its contractual obligations stated in this Contract.

**ARTICLE 3
DURATION AND RENEWAL OF CONTRACT**

- 3.1 This Contract shall commence from the Effective Date and shall remain force in, for a period of **Twelve (12) months**, or until terminated earlier as provided for herein.

**ARTICLE 4
COMPENSATION**

- 4.1 For the satisfactory performance of the Work and in accordance with this Contract, PETCO shall pay Contractor the Rates which shall be deemed to be all-inclusive billing rates and to be full and final payment for the Work and no additional amounts shall be payable by PETCO to Contractor unless expressly so stated in this Contract.
- 4.2 Except as expressly provided in this Contract, the Rates shall be firm throughout the duration of this Contract and shall not be revised for any reason whatsoever including, but not limited to, cost escalation or currency fluctuations.

**ARTICLE 5
INVOICING AND PAYMENT**

- 5.1 Contractor’s banking and payee details shall be as Indicated Herein below:

Payee Name	
Payee Bank Accounts Number	
Name of the Bank	
Address	
SWIFT Code	
Correspondence Bank	
Correspondence Bank Address	
IBAN	

- 5.2 Unless otherwise provided for herein, at the beginning of each calendar month, Contractor shall invoice PETCO based upon the Rates or rates set out in a Change Order for Work performed during the previous month and shall also provide PETCO with a separate cumulative statement of account in the form set out in Exhibit VIII hereto. The cumulative statement of account shall set out the total amount previously billed, the current month billing and the total cumulative amount billed to date. Invoicing for Work performed shall be kept current at all times. Each invoice shall include details of the Work performed during the previous month and shall separately identify any Work performed in previous months but not previously invoiced, including the amount charged for such Work.
- 5.3 Subject to clause 5.4, if Contractor wishes the amount owing under any invoice to be paid to a bank account, the Contractor shall provide sufficient details of bank account information to PETCO in writing and any payments made by PETCO to such account shall be deemed as proper and satisfactory payments to Contractor.
- 5.4 If Contractor consists of more than one party, Contractor shall nevertheless submit only one combined monthly invoice for all parties constituting Contractor and designate one bank account only for payment by PETCO. If in such circumstances, Contractor fails to designate only one bank account then PETCO shall be entitled to withhold payments until Contractor Representative designates such single bank account.
- 5.5 All invoices shall be rendered to PETCO in their quoted currency.
- 5.6 **Where Contractor is not a Sudanese Contractor, PETCO shall make payments to the Contractor in USD.**
- Where Contractor is a Sudanese Contractor, PETCO shall make payments to the Contractor in equivalent SDG as per Central Bank of Sudan directives.**
- 5.7 The rate of exchange to be applied by the payer's bank when converting United States Dollars or any other currency, other than the Sudanese pound, to a different currency of payment shall be the prevailing rate for the transaction at or about seven (7) a.m. GMT on the day that funds are wired by payer's bank to the party receiving the payment and if such day is not a banking day for the payer's bank on the following banking day.
- 5.8 All invoices shall be verified and signed by the Contractor Representative and the PETCO Representative prior to submission to PETCO for payment.
- 5.9 Any Approved charges claimed by Contractor for items reimbursable under this Contract shall be based on actual cost and shall be fully supported by sufficient original documentation to permit verification thereof by PETCO.
- 5.10 All Contractor invoices submitted to PETCO that are issued by a Contractor that is or includes a Sudanese contractor or that are issued from an address within Sudan shall:
- (i) Show the VAT as a separate item on the invoice. However, PETCO shall pay the invoice net of the VAT and shall issue Contractor with a VAT certificate;
 - (ii) Be stamped by the Department of Stamp Duty at the Tax Chamber.
- 5.11 Manhour costs invoiced to PETCO shall be supported by original timesheets approved by PETCO representative.

- 5.12 All invoices shall include the following reference: "PETCO Contract No.: **12216** Contract to provide **One (1) original invoice** shall be submitted together with the supporting documentation, including any documentation outlined in Exhibit II.
- 5.13 PETCO shall be entitled to withhold payment if any of Contractor's invoices do not include appropriate supporting documentation or do not conform in any other way with the requirements of this Article 5.
- 5.14 Invoices shall be addressed to:
- PETROLINES FOR CRUDE OIL LTD.
FINANCE & ACCOUNTING DEPT.
7TH FLOOR, GNPOC TOWER, PLOT NO (91),
BLOCK NO (4), AL MUGRAN DISTRICT
KHARTOUM
REPUBLIC OF THE SUDAN**
- ATTN: MANAGER, FINANCE & ACCOUNTING DEPT.**
- 5.15 Payment due to Contractor may be withheld by PETCO on account of:
- (a) Unsatisfactory performance of this Contract;
 - (b) The filing of claims against PETCO caused by acts or omissions of Contractor or the existence of evidence indicating the probability of imminent filing of such claims;
 - (c) The failure of Contractor to pay amounts due for labour or material or equipment used by Contractor in doing Work or amounts due to Contractor's Subcontractors on the Work;
 - (d) Contractor's failure to remedy defective portions of the Work where PETCO has given Contractor notice of any such defective Work; or
 - (e) The failure of Contractor to provide adequate evidence of its compliance with the insurance and warranty bond requirements contained in this Contract.
- 5.16 PETCO shall remit payment of undisputed invoice items to Contractor within thirty (30) days after receipt thereof by PETCO's Finance and Accounts Department. If the thirtieth day falls on a Friday, Saturday or an official public holiday in the Republic of the Sudan, the next working day shall be deemed to be the due date for payments. Payments made by PETCO shall not preclude the right of PETCO to thereafter dispute any of the items invoiced.
- 5.17 Subject to Article 9, if PETCO has a bona fide dispute with any item on an unpaid invoice, PETCO shall inform Contractor of the disputed items within thirty (30) days of the receipt by PETCO of the particular invoice and PETCO shall be entitled to withhold the actual amount in dispute from its payment. In respect of disputed items, payments may be withheld by PETCO until settlement of the dispute. The Parties shall confer in good faith to resolve any such dispute within a reasonable time.
- 5.18 Any payments withheld by PETCO pursuant to the terms of this Contract shall be without prejudice to any other rights or remedies available to PETCO.
- 5.19 When the cause or causes for withholding payment have been remedied or removed by Contractor and satisfactory evidence of such remedy or removal has been presented to PETCO, the payments withheld shall be made forthwith by PETCO. If

Contractor fails to take appropriate remedial action or refuses to remedy or remove any cause for withholding such payments after delivery of notice to Contractor by PETCO, PETCO shall be entitled to cause the same to be remedied or removed on its own and may deduct the cost including the expenses thereby incurred by PETCO from any amounts due or owing or which may become due or owing to Contractor under this Contract provided always that this provision shall not affect any other remedy to which PETCO may be entitled to for the recovery of such sums. Notwithstanding the foregoing, PETCO shall have the right to remedy any and all defects that may arise in the Work and the right to retain without limitation any amounts due or owing or which may become due or owing to Contractor under this Contract, up to the full amount of such monies.

- 5.20 Upon notification of any erroneous payment made to Contractor by PETCO and subject to Contractor's verification thereof, Contractor shall within thirty (30) days make appropriate adjustments and reimburse to PETCO any amounts of overpayment still outstanding. If the adjustments indicate an underpayment by PETCO, PETCO shall pay Contractor the amount of underpayment subject to verification thereof. Notwithstanding the foregoing, PETCO shall be entitled to deduct any amounts of overpayment from payments due to Contractor.
- 5.21 As a condition precedent to PETCO making payments to Contractor, Contractor shall, if requested by PETCO, provide satisfactory evidence that the costs of all labour, materials, equipment and other obligations arising out of the performance of this Contract have been fully satisfied and discharged by Contractor.
- 5.22 Payment made under this Contract shall not constitute an admission by PETCO as to the performance by Contractor of its obligations hereunder and in no event shall any such payments affect the warranty obligations of Contractor.
- 5.23 All invoices, financial statements and billings by Contractor to PETCO shall reflect properly the facts relating to all activities and transactions handled for PETCO's account.
- 5.24 Any item drawn from a PETCO warehouse that is chargeable to Contractor shall be charged at cost plus freight plus 50% for freight plus 30% for administrative and restocking charges.
- 5.25 Without prejudice to any other rights or remedies PETCO may possess and in addition to PETCO's legal and equitable rights of set off, if Contractor causes PETCO loss by reason of any breach of this Contract or by tortious act or by any breach of statutory duty giving rise to a claim by PETCO against Contractor for damages or indemnity or contribution, then without prejudice to and pending the final determination or agreement between the Parties as to the amount of such loss, indemnity, contribution or payment, Contractor shall forthwith pay or at PETCO's sole option, PETCO may deduct from any payment or monies otherwise due to Contractor, such sum as PETCO shall bona fide estimate as the amount of such loss, indemnity, contribution or payment and such estimate shall be binding and conclusive on the Contractor until final determination or agreement between the Parties.

ARTICLE 6 BANK GUARANTEE

By way of performance security for the due performance of Contractor's obligations under this Contract, Contractor shall within Fourteen (14) days from the date of issuance of Letter of Award (LOA) / signing of this Contract, furnish PETCO with the following:

Bank Guarantee @ 10 % of Contract value valid for sixty (60) days beyond the primary term of the Contract Duration and any extension thereof and /or Warranty and Guaranty period, if any.

The contractor in earlier stage provided PETCO with 2% of contract value as Bid Bond which should be completed to 10% upon first demand made by PETCO.

- 6.1 Should the expiry date of the Bank Guarantee required to be furnished pursuant to this Article occur before the final expiry of this Contract and any extension thereof, Contractor shall furnish at least fourteen (14) days before the date of expiry of the Bank Guarantee, a fresh Bank Guarantee for the same amount as previously provided, except with a revised date of expiry which shall not be earlier than sixty (60) days after the expiry of this Contract or any extension thereto. Should Contractor fail to provide the fresh Bank Guarantee, PETCO may invoke the un-expired Bank Guarantee without prejudice to all its other rights under this Contract or equity.
- 6.2 If the Bank Guarantee to be furnished pursuant to this Article, is not duly furnished to PETCO within fourteen (14) days from the date of issuance of the Letter of Award (LOA) / signing of this Contract, PETCO, may at its own option and without prejudice to any rights or claims it may have against Contractor by reason of Contractor's non-compliance with any of the provisions of this Article, apply the provisions of Clause 6.5 hereof.
- 6.3 PETCO reserves the right to instruct Contractor to revise the Bank Guarantee amount to correspond to any increase in the Contract Price. Failure to revise the Bank Guarantee amounts as required shall be deemed to be a default under this Contract and PETCO may invoke the Bank Guarantee without prejudice to all its other rights under this Contract or equity or apply the option as provided for in Clause 6.5 hereof.
- 6.4 In addition to any Bank Guarantee, Contractor shall, if requested by PETCO, furnish PETCO with a Performance Guarantee duly executed by an Approved Affiliate of Contractor. Failure to provide a Performance Guarantee, if requested, shall be deemed to be a default under this Contract and PETCO may, without prejudice to all its other rights under this Contract or in, invoke the Bank Guarantee.
- 6.5 Failure of Contractor to provide the Bank Guarantee or failure of Contractor to continue to provide the required Bank Guarantee throughout the term of this Contract shall entitle PETCO to withhold payment of Contractor's invoice(s) until such time as the equivalent amount required for the Bank Guarantee has been duly withheld by PETCO. This withheld amount shall not be released until Contractor furnishes the required Bank Guarantee to PETCO or until all Contractor obligations related to this Contract are satisfactorily completed.

ARTICLE 7 TAXES AND DUTIES

- 7.1 Notwithstanding anything else contained in this Contract, Contractor shall be exempted from all income taxes, including income tax for his foreign personnel in respect of income earned from this contract in accordance with article 16 of the Crude Oil Pipeline Agreement (COPA) entered into by the Government of Sudan and valid for PETCO but subject to the following:
 - 7.1.1 Contractor shall follow all the procedures as have been or may be prescribed under the Sudanese laws for getting the aforesaid exemption confirmed.

- 7.1.2 Contractor shall apply for tax exemption in accordance with the prescribed procedures and this Contract; PETCO shall assist in issuing the recommendation letter to the Authority competent to confirm the exemption.
- 7.1.3 Nothing in this Contract relieves the Contractor from following the requirements of the Sudanese with regard to the Taxation or any other.
- 7.2 The VAT and Stamp Tax, where applicable, shall be dealt with as set out in Article 5.
- 7.3 Subject to Contractor not complying with Clause 7.1, Contractor shall pay at its own expense when due and payable, all taxes and duties assessed against it in connection with the Work including but not limited to:
- 7.3.1 All taxes which are levied by governments other than the Government of Sudan.
- 7.3.2 all storage, consumption and use taxes, licenses, permit and registration fees, franchise and personal property taxes as well as insurance premiums; and
- 7.3.3 All employment taxes and contributions imposed or that may be imposed by, regulations or trade union contracts, including without limitation, taxes and contributions for unemployment and compensation insurance, old age benefits, welfare funds, pensions and annuities, disability insurance and similar items.
- 7.3.4 Bidder shall undertake all the taxes inside and outside Sudan and any rate quoted by the bidder will considered including the same.
- 7.3.5 PETCO shall have the right to withhold or deduct royalty, income, excess profits, "Deemed Business Profit Tax" (amounting to 10% in respect of foreign companies not having a registered branch in the Sudan, and 5% in respect of foreign companies which have a registered branch in the Sudan) and other taxes from payments due to Contractor under this Contract to the extent that such withholding may be required by the Government of Sudan or any relevant authority thereof or by the government of any other country. Payment by PETCO to the respective governmental office of the amount of money so withheld or deducted will relieve PETCO from any further obligation to Contractor with respect to the amount so withheld or deducted.
- 7.4 Notwithstanding anything else contained in this Contract, Contractor shall not:
- 7.4.1 import any machinery, equipment, material, supplies, consumable or movable property, or any other items in PETCO's name without seeking and receiving prior Approval
- 7.4.2 be authorized to pay, and shall not be reimbursed for, any Customs Duties related to any machinery, equipment, material, supplies, consumable or movable property, or other items imported in PETCO's name unless Contractor has received prior Approval for such payment.
- 7.5 Subject to Contractor complying with clause 7.3 hereof, Contractor shall not be responsible for or liable to pay for Custom Duties on machinery, equipment, material, supplies and consumable or movable property which is a piece of capital equipment, imported in PETCO's name.
- 7.6 Notwithstanding anything else in this Contract, Contractor shall be responsible for all machinery, equipment, supplies, consumable or movable property, material or other items imported by Contractor in PETCO's name so long as such items are in Contractor's custody and Contractor shall indemnify PETCO Indemnified Persons from and against any claims, demands and causes of action which may arise as a

result of losses of or damage to such equipment, or shortages or overages in, the inventory of such items while such items were in Contractor's custody.

- 7.7 Unless Contractor receives other written direction from PETCO, upon termination or completion of the Work or that portion of the Work involving the use of machinery, equipment, supplies, consumable or movable property, material or other items imported by Contractor in PETCO's name, whichever occurs first, Contractor shall take immediate steps to remove from Sudan those items imported in PETCO's name that have not been used and consumed in the performance of the Work.
- 7.8 In the event that Contractor wishes to sell, transfer, dispose off or otherwise deal with machinery, equipment, supplies, consumable or movable property, material or other items imported by Contractor in PETCO's name prior to its removal from Sudan, Contractor shall give sufficient notice to PETCO of its intention and such action shall only be taken after Contractor receives an Approval and the necessary approvals from the relevant authorities in Sudan.
- 7.9 Contractor shall be responsible for, and liable to, and shall indemnify, and hold harmless PETCO Indemnified Persons from and against any and all claims or liability for:
- 7.9.1 Corporate tax, Income tax on Contractor or their personnel, income, excess profits, royalty or other taxes assessed or levied by the government of any other country against Contractor or Subcontractors or against PETCO Indemnified Persons for or on account of any payment made to or earned by Contractor hereunder.
- 7.9.2 Any and all taxes assessed or levied against or on account of wages, salaries or other benefits paid to or enjoyed by Contractor's Sudanese Personnel; and;
- 7.9.3 Save as otherwise provided in 7.4 hereinabove, all Custom Duties and taxes assessed or levied against, on or for account of any items imported by Contractor or Subcontractors.
- 7.10 Notwithstanding anything else contained in this Contract, Contractor shall be responsible for, and liable to, and shall indemnify, and hold harmless PETCO Indemnified Persons from and against any and all claims or liability for taxes, duties, surcharges, fines, or penalties of whatsoever nature for which PETCO Indemnified Persons shall be or become liable as a result of Contractor's or Subcontractors' failure to comply with the directions and procedural requirements of PETCO or the relevant government authority with respect to the removal of equipment imported by Contractor or Subcontractors or as a result of Contractor's or Subcontractors' acts in selling, transferring, disposing, or otherwise dealing with such equipment prior to its removal from Sudan or as a result of Contractor's or Subcontractors' failure to furnish proper and accurate information for import or export of such equipment.
- 7.11 PETCO shall have the right to withhold royalty, income, excess profits and other taxes from payments due to Contractor under this Contract to the extent that such withholding may be required by the Government of Sudan or any relevant authority thereof or by the government of any other country. Payment by PETCO to the respective governmental office of the amount of money so withheld will relieve PETCO from any further obligation to Contractor with respect to the amount so withheld.

- 7.12 Notwithstanding anything else contained in this Contract, Contractor shall be responsible for, and liable to, and shall indemnify, defend, and hold harmless PETCO Indemnified Persons from and against any and all claims or liability for claims, demands, causes or causes of action of whatever kind or nature based on any actual or alleged failure by Contractor or Subcontractors to make timely tax payments or any actual or alleged failure by Contractor or Subcontractors to comply with applicable reporting, return, or other procedural requirements with respect to tax payments. This indemnity shall include without limitation all costs, penalties, awards, damages and judgment; court and arbitration costs; counsel and witness fees; and all other reasonable expenses incurred by or assessed against PETCO Indemnified Persons and associated with such claims, demands, and causes of action.
- 7.13 Contractor shall give prompt notice and full disclosure to PETCO of all matters pertaining to Contractor's non-payment, payment under protest or claim for immunity or exemption from any taxes and Custom Duties related to the Work.

ARTICLE 8 INSURANCE

8.1 The Contractor's Insurances

- 8.1.1 Without limiting the Contractor's obligations, responsibilities and liabilities under the Contract, the Contractor must, at its own expense, take out and maintain in force, until all potential limitation periods have expired in relation to the Contractor's liabilities under the Contract, and provide PETCO with evidence of the appropriate insurance coverage:
- (a) **Workmen's Compensation or Employer's Liability Insurance** or similar statutory social insurance, as required by laws and which may be applicable and/or accidental death or dismemberment insurance, covering all the Contractor's Personnel engaged in accomplishing the Works. The Employer's Liability Policy shall provide an indemnity based on the statutory limit for any one occurrence;
 - (b) In the event that the Contractor provides any automobiles in association with its performance of the Works in Sudan, **Automobile Third Party Liability Insurance** shall be arranged by the contractor to cover owned, non-owned, hired, operated or licensed automobiles providing unlimited coverage for third party injury, death or property damage. The insurance policy shall at least provide coverage to vehicle's driver, passengers and third-party liability.
 - (c) **Comprehensive General Third-Party Liability Insurance** covering all sums which the contractor may be legally liable to pay in respect of personal or bodily injury and/or damage to the property arising out of the conduct of the business during the period of work. Such insurance shall include the following extensions of cover commonly known as Products and Completed Operations, Sudden and Accidental Pollution, Control of Well Legal Liability (where drilling or well servicing operations are being performed), Blanket Contractual Liability, Personal Injury, Occurrence Property Damage, Broad Form Property Damage and Cross Liability;

- (d) In the event that the Contractor provides any aircraft or watercraft in association with its performance of the Works, **Aircraft and/or Watercraft Liability** (including Charterer's Legal Liability) shall be arranged, if these are to be used in connection with the Works, covering all owned, non-owned, chartered, operated or licensed by the Contractor.
 - (e) In the event that the Contractor provides any construction/Erection services in association with its performance of the Works, **Course of Construction/Erection Insurance** up to the minimum limit specified in *{Contract Particular}*. The construction/Erection Insurance policy shall be arranged. Period of such insurance to be extended beyond contract work execution to cover maintenance period (warranty period).
 - (f) Contractor at his own cost and expenses shall provide **Property All Risk Insurance** to cover his own equipment, tools, machinery, etc. PETCO shall hold no responsibility against loss of Contractor's equipment, tools, machinery, etc. used by PETCO.
 - (g) Any other insurance which may be relevant and/or which may be required by any to which the Contractor and/or Subcontractors are subject to and/or any other insurance specified in *[Contract Particular]*.
- 8.1.2 The primary portion of insurance specified in this **Article 8** [Insurance] shall be carried with a fully licensed insurer in Sudan.
- 8.1.3 If the Contractor consists of more than one party:
- (a) Workmen's Compensation and/or Employer's Liability Insurance, Automobile Liability Insurance, Aircraft and/or Watercraft Liability, and/or wreck and debris insurance, to the extent required in the Contract, shall be provided by each party forming part of the Contractor with respect to such inputs they provide to the Works;
 - (b) Marine Terminal Operators Liability Insurance, if required, and the Comprehensive General Third Party Liability Insurance, to the extent required under the Contract, shall be provided by one party constituting the Contractor provided the other parties comprising the Contractor are named as additional insured, or alternatively, more than one party constituting the Contractor shall provide a portion of such required insurance provided that the cumulative value of such insurance reaches the levels required under the Contract and all such policies name all parties constituting the Contractor as additional insured.
- 8.1.4 The Contractor shall cause PETCO to be included as additional insured and to be covered by all insurances stipulated in **Article 8** [Insurance] with respect to the operations conducted under the Contract and shall cause the insurers thereof to waive all expressed or implied rights of subrogation against PETCO. The Contractor shall further cause Comprehensive General Third-Party Liability Insurance to contain a "severability-of-interests" (cross-liability) clause, providing that in the event of one insured Party incurring liability to any of the other insured Parties, the insurance shall apply for the benefit of the Party against whom claim is or may be

made in the same manner as if separate policies had been issued to insure each Party.

- 8.1.5 The Contractor shall be responsible for, and liable to, and indemnify and hold harmless PETCO from and against any and all claims or liability for loss or damage arising out of any failure to obtain or maintain insurances specified by **Article 8** [Insurance] or out of any act or omission which invalidates the said insurances.
- 8.1.6 The Contractor must ensure that, where applicable, its Subcontractors take out and maintain in effect adequate insurance policies for their personnel and vehicles and for work executed by them under the Contract, unless such Subcontractors are covered by the policies taken out by the Contractor.
- 8.1.7 The Contractor shall not commence the Works and shall not allow Subcontractors to commence the Works until all the insurances and approvals for self-insurance, if any, required by this **Article 8** [Insurance] are in force.

ARTICLE 9 AUDIT

- 9.1 Contractor shall maintain and shall cause its Affiliates and Subcontractors to maintain true and correct records of charges, including gift and entertainment expenses, and accounts in connection with the Work and all transactions related thereto and shall retain all such records and accounts for a period of not less than thirty-six (36) months after termination or completion of this Contract. Notwithstanding the foregoing if any dispute remains unresolved at the end of the aforesaid thirty-six (36) months, Contractor shall maintain and cause its Affiliates and Subcontractors to maintain such records available to PETCO until all such disputes are resolved.
- 9.2 From the Effective Date and within the time period mentioned in clause 9.1, PETCO, upon twenty four (24) hours notice, shall have the right, during regular scheduled business hours, to inspect and audit the procedures, plans, instructions, controls, records, including gift and entertainment expenses, and accounts of Contractor, its Affiliates and Subcontractors, which are deemed to be pertinent to the correctness of any invoice presented for payment in connection with the performance of this Contract, or to any claim for reimbursement of taxes or Custom Duties or to verify compliance with the terms and conditions of this Contract. Such audit may also cover the application of Contractor's Rates in determining the value of Work performed and records connected with a dispute between the Parties. Accounting records shall be sufficiently adequate so as to allow PETCO to conduct an audit in conformance with generally accepted accounting principles. PETCO shall have the right to photocopy or otherwise reproduce any documents that have been inspected.
- 9.3 To the extent reasonably possible, Contractor shall make available such knowledgeable Personnel at their assigned locations as are necessary to permit PETCO and PETCO's Personnel to efficiently conduct the audits.
- 9.4 As a result of such audits, PETCO may claim for omissions, corrections, overpayments and other errors in charges and credits for PETCO's account as billed by Contractor, its Affiliates and Subcontractors. These claims may be presented at any time during the course of the Work and before expiry of thirty-six (36) months after termination or completion of this Contract. Contractor shall make a written response to such claims as soon as possible, and in no event, later than sixty (60) days from the date it receives notice of such claims.

- 9.5 Contractor shall ensure that the foregoing provisions of this Article are included in all Subcontracts it may enter into with its Affiliates and Subcontractors who will supply any of the labour, equipment, materials or work to be provided under this Contract.

ARTICLE 10 ACCEPTANCE OF WORK

- 10.1 All Work shall be performed in accordance with this Contract and subject to the acceptance provisions contained throughout this Contract.
- 10.2 Notwithstanding this Article 10, neither acceptance of the Work or part thereof or approval of Contractor's activities for the Work or Approval of partial payments made to Contractor shall relieve Contractor of any of its obligations or liabilities in this Contract.

ARTICLE 11 WARRANTY

- 11.1 Contractor warrants that:
- (a) it has the experience and capability, including sufficient and competent Personnel and equipment, to perform the Work and that it shall continuously furnish such equipment and skilled and experienced Personnel to perform the Work efficiently, expeditiously and economically;
 - (b) It shall not employ or otherwise use Personnel under the age of sixteen (16) years, directly or indirectly, in performance of the Work;
 - (c) It shall perform the Work with skill and diligence and in a professional and careful manner and shall adopt a standard for the Work that is no less than the generally accepted international petroleum industry standard;
 - (d) It shall abide by all Applicable laws including any relevant regulatory requirements associated with any software that might be provided to PETCO pursuant to this Contract;
 - (e) It shall abide by all health, safety and environment standards as set out in this Contract and as updated and communicated to Contractor from time to time;
 - (f) The Work shall be performed in accordance with the requirements and conditions of this Contract and any applicable Change Order;
 - (g) any product, equipment, component or service comprising the Work or part of the Work shall at the time of delivery to PETCO be fit for the purposes set forth in this Contract and any applicable Change Order; and capable of performing the functions for which it is intended; and
 - (h) By supplying the Work, Contractor is not in contravention of any sanctions, economic or otherwise, imposed upon Sudan or PETCO including but not limited to sanctions imposed by the United States of America.
- 11.2 Without prejudice to all its other rights under this Contract or equity, should Contractor fail to perform the Work or part thereof as aforesaid or, within a reasonable period, fail to make good any defect after receiving notice from PETCO, PETCO shall be entitled to have the Work or part thereof, as the case may be, carried out by its own Personnel or by another contractor appointed by PETCO. PETCO shall be entitled to recover from Contractor the total cost to PETCO thereof and in addition to its right to invoke

any Bank Guarantee which may have been furnished by Contractor, PETCO may deduct the same from any monies due or which may become due to Contractor. If there are no or insufficient monies available, Contractor shall reimburse PETCO within thirty (30) days after receiving PETCO's invoicing for all such costs.

ARTICLE 12 INSPECTION

- 12.1 PETCO may appoint a third party for the purpose of auditing and advising PETCO in matters pertaining to safety and quality assurance. PETCO and its authorized representative shall have access to and shall have the right to inspect and audit all records and matters relating to or bearing upon the Work.
- 12.2 PETCO shall have the right to stop and reject Work that does not meet PETCO quality and safety standards.
- 12.3 PETCO or its authorized representative(s) shall have the right to inspect Contractor's tools and equipment, if applicable, at any time during the progress of the Work. If any tool or item of equipment is, in the opinion of PETCO or its authorized representative, unsafe or incapable of doing the Work, Contractor shall repair or replace it with a safe and capable tool or item of equipment at Contractor's expense. The foregoing shall not relieve Contractor of its responsibility for safety related to tools and equipment.

ARTICLE 13 CONTRACTOR'S OBLIGATION

- 13.1 Contractor shall perform the Work in strict adherence to this Contract and shall comply with and adhere strictly to PETCO's instructions and directions on any matter concerning the Work. The foregoing shall not however be construed to exclude Contractor's duty to exercise care and diligence, or in any way relieve Contractor of its obligations and liabilities as expressed in this Contract.
- 13.2 Contractor shall employ sufficient Personnel and equipment to complete the Work at the times established under this Contract.
- 13.3 Contractor shall maintain, repair and replace Contractor's equipment in good working order so as to provide complete and timely performance of the Work.
- 13.4 Contractor shall keep sufficient spare parts and supplies for Contractor's equipment at the Worksite.
- 13.5 Contractor shall keep and maintain complete and current records of all Contractor's equipment dedicated to the Work including details such as the quantity and condition of such equipment.
- 13.6 Contractor shall employ only competent and skilled Personnel to undertake the Work. Subject to all other provisions of this Contract, Contractor shall use its best efforts to ensure that all such Personnel continue in the functions and responsibilities to which they are assigned for as long as is necessary to achieve proper completion of the Work. When a change in Contractor's key Personnel assigned to perform the Work is legitimately required, Contractor shall obtain an Approval prior to assigning replacement Personnel.
- 13.7 Without prejudice to all its other rights under this Contract or equity and notwithstanding any Approval, PETCO shall be entitled to object to and require Contractor to remove from the Work any Personnel who, in PETCO's sole opinion, is incompetent, incapacitated, misconducts himself, is negligent in the proper

performance of his duties, or does not demonstrate a sufficient level of English fluency for reading, writing, speaking and listening. In such an event Contractor shall forthwith remove such Personnel from the Work and such Personnel shall not again be employed for the Work without Approval. Contractor shall forthwith replace, at Contractor's sole expense, any such discharged Personnel with a suitable, qualified and experienced Approved Personnel.

- 13.8 Contractor shall use its best efforts to ensure that Contractor's Personnel conform in all matters with the Applicable laws and are familiar with and conform to all rules, procedures and policies of PETCO relating to and governing the conduct, health, safety at work, environmental protection, security, confidentiality and secrecy, fire, accident, risk and any other specific matters as may affect Contractor's Personnel at the Worksite or any other locations to which Contractor's Personnel may be assigned.
- 13.9 Contractor shall be responsible for ensuring that Contractor's Personnel are fully aware of and abide by all the terms and conditions of this Contract.
- 13.10 Contractor shall ensure that all written and oral representations and facts relating to Contractor's Personnel that are provided by Contractor shall be materially correct and that all qualifications and experience that Contractor's Personnel are stated to possess have been investigated thoroughly by Contractor. Upon request by PETCO, Contractor shall show satisfactory proof of the qualifications, work history and references of Contractor's Personnel. If after Mobilization, the qualification and experience of Contractor's Personnel are subsequently found to be false or inadequate, Contractor shall remove such Personnel from the Worksite immediately at Contractor's expense. Contractor shall forthwith replace, at Contractor's sole expense, any such Personnel removed from the Worksite with suitable, qualified and experienced Approved Personnel.
- 13.11 Contractor shall arrange Mobilization and Demobilization of Contractor's Personnel and equipment as and when required by PETCO. Such arrangements shall include travel, visa, work permits, passports, health certificates and all other things, of whatever nature, necessary for the successful Mobilization or Demobilization of Contractor's Personnel and equipment. Contractor shall also ensure that all such documentation remain at Contractor's offices for the whole period of assignment of Contractor's Personnel. PETCO shall be permitted reasonable access to review such documentation from time to time. If after Mobilization of Contractor's Personnel, Contractor is subsequently unable to obtain a work permit for any such Personnel; they shall be considered not suitable and shall be removed and replaced if so required by PETCO.
- 13.12 For initial Mobilization and final Demobilization of Contractor's Personnel and equipment, PETCO shall reimburse *Contractor only for the specified items and as per the exact amount explicitly stated in Exhibit II – Schedule of Compensation to facilitate the Mobilization and final Demobilization of its Personnel and equipment from their point of origin to the Worksite and vice versa.
- 13.13 Contractor shall be responsible for compassionate leave, emergency leave and sick leave for Contractor's Personnel. Such leave shall be at no cost to PETCO.
- 13.14 Contractor shall at no cost to PETCO be responsible for the medical welfare of its Personnel and their dependents including, but not limited to, periodic medical examinations, arrangements for medical attendance, treatment or hospitalization if and when necessary, and Contractor will arrange suitable insurance coverage for such contingencies. PETCO shall allow Contractor to use, at no cost to Contractor, whatever first aid or other medical facilities it may have at the Worksite. In case of emergency at the Worksite, PETCO shall, at no cost to Contractor, arrange transport

to move the Contractor's injured or ill Personnel to Khartoum using the resources available in the area. Upon arrival in Khartoum, Contractor shall assume full care of the individual.

- 13.15 Contractor shall ensure that all Contractors' Personnel are medically examined at their point of origin before departure and that a copy of the certificate of health is given to PETCO on arrival at the Worksite.
- 13.16 Contractor shall ensure that all periods of sickness of Contractor's Personnel are covered by medical certificate. PETCO reserves the right to order an examination by its own medical staff in order to verify such sickness. Any examination so ordered shall be for the account of PETCO and in the event of any dispute; the results of the examination shall be final.
- 13.17 Contractor's Personnel who in PETCO's sole opinion are no longer fit due to frequent and prolonged sickness shall be replaced by Contractor at no cost to PETCO.
- 13.18 Contractor shall make every effort to ensure that Contractor and its Personnel settle their personal debts before final departure from the Worksite.
- 13.19 Except for payments required pursuant to this Contract, PETCO accepts no liability whatsoever for unsettled debts incurred by Contractor or its Personnel howsoever arising. In the event Contractor or its Personnel become a debtor to PETCO for any reason directly or indirectly related to this Contract and the Work, PETCO shall have the absolute right, without prejudice to all its other rights under this Contract or equity, to recover such unpaid debts from any payments due to Contractor or from the Bank Guarantee.
- 13.20 In the event of default of wages by Contractor or Subcontractor and without prejudice to all its other rights under this Contract or equity, PETCO shall have the right to deduct any monies due to Contractor or enforce the Bank Guarantee under this Contract for settlement of such claim. Payments by PETCO for such settlement shall be deemed to be a payment made to Contractor by PETCO and by virtue of this Contract.
- 13.21 Contractor shall advise PETCO immediately in writing of any labour dispute or anticipated labour dispute that may be expected to affect Contractor's performance of the Work.
- 13.22 Contractor agrees to perform the Work as required and at the times established under this Contract and/or otherwise communicated to Contractor. As the Work progresses, Contractor shall continually review and control the scheduling plan to meet these timing objectives and shall advise PETCO of the status of the Work from time to time.
- 13.23 Contractor shall not ship any materials, equipment, or deliverables associated with the Work to or from PETCO using a U.S. carrier.
- 13.24 Contractor shall at all times during performance of the Work cooperate with PETCO's Personnel.
- 13.25 Contractor shall have in place and implement as a minimum, a quality assurance program which conforms to generally accept international petroleum industry standards for the Work. The documented program shall include procedures for inspection activities.
- 13.26 Notwithstanding any involvement by PETCO in the selection and review of Contractor's Personnel who are to provide the Work, or a part thereof, the Contractor

shall be solely responsible for the suitability of each individual it appoints, including suitability of education, work experience and character.

ARTICLE 14 LIQUIDATED AND ASCERTAINED DAMAGES

- 14.1 If Contractor fails to mobilize its equipments and manpower by the scheduled mobilization Date or within any extended time granted by PETCO and fails to complete work as per schedule time, then Contractor shall pay or allow to PETCO as Liquidated and Ascertained Damages a sum calculated at the rate of 0.1% of annual Contract value per day for the period during which the Work shall so remain immobilized or for each occurrence of unsatisfactory performance.
- 14.2 PETCO shall deduct the amount of such sum from any monies due or to become due to the Contractor. The maximum total amounts to be deducted for such default for the delay in mobilization cumulatively shall not exceed 5% of the total Contract Price.
- 14.3 Both PETCO and Contractor agree that the aforesaid rate is a reasonable amount of damages which PETCO shall incur as a result of any delay, and is not in the nature of a penalty. The payment or deductions of such damages shall not relieve the Contractor from his obligations to complete the mobilization or from any other of his obligations and liabilities under this Contract nor shall it prejudice PETCO's rights under this Contract, including termination of this Contract.
- 14.4 There shall be no reduction in the amount of Liquidated and Ascertained Damages in the event that a part of the Work within the Contract is mobilized before the whole of the mobilization under this Contract is completed.

ARTICLE 15 PETCO'S OBLIGATIONS

- 15.1 PETCO may but is not obliged to provide assistance to Contractor in securing necessary permits or data from national and local governmental authorities and/or agencies when required under this Contract. The failure by PETCO to obtain and provide such assistance shall not relieve Contractor from the obligation to secure the same at its own costs.
- 15.2 PETCO shall provide Contractor's Personnel and equipment such reasonable right of entry to PETCO Worksites as Contractor requires to perform the Work. PETCO shall promptly advise Contractor's Personnel of any restrictions, conditions or limitations affecting the right of entry or operation of Contractor's Personnel at the Worksite.

ARTICLE 16 NOTICES

- 16.1 All approvals, requests and notices required herein shall be given or made by handwritten or printed documentation including, but not limited to, faxes, e-mail, and similar forms of written communication and shall be deemed to have been properly given or made if given to either Contractor Representative or PETCO Representative, as applicable, or if sent prepaid to Contractor Representative or PETCO Representative or if sent prepaid to PETCO or the Contractor at the addresses below:

PETCO: A / MANAGER, A & S DEPARTMENT
 PETROLINES FOR CRUDE OIL LIMITED
 GNPOC TOWER, ALMUGRAN DISTRICT
 KHARTOUM
 REPUBLIC OF SUDAN

Telephone : 249-1870370701
Fax : 249-183760078

Contractor: ****

Attention: ****
Telephone: ****
Fax: ****

- 16.2 All mailings of letters / correspondences and transmittals to PETCO shall be by prepaid courier service unless instructed otherwise by PETCO.
- 16.3 Either Party may change the person or address to which notices shall be sent by giving the other Party written notice of such change.
- 16.4 Subject to clause 15.5, notices or instructions shall be deemed to have been received at the time of:
- (a) Delivery if delivered by hand;
 - (b) Transmission if sent by fax;
 - (c) Receipt or recorded delivery if sent by courier service; and
 - (d) Receipt if sent by e-mail.
- 16.5 If the time of such deemed receipt is not during customary hours of business at the receiving location, notice shall be deemed to have been received at 10.00 a.m. on the first customary day of business thereafter at the receiving location.
- 16.6 Subject to this Article, the date of receipt of any notice shall be the date notice is first received at the office of the addressee or by the addressee, whichever is earlier.

ARTICLE 17 PETCO REPRESENTATIVE

- 17.1 PETCO shall appoint a competent and experienced PETCO Representative to be responsible for administering this Contract on PETCO's behalf and for issuing any instructions hereunder. Within five (5) days of executing this Contract, PETCO shall advise Contractor in writing of the name of the PETCO Representative. PETCO may change the PETCO Representative from time to time and shall notify Contractor of such change in writing. The PETCO Representative may from time to time designate or appoint a nominee to carry out certain functions and such nominee shall have all the power of the PETCO Representative with respect to those certain functions.
- 17.2 The PETCO Representative shall at all times have access to the Work and all documents pertaining to the Work including, but not limited to, Drawings and Documentation.
- 17.3 The PETCO Representative shall be responsible for and is duly authorized to receive and act on all matters pursuant to this Contract including, but not limited to, receipt on behalf of PETCO of all notifications, information and decisions of Contractor pursuant to the provisions of this Contract. Contractor shall be entitled to rely on all decisions and positions of the PETCO Representative as those of PETCO

- 17.4 The PETCO Representative shall decide all questions that arise relating to the performance of the Work. The PETCO Representative shall have the right to reject or disapprove any part of the Work that does not conform to this Contract.
- 17.5 The PETCO Representative shall have the right but not the obligation to prohibit the commencement of Work or to stop any Work in progress if equipment, Personnel or work conditions are considered to be unsafe or not in compliance with PETCO's rules and regulations.
- 17.6 Notwithstanding anything contained in this Contract, Approval or the presence of and the inspection, supervision and approval by the PETCO Representative shall not relieve Contractor from its obligation and duties and shall not otherwise prejudice PETCO's rights under this Contract.

ARTICLE 18 CONTRACTOR REPRESENTATIVE

- 18.1 Contractor shall appoint a competent and experienced Contractor Representative to be responsible for administering this Contract on Contractor's behalf and to be in charge of the Work. Within five (5) days of executing this Contract, Contractor shall advise PETCO in writing of the name of the Contractor Representative. The Contractor Representative shall be satisfactory to PETCO. Contractor may change the Contractor Representative from time to time and shall notify PETCO of such changes in writing. The Contractor Representative may from time to time designate or appoint a nominee to carry out certain functions and such nominee shall have all the power of the Contractor Representative with respect to those certain functions.
- 18.2 Contractor Representative shall have Contractor's full authority to proceed with the Work and deal with every part of this Contract. Contractor Representative shall be responsible for and duly authorized to receive and act on all matters related to this Contract including, but not limited to, receipt on behalf of Contractor of all notifications, information and decisions of PETCO pursuant to the provisions of this Contract. PETCO shall be entitled to deal exclusively with the Contractor Representative on any matter related to this Contract and to rely on all decisions and positions of Contractor Representative as those of Contractor and all parties comprising Contractor. For clarity, if Contractor is or becomes comprised of multiple parties, under no circumstances shall PETCO be required to deal separately with the individual parties comprising Contractor.
- 18.3 Contractor Representative shall supervise, coordinate and ensure the quality of all aspects of Contractor's obligations under this Contract. All contacts with Contractor with respect to the Work may be through the Contractor Representative.

ARTICLE 19 LIABILITY / INDEMNITY

- 19.1 Contractor shall be responsible for and liable to and shall indemnify, and hold harmless PETCO Indemnified Persons for any loss of, loss of use of, recovery of, damage to or destruction of the property of PETCO Indemnified Persons if such loss, loss of use, recovery, damage or destruction arises out of the negligence or breach of duty (statutory or otherwise) of Contractor or Contractor's Personnel. For the purposes of this clause, the property of PETCO Indemnified Persons shall be deemed to include property owned, hired, leased or otherwise provided by PETCO Indemnified Persons. Contractor's liability and responsibility to indemnify hereunder shall not be reduced even if the negligence or breach of duty (statutory or otherwise) of PETCO Indemnified Persons contributed to such damage, destruction or loss except where,

and then only to the extent that, the loss, loss of use, recovery, damage or destruction has been contributed to by Willful Misconduct.

- 19.2 Contractor shall be responsible for and liable to and shall indemnify, defend, and hold harmless PETCO Indemnified Persons, from and against any and all claims, demands, causes and causes of action which are brought by Contractor or any third parties including, but not limited to, Contractor's Personnel and Personnel of PETCO, and which are in respect of any personal injury, death, disease, or any loss of, loss of use of, recovery of, damage to or destruction of property, arising out of the negligence or breach of duty (statutory or otherwise) of Contractor or Contractor's Personnel. This indemnity shall include all costs, penalties, awards, damages and judgment; court and arbitration costs; counsel and witness fees; and all other reasonable expenses incurred by or assessed against the PETCO Indemnified Persons and associated with such claims, demands, causes and causes of action. Contractor's liability and responsibility to indemnify hereunder shall not be reduced even if the negligence or breach of duty (statutory or otherwise) of PETCO Indemnified Persons contributed to such personal injury, death, disease, or such loss of, loss of use of, recovery of, damage to or destruction of the property except where, and then only to the extent that, the personal injury, death, disease, or loss of, loss of use of, recovery of, damage to or destruction of such property has been caused by Wilful Misconduct.
- 19.3 Contractor shall be responsible for and liable to and shall indemnify and hold harmless PETCO Indemnified Persons from and against any and all claims, demands, causes and causes of action brought against PETCO Indemnified Persons in respect of pollution and/or contamination of sea, water, land or air, including clean-up costs, if such pollution or contamination arises as a result of the negligence or breach of duty (whether statutory or otherwise) of Contractor or Contractor's Personnel. This indemnity shall include all costs, penalties, awards, damages and judgment; court and arbitration costs; counsel and witness fees; and all other reasonable expenses incurred by or assessed against the PETCO Indemnified Persons and associated with such claims, demands, causes and causes of action. Contractor's liability and responsibility to indemnify hereunder shall not be reduced even if the negligence or breach of duty (statutory or otherwise) of PETCO Indemnified Persons contributed to such pollution or contamination except where, and then only to the extent that, the pollution or contamination has been caused by Wilful Misconduct.
- 19.4 If a claim is asserted in circumstances which do or may give rise to an indemnity under this Contract, PETCO shall forthwith give notice thereof to Contractor and the Parties shall consult and cooperate fully in respect thereof and in determining whether the claim and any legal proceedings relating to a third party should be resisted, compromised or settled. Each Party shall make available to the other all information in its possession or to which it has access that is or may be relevant to the particular claim.
- 19.5 Contractor shall notify PETCO immediately of any damage to, loss of, loss of use of, recovery of or destruction of property used in connection with the Work, any personal injury or death or disease of persons occurring in connection with the performance of the Work and any incident, claim or litigation affecting the provisions of this Article, and Contractor shall furnish to PETCO adequate written reports pertaining to same.
- 19.6 Notwithstanding anything else in this Contract, Contractor shall be solely responsible for all damage or destruction or loss from any cause whatsoever, of tools, equipment and other property owned or leased or otherwise provided by Contractor or Subcontractors which are used or intended for use in performing the Work.
- 19.7 Subject to clauses 19.1 and 19.2, Contractor's liabilities and indemnities in this Contract shall not be reduced by reason of any omission, negligence or breach of duty

(statutory or otherwise), by PETCO Indemnified Persons in failing to supervise or control Contractor's Personnel or methods of working or to detect or prevent or remedy defective Work or to ensure proper performance of any other obligations of Contractor under this Contract.

- 19.8 The indemnities assumed in this Contract by the Contractor shall be deemed to include and cover all liability undertaken by the PETCO Indemnified Persons in contracts with parties other than Contractor.
- 19.9 Notwithstanding anything else in this Contract, Contractor acknowledges that there are certain risks, including personal security risks, in travelling to and working within locations such as Sudan and Contractor acknowledges and agrees that Contractor assumes all liability for any personal injury, death, or disease to its Personnel associated with such risks and for any loss of, loss of use of, recovery of, damage to or destruction of Contractor's property associated with such risks and that PETCO bears no responsibility for any such risks to Contractor or Contractor's Personnel during the course of Contractor's travel to and from and within Sudan or during its performance of the Work, or for the loss of or damage to Contractor Group's property caused by or attributable to such security risks. For the purposes of this clause, the Contractor's property shall be deemed to include property owned, hired, leased or otherwise provided by Contractor.
- 19.10 For the limited purpose of extending the benefit of the indemnities contained in this Article and throughout this Contract, PETCO contracts on its own behalf and as agent and trustee on behalf of PETCO Indemnified Persons, and each member of PETCO Indemnified Persons shall be deemed to be a party of this Contract for this limited purpose.

ARTICLE 20 LIENS AND CLAIMS

- 20.1 Contractor shall be responsible for and shall indemnify, defend and hold harmless PETCO Indemnified Persons from and against any and all claims or liability for claims, demands, causes or causes of action of whatever kind or nature based on any liens, claims assessments, fines and levies created, caused or committed by Contractor or its Personnel. This indemnity shall include without limitation all costs, penalties, awards, damages and judgment, court and arbitration costs, counsel and witness fees, and all other reasonable expenses incurred by or assessed against the PETCO Indemnified Persons and associated with such claims, demands, and causes of action. Contractor shall immediately notify PETCO of such liens and claims when Contractor becomes aware of such claims.
- 20.2 PETCO shall have the right to retain out of any payment to be made under this Contract an amount sufficient to offset such liens or claims that Contractor fails to discharge promptly, until such liens or claims are proven to be invalid or are satisfied, discharged or settled.
- 20.3 Should there be any such lien or claim made after all payments hereunder have been made, Contractor agrees to refund PETCO upon demand, all monies that PETCO may be compelled to pay to discharge any such lien or claim in consequence of Contractor's default including all costs, legal and professional fees.
- 20.4 Upon completion or early termination of this Contract, Contractor shall submit to PETCO within thirty (30) days thereof, a full and complete statement stating that all debts, taxes, liens, privileges, claims, charges and obligations to Contractor's Personnel and suppliers, for the purchase or lease of equipment, materials, and supplies in connection with the performance of the Work hereunder have been fully

paid to the date of such statement. In the event of any dispute, Contractor shall post a bond or any other form of security acceptable to PETCO to secure PETCO against any such liens or claims.

- 20.5 PETCO shall be empowered and shall have the option to enforce the Bank Guarantee for any amounts outstanding pursuant to this Article 20.

ARTICLE 21 CHANGES

- 21.1 The Parties anticipate that as the Work progresses; changes in the Work may be required. These changes may affect the cost of or the time required for the Work. Such changes may include without limitation:

- (a) Revisions to Drawings and Documentation supplied by PETCO or administration procedures that affect the Work;
- (b) Performance of services not related to or reasonably inferable to the Work; or
- (c) Revisions required by PETCO to the Work already accomplished in accordance with the specifications; however, revisions required to achieve compliance with specifications or to correct errors, omissions or poor workmanship or engineering on the part of Contractor shall not be considered as changes.

- 21.2 Changes in the Work shall be made by a Change Order issued in accordance with the provisions of this Contract including Exhibit III.

- 21.3 PETCO shall have the unfettered right to issue a Change Order for:

- (a) the suspension or termination of all or part of the Work pursuant to the provisions of this Contract including Article 23, and Article 24; or
- (b) Changes to the Work that do not have a significant impact on the anticipated costs or anticipated timing of the Work; and no Contractor consent or agreement shall be required for such Change Order.

- 21.4 Subject to clause 21.3, both Party may request a Change Order to change the Work or a portion thereof and if the Parties together agree to the change, PETCO shall issue a Change Order and Contractor shall indicate its agreement to the change by signing the Change Order. If the Change Order changes the reasonable and direct costs of the Work, the Change Order shall outline the anticipated changed costs which PETCO shall be obligated to pay when actually incurred by Contractor as a result of the change. The Change Order shall normally be priced on the basis stipulated in Exhibit II. In the event that specific rates are not incorporated in Exhibit II, such rates shall be mutually agreed by the Parties. All provisions of this Contract and the specifications shall apply to the Change Order.

- 21.5 No adjustment to the Contract Price or the Rates shall be made except by issuance by PETCO of a Change Order.

- 21.6 If Contractor believes that any act or omission of PETCO affects or will affect the cost of or time required for the Work, then Contractor shall promptly notify PETCO before proceeding with the part of the Work in question. PETCO may issue a Change Order based on Contractor's request but will not necessarily be bound by such notification, and in no event will PETCO be obligated to adjust the Contract Price or Rates if

Contractor proceeds with the part of the Work in question before giving notification to PETCO in accordance with this Article.

- 21.7 Change Orders shall be administered in accordance with the detailed requirements in Exhibit III.

ARTICLE 22 CONTRACTOR DEFAULT

- 22.1 The occurrence of any of the following events shall be deemed a default by Contractor under this Contract:
- (a) Any attempted transfer or assignment by Contractor of its rights or duties under this Contract without prior Approval; or
 - (b) the failure of Contractor to satisfy within thirty (30) days of its entry any final judgement upon which execution is possible or the attachment of any general lien against all or a substantial part of the real or personal property of Contractor and the continued existence thereof for more than thirty (30) days; or
 - (c) if PETCO, acting reasonably, determines that Contractor or Contractor's Personnel have failed to comply with the requirements of this Contract, are incompetent, have acted in manner prejudicial to PETCO,'s best interest, or have failed to comply with PETCO,'s health, safety, environment or other rules or regulations and procedures; or
 - (d) If Contractor fails to provide proof of an acceptable insurance program conforming to this Contract; or
 - (e) If Contractor has failed to provide a Performance Guarantee when requested pursuant to clause 6.5; or
 - (f) If Contractor is otherwise in default under this Contract.
- 22.2 If Contractor is in default as aforesaid, PETCO, shall give Contractor notice of such default and require Contractor to take appropriate corrective action at Contractor's expense and without prejudice to all PETCO, 's other rights under this Contract or equity.
- 22.3 Should Contractor fail or refuse to remedy or fail to commence remedying the matters complained of within ten (10) days after notice is received by Contractor, or if once commenced, Contractor does not continue and bring the matter to a conclusion satisfactory to PETCO, in a reasonable period of time, PETCO, shall have the right to terminate the Work, any part of the Work, or this Contract by giving notice of termination to Contractor.
- 22.4 If PETCO, terminates the Work, any part of the Work or this Contract pursuant to this Article, Contractor agrees that Contractor shall not be entitled to claim compensation from PETCO, in respect to such termination, provided however that, subject to setoff for amounts provided for herein, and matured, unmatured, or contingent amounts due to PETCO,, PETCO, shall pay Contractor for Work performed up to the date of termination.

**ARTICLE 23
SUSPENSION OF WORK**

- 23.1 PETCO, may, at any time, suspend all or any part of the Work for any reason whatsoever by giving notice to Contractor specifying the part of the Work to be suspended and the effective date of the suspension. Contractor shall cease performance of said suspended part of the Work on the effective date of suspension. Contractor shall continue to perform the unsuspended part of the Work. Contractor will be given sufficient time for orderly removal of Contractor's Personnel and items not required during suspension.
- 23.2 Contractor shall comply with PETCO,'s instruction with respect to all activities in connection with any suspension of the Work or part thereof. Such compliance will be a factor in determining reasonableness of costs incurred. Compensation for suspension shall only be payable in cases where the suspension is not attributable to the actions or inactions of Contractor and shall be limited to reasonable 'out of pocket' expenses actually incurred and directly resulting from the suspension, including related reasonable Demobilization costs. Nothing in this clause shall be interpreted as changing PETCO,'s obligation to pay amounts properly due for Work performed prior to the date of suspension.
- 23.3 PETCO, may, at any time authorize resumption of all or any part of the suspended Work by giving at least ten (10) days notice to Contractor specifying the Work to be resumed and the effective date of the withdrawal of suspension. Contractor shall resume the Work on the effective date of the withdrawal of suspension. PETCO shall pay reasonable actual re-Mobilization costs for Personnel and equipment actually demobilized pursuant to clause 23.2 after a suspension that is not attributable to the actions or inactions of Contractor.

**ARTICLE 24
TERMINATION OF CONTRACTOR**

- 24.1 PETCO, May at any time, terminate all or any part of the Work without cause by giving fourteen (14) days prior notice to Contractor specifying that PETCO, intends to terminate the Work, the Work to be terminated, and the effective date of termination. PETCO, shall pay Contractor, upon receipt and verification of Contractor's invoice, all amounts properly due for the Work performed prior to the date of termination plus reasonable expenses actually incurred and directly resulting from the termination.
- 24.2 Subject to the requirements of Article 22 hereof, PETCO, shall have the right to immediately terminate all or any part of the Work for cause, by giving notice in writing and this shall not prejudice all its other rights under this Contract or equity including, but not limited to, the right to sue for damages. PETCO, shall retain all amounts which are then due and payable to Contractor less reimbursements due to Contractor for its reasonable and auditable costs incurred in the performance of the Work to the extent such Work was authorized in advance by PETCO, and not related to the cause of termination.
- 24.3 Notwithstanding Article 22 or other provisions of this Article 24, in the event Contractor:
- (a) Makes an assignment for the benefit of creditors; or
 - (b) Is judged bankrupt or has a petition in bankruptcy filed by or against Contractor; or
 - (c) Has a receiver or a receiver-manager appointed; or

- (d) Has any steps taken to liquidate or voluntarily wind up its operations; or
- (e) Has a winding-up petition presented against it; or
- (f) Is wound up by the courts; or
- (g) Is responsible for any theft or misappropriation of PETCO's property; or
- (h) Undergoes a corporate reorganization; or
- (i) Commits a material breach as described in clause 25.9

then this Contract shall, at the sole option of PETCO, be immediately terminated by PETCO, serving such notice on Contractor and Contractor agrees that it shall not be entitled to claim compensation from PETCO, in respect to such termination; provided however, that subject to setoff for amounts provided for herein, and matured, unmatured, or contingent amounts due to PETCO, PETCO, shall pay Contractor for Work performed up to the date of termination.

- 24.4 Upon receipt of a notice of termination, Contractor shall ensure no further commitments with respect to the effected Work are made, and Contractor shall take all reasonable steps necessary to minimize any costs arising from commitments made prior to receipt of the notice of termination. On the effective date of the notice of termination, Contractor shall stop performance of the affected Work
- 24.5 If this Contract is terminated and unless PETCO directs otherwise, Contractor shall immediately make every reasonable effort to cancel existing Subcontracts, purchase orders or other obligations entered into by Contractor with Subcontractors, suppliers or others upon terms satisfactory to PETCO.
- 24.6 If this Contract is terminated, PETCO may direct Contractor to execute and deliver to PETCO all drawings and documentation related to this Contract and required by PETCO and to take all necessary steps to fully vest in PETCO the rights and benefits of Contractor under existing Subcontracts or other obligations with Subcontractors, suppliers and others. In addition, Contractor shall take all reasonable steps to preserve and protect the Work already in progress, to protect materials, Drawings and Documentation, equipment and supplies in transit or at the Worksite and to minimize all costs to PETCO and Contractor resulting from the suspension or termination.
- 24.7 Except as otherwise provided in this Contract, in the event of termination hereunder, the Parties shall each be released and discharged from any claims by one Party against the other in connection with the terminated Work.
- 24.8 If the Work, any part of this Work, or this Contract is terminated by PETCO pursuant to clause 22.3 or clause 24.2 or clause 24.3, PETCO shall have the option to thereafter enforce the Bank Guarantee and/or Performance Guarantee for monies owed or reasonably anticipated to be owed to PETCO by Contractor without prejudice to all its other rights under this Contract or equity.
- 24.9 After giving notice of termination pursuant to clause 22.3 or clause 24.2 or clause 24.3, PETCO shall have the right to locate a suitable alternative contractor and Contractor shall cooperate to ensure a stable transition of the terminated matters to the alternative contractor.
- 24.10 If the Work, any part of the Work or this Contract, is taken over by an alternative contractor as described in the previous clause, any cost arising out of the change and borne by the alternative contractor or by PETCO shall be deducted from the amounts

due or that may become due to Contractor. If such additional cost is greater than the amounts due to Contractor, PETCO shall notify Contractor and Contractor shall forthwith pay PETCO the amount that the additional costs exceed the amount due to Contractor.

- 24.11 If PETCO terminates the Work, any part of the Work or this Contract pursuant to Article 22 or this Article 24, Contractor agrees that Contractor shall not be entitled to claim compensation from PETCO in respect to such termination, provided however that, subject to setoff for amounts provided for herein, and matured, unmatured, or contingent amounts due to PETCO, PETCO shall pay Contractor for Work performed up to the date of termination.

ARTICLE 25 SUBCONTRACTS AND CONTRACT ASSIGNMENT

- 25.1 Contractor shall not subcontract the Work or any part thereof without prior Approval. Subcontract documents and selection of Subcontractor(s) related to the Work or any part thereof shall require Approval prior to award of each Subcontract.
- 25.2 Contractor shall ensure that all PETCO's rights under this Contract including, but not limited to, audit rights are incorporated in all Subcontracts hereunder.
- 25.3 For all purposes under this Contract, Contractor shall be fully responsible for any acts, defaults and omissions of any Subcontractor, and any and all of their directors, officers, and Personnel that directly or indirectly work for or are retained by Subcontractors to the same extent as Contractor is for the acts and omissions of Personnel directly or indirectly working for or retained by Contractor.
- 25.4 Approvals of a Subcontract granted pursuant to this Article shall not release or relieve Contractor of any of its obligations under this Contract or create any contractual relationship between any Subcontractor and PETCO. Contractor shall be responsible for such Subcontractor's due observance of all the terms, stipulations and conditions under this Contract.
- 25.5 PETCO may assign any or all of this Contract including all rights and obligations hereunder to any or all of the Co-Venturers or any of its or their Affiliates at any time without the prior consent of Contractor, and such assignment shall be binding upon Contractor upon delivery of notice of the assignment to Contractor.
- 25.6 Excluding assignments dealt with in clauses 25.5 and 25.6, PETCO may assign this Contract including all rights and obligations hereunder at any time with the prior consent of Contractor, which consent shall not be unreasonably withheld. Failure by Contractor to reply to a request for consent within (10) days of its receipt by Contractor shall be deemed to be the consent of the Contractor to such assignment. After obtaining consent or deemed consent, the actual assignment shall be binding upon Contractor upon delivery of notice of the assignment to Contractor.
- 25.7 Without the prior written consent of PETCO, an assignment by Contractor of any of the rights accruing to it under the Contract or any delegation of duties to be performed by Contractor under this Contract shall be void and shall not be binding on PETCO. The granting of such consent by PETCO shall not relieve Contractor or its sureties of their responsibilities and obligations under this Contract. After obtaining Approval, the actual assignment by Contractor shall be binding upon PETCO upon delivery to PETCO of a notice of the assignment signed by Contractor and the assignee.

- 25.8 Without receiving Approval, Contractor shall not mortgage, hypothecate, encumber or convey title to any of the equipment or materials or deliverables or other items associated with the performance of this Contract to a third party.

**ARTICLE 26
SAFETY AND HEALTH, ENVIRONMENTAL PROTECTION,
FIRE PROTECTION AND SECURITY REGULATIONS**

- 26.1 Contractor shall perform the Work in such a manner that the environment including air, water, and land as well as animal and plant life is protected from adverse effect from Contractor's activities.
- 26.2 Contractor and its Personnel shall strictly comply with all relevant PETCO, statutory and local authorities' rules, regulations, requirements and procedures, as amended from time to time, that apply to the location where the Work is being performed and that pertain to health, safety, environmental protection, fire protection and security regulations and shall ensure that, in any event, the standards applied are no less than the generally accepted international petroleum industry standards.
- 26.3 Contractor shall ensure that all materials and equipment to be used in the performance of the Work comply with all relevant PETCO, statutory and local authorities' rules, regulations, requirements and procedures, as amended from time to time, that apply to the location where the Work is being performed and that pertain to health, safety, environmental protection, fire protection and security regulations and shall ensure that the standards applied are no less than the generally accepted international petroleum industry standards. All such material and equipment requiring PETCO certification shall be so certified before it is brought onto PETCO's premises or the Worksite.
- 26.4 Contractor shall be solely responsible for the safety of its Personnel and all of its equipment and shall be solely responsible for the necessary training of its Personnel on safety and safe working practices. Contractor shall ensure that Contractor's Personnel are adequately trained in safety precautions and safe working practices before they are involved in the Work and that they are competent to undertake their required duties in a safe and efficient manner.
- 26.5 Failure of Contractor's Personnel to follow regulations and safety procedures shall be considered a default under this Contract.
- 26.6 Contractor shall allow PETCO access at any reasonable time to any equipment, Personnel, materials and records supplied by Contractor and involved in the Work to enable PETCO to:
- (a) Ensure that Contractor complies with the provisions of this Article; and
 - (b) Conduct, if required, independent investigations into any accident and/or incident arising out of or in connection with performance of the Work.
- 26.7 In the event of Work being carried out by Contractor or any Subcontractor in an unsafe manner with respect to health, safety, environmental protection, fire protection or security, or if equipment requires modification or replacement to meet PETCO or statutory safety requirements, PETCO reserves the right to immediately suspend all or parts of the Work.
- 26.8 A suspension notice issued pursuant to this Article shall include reasons for PETCO issuing such notice and shall outline the steps required to be taken by Contractor to rectify the hazard. Contractor shall be considered to be in default of its obligations

under this Contract until either the hazardous working practice with respect to health, safety, environmental protection, fire protection or security is remedied or required modification or replacement of Contractor's equipment is made to the satisfaction of PETCO

- 26.9 The refusal or inability of Contractor to remedy any hazardous working practice or to perform the required modification or replacement to its equipment within ten (10) calendar days shall constitute a material breach of this Contract and PETCO shall have the right to immediately terminate this Contract in accordance with clause 23.3.
- 26.10 While at the Worksite or other PETCO sponsored premises or during travel in PETCO sponsored transport, Contractor shall use its best efforts to ensure that its Personnel do not indulge in practical jokes, boisterous behavior, horseplay, scuffling and the like and shall not permit the use, possession or sale of alcoholic beverages or illegal drugs. Contractor Personnel who breach this provision shall be subject to immediate dismissal.
- 26.11 For that part of the Work that is to be performed at PETCO's Worksite, Contractor shall furnish, at no cost to PETCO, adequate safety gear to be worn by Contractor's Personnel and all necessary safety equipment including, but not limited to, fire extinguishers.
- 26.12 Contractor shall ensure that personal protective clothing and equipment are always maintained in good condition. Contractor shall ensure that such protective clothing and safety gear shall be worn on all relevant occasions as indicated by notices, instructions and good sense.
- 26.13 Contractor shall ensure that all Contractor's equipment, facilities and other items in any way associated with this Contract or the Work are maintained in a safe, sound and proper condition, comply with Applicable laws and PETCO's requirements.
- 26.14 Contractor shall ensure that all its Personnel maintain a neat, clean and safe work environment at the Worksite and the operations areas of PETCO including any equipment and machinery associated or utilized in the performance of the Work.
- 26.15 Contractor shall immediately report to PETCO any accident or safety incident that involves any equipment or person or the environment, whether or not any injury to person or damage to property or the environment occurred. In cases of injurious and non-injurious incidents judged to be serious by PETCO, Contractor shall, without additional costs to PETCO, duly carry out full investigations and submit a detailed report of the incident to PETCO in a PETCO acceptable format within fourteen (14) calendar days setting out the events relating to the incident.
- 26.16 Contractor shall take steps to maintain and increase the safety consciousness of its Personnel by means of immediate correction of unsafe acts and by means of periodic safety meetings and discussions and emergency drills. Contractor shall ensure that safety meetings shall be attended by Contractor's Personnel for the purpose of improving safety of the working environment and enhancing safety awareness.
- 26.17 In accordance with PETCO's policy, Contractor's Personnel are required to possess an official pass card while on any PETCO premises and Worksite.
- 26.18 Where the Contractor, acting reasonably, considers that the equipment, Personnel or work conditions are not safe or in compliance with PETCO's rules and regulations, it shall notify PETCO immediately and PETCO and Contractor shall meet and agree on what action, if any, is required and whether the Work or a portion of it should be suspended.

- 26.19 No persons other than PETCO's and Contractor's Personnel shall be allowed to be at the Worksite without Approval.
- 26.20 Contractor shall dispose of all trash and spoil as instructed by PETCO.
- 26.21 Any vehicle operating under the Contract or in discharging obligations under the Contract within the concession area 1,2 & 4 should be equipped with SPEED MONITORING SYSTEM DEVICE (VDO, VDR etc..) adjusted to a speed limit of 60km/hr.

ARTICLE 27
PROCUREMENT OF EQUIPMENT, FACILITIES,
GOODS, MATERIALS, SUPPLIES AND WORK

- 27.1 In the procurement of equipment, facilities, goods, materials and supplies required for the portion of the Work that is to be performed in Sudan, Contractor shall use its best reasonable endeavours to observe the following principles:
- (a) the enhancement of effective local Sudanese participation in equity, management and employment, giving first priority to participation by the Sudanese who are from the area local to where the Work is being performed in Sudan; and
 - (b) the transfer of technology to local Sudanese firms and companies with the objective of developing local technical and managerial capabilities giving first priority to participation by the Sudanese who are from the area local to where the Work is being performed in Sudan.
- 27.2 Contractor shall use its best reasonable efforts to comply with the following with respect to that portion of the Work that is to be performed in Sudan:
- (a) procure equipment, facilities, goods, materials, and supplies required from Sudanese suppliers or manufacturers, giving first priority to suppliers or manufacturers who are local to the area where the Work is being performed in Sudan and suppliers or manufacturers who are employing the most significant number of Sudanese who are from the area local to where the Work is being performed in Sudan; and
 - (b) procure transportation of equipment and materials from established Sudanese agencies giving first priority to the suppliers of such services and materials who are local to the area where the Work is being performed in Sudan and suppliers or manufacturers who are employing the most significant number of Sudanese who are from the area local to where the Work is being performed in Sudan provided that in Contractor's opinion, acting reasonably, such goods, materials, supplies or transport are good quality and available at reasonable cost.
- 27.3 In selecting the labour inputs for the Work, Contractor shall recruit and employ Sudanese nationals to the extent that in Contractor's opinion, acting reasonably, Sudanese nationals are competent and sufficiently qualified in training and experience for a needed position, available at reasonable cost and possess sufficient language skills for the proper and safe execution of the Work. Contractor shall give priority to those individuals who are indigenous to the area where the Work in Sudan is actually being performed.
- 27.4 With respect to permanent or long-term positions required for the Work, Contractor shall recruit and employ Sudanese nationals where suitable candidates can be

identified and shall provide training and career development at Contractor's expense for such Sudanese nationals. Contractor shall give priority to those individuals who are indigenous to the area where the Work in Sudan is actually being performed.

27.5 Contractor shall keep PETCO informed at all times of all discussions, negotiations, disputes or agreements related to grievances asserted by Contractor's Sudanese national personnel engaged in the Work or by their representative.

27.6 Contractor shall pay all Sudanese nationals a competitive and fair salary and benefits package commensurate with their performance and position and the prevailing rates for Sudanese nationals employed in comparable positions in Sudan.

ARTICLE 28 EMPLOYMENT OF PERSONNEL

28.1 During the term of this Contract, a Party shall not hire the other Party's employees who have been assigned to do a portion of the Work, unless the hiring Party has obtained prior consent from the other Party, which consent shall not be unreasonably withheld.

ARTICLE 29 CONFIDENTIALITY

29.1 Contractor's use of any information and data which it receives or has access to as a result of this Contract shall be restricted to use for the purpose of providing the Work to PETCO's operations in the Sudan.

29.2 All materials and information that PETCO provides to Contractor or that Contractor has access to during the course of providing the Work shall be deemed to be confidential or proprietary. Contractor agrees to hold and protect such materials and information in confidence by using the same degree of care (but not less than a reasonable degree of care) to prevent the unauthorized use, dissemination or publication of such materials and information, as Contractor uses to protect its own confidential information of like nature. Without restricting the generality of the foregoing, both Parties agree that Contractor may disclose such materials and information to its Affiliates and Personnel who have a need to know such information for the purpose of performing the Work.

29.3 Contractor shall not sell, assign, transfer, mortgage, charge, encumber or otherwise dispose of any information and data that it receives or has access to as a result of this Contract.

29.4 Contractor shall ensure its Affiliates and Personnel comply with the provisions of this Article and if required by PETCO, shall cause its Affiliates and Personnel to enter into a direct written obligation to comply with the provisions of this Article.

29.5 PETCO shall give Contractor written notice if PETCO becomes aware that Contractor has materially breached the provisions of this Article. The Parties shall then endeavour in good faith to resolve the breach within a reasonable period of time. In the event that the Parties are unable to resolve the breach, the Parties shall proceed to arbitration as provided for herein, provided that insofar as the breach is on-going, PETCO may seek for immediate injunctive relief for the on-going portion of the breach pending final resolution by arbitration.

29.6 Upon completion of the Work or upon receipt by Contractor of PETCO's notification of suspension or termination of the Work or any part thereof, as the case may be, Contractor shall return to PETCO all Drawings and Documentation, materials,

information and data provided to Contractor by PETCO together with any copies Contractor has made thereof and all Drawings and Documentation created by Contractor with respect to this Contract.

- 29.7 The non-disclosure obligations of the Contractor set forth in this Article shall not apply to any information which is:
- (a) Already known by the Contractor prior to disclosure;
 - (b) Publicly available through no fault of the Contractor;
 - (c) Rightfully received by the Contractor from a third party who is not under a duty of confidence;
 - (d) Disclosed by PETCO to a third party without a duty of confidentiality on such third party;
 - (e) Independently developed by the Contractor prior to or independent of the disclosure; or
 - (f) Disclosed under requirement of Applicable laws or a court, administrative tribunal or agency, stock exchange or commission.
- 29.8 This Article shall continue in force notwithstanding the completion, or earlier termination of this Contract.

ARTICLE 30 FORCE MAJEURE

- 30.1 For the purpose of this Contract, "Force Majeure" shall include acts of God, fire, unavoidable accidents, acts of war, or conditions arising out of or attributable to war (declared or not declared), civil war, sabotage, floods, storms and other natural disturbances, insurrections, riots and other civil disturbances, breakages of or accident to machinery, equipment or lines of pipe, inability to obtain permits, licenses, orders, certificates or other authorizations, orders of any court, commission, board or other authority having jurisdiction or any other cause not due to the fault or negligence of the Party invoking Force Majeure and any other cause beyond the reasonable control of the Party invoking Force Majeure but not including:
- (a) Any event caused by the negligence of the Party invoking Force Majeure,
 - (b) any event caused by the failure of the Party invoking Force Majeure to observe generally accepted good engineering and international business practices,
 - (c) Any event caused by the negligence of Contractor's Personnel,
 - (d) The strike of the Contractor personnel due to salaries claims and working conditions.
 - (e) Any circumstance due to a default or failure of a Subcontractor or vendor unless such default or failure is due to Force Majeure, and
 - (f) any circumstance due to or related to sanctions imposed upon PETCO or Sudan by other countries and existing at the Effective Date including, but not limited to, sanctions imposed by the United States of America.

- 30.2 If either Party is prevented or hindered by Force Majeure from performing any of its obligations hereunder, the obligations of both Parties, insofar as the obligations relate to the portion of Work affected by Force Majeure, shall be suspended while (but only so long as) Force Majeure or its effect continues to prevent or hinder, the performance of such obligations and only to the extent of the said prevention or hindrance. For additional clarity, PETCO shall not have an obligation to pay Contractor for Work suspended and not performed due to Force Majeure. The Party prevented or hindered from carrying out any obligation by Force Majeure shall promptly give the other Party notice of the Force Majeure including reasonably full particulars in respect thereof and shall give notice to the other Party when such cause ceases to operate.
- 30.3 Notwithstanding anything else contained in this Contract, for PETCO, declaring of Force Majeure is subject to approval by Government of Sudan and Co-Venturers.
- 30.4 The affected party must have taken reasonable endeavors to avoid or mitigate the consequence of the event. Alternatively, though with the same effect, the clause may define force majeure in terms of delay or failure in performance which could not reasonably have been avoided.
- 30.5 If Force Majeure results in the suspension of all or part of the Work, the Parties shall meet, as soon as practicable given the nature of the Force Majeure, and determine the appropriate measures to be taken, including whether any or all of the Work should be suspended or terminated.
- 30.6 Notwithstanding anything else contained in this Contract, in the event that Force Majeure results in suspension of the Work for twenty (20) consecutive days, PETCO shall have the right to terminate this Contract upon delivering notice to Contractor and shall pay Contractor, upon receipt and verification of Contractor's invoices, all amounts properly due for the Work performed prior to the date of termination.
- 30.7 The Party claiming suspension of its obligations as aforesaid shall, where applicable, promptly remedy the cause and effect of the Force Majeure described in the said notice insofar as it is reasonably able so to do provided that the terms of settlement of any strike, lockout or other industrial disturbance shall be wholly in the discretion of the Party hereby claiming suspension of its obligations hereunder by reasons thereof; and that Party shall not be required to accede to the demands of its opponents in any strike, lockout or industrial disturbances solely to remedy promptly the Force Majeure thereby constituted.
- 30.8 Notwithstanding anything contained in this Article, lack of finances shall not be considered a Force Majeure nor shall any Force Majeure suspend any obligation for the payment of money due hereunder.
- 30.9 Any delays or failure in performance by either Party shall not give rise to any claims for damages if, and to the extent, such delay or failure is caused by Force Majeure.
- 30.10 In the event that either party shall be delayed or hindered in or prevented from the performance of any act required under the contract by reason of Force Majeure Event, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

**ARTICLE 31
CONFLICT OF INTEREST**

- 31.1 Contractor shall exercise reasonable skill, care and diligence to prevent any actions or conditions from arising which could result in a conflict with PETCO's best interests. This obligation shall apply to the activities of Contractor's Personnel in their relations with PETCO's Personnel and their families, and with suppliers and third parties arising from this Contract or related to the performance of the Work.
- 31.2 Contractor shall establish precautions to prohibit its Personnel from making, receiving, providing or offering inappropriate gifts, entertainment, payments, loans or other considerations for the purpose of influencing individuals.

**ARTICLE 32
WAIVERS**

- 32.1 The failure of either Party to exercise any option, right or privilege hereunder, or to demand strict compliance as to any obligation or covenant shall not constitute a waiver of any such right, privilege or option or the strict performance thereof unless an express waiver is properly executed and evidenced in writing.
- 32.2 A waiver that is in writing and properly executed shall not be deemed to amend or modify the terms of this Contract, nor deemed to be a release of any past or future default unless expressly stipulated in such waiver.
- 32.3 Waivers by either Party of any breach or non-observance by the other Party or any of the terms and conditions of this Contract shall not constitute or be construed as a waiver of any other terms or conditions.

**ARTICLE 33
COMPLIANCE WITH**

- 33.1 Contractor and Subcontractor shall be subject to and comply with all Applicable laws in connection with the Work. If Contractor or Subcontractors perform any part of the Work contrary to Applicable laws, then Contractor shall bear any additional costs of the Work resulting from said violation and correction thereof.
- 33.2 Contractor shall not enter into negotiations with any governmental authority or agency to seek exemption, composition, variation or revision to Applicable laws in connection with this Contract without prior Approval.
- 33.3 Contractor shall, at Contractor's own cost, obtain all necessary licenses for Contractor to do business in the country or countries wherein any part of the Work is performed and shall obtain all permits and authorizations required by Applicable laws that must be obtained in Contractor's name.
- 33.4 Contractor shall be responsible for, and liable to, and shall indemnify, defend, and hold harmless PETCO Indemnified Persons from and against any and all claims or liability for claims, demands, causes or causes of action of whatever kind or nature based on any and all forms of penalty which may be imposed on a PETCO Indemnified Persons by reason of any violation or alleged violation of Applicable laws by Contractor or its Personnel and also from all claims, suits or proceedings that may be brought by or against a PETCO Indemnified Person arising under, growing out of, or by reason of the Work with respect to such violation or alleged violation of Applicable laws whether brought by Contractor, its Personnel, third parties or by any governmental authority. This indemnity shall include without limitation all costs, penalties, awards, damages and judgment, court and arbitration costs, counsel and witness fees, and all other

reasonable expenses incurred by or assessed against the PETCO Indemnified Persons and associated with such claims, demands, and causes of action.

- 33.5 If Contractor discovers any discrepancies, inconsistencies or conflicts between this Contract and any Applicable laws, Contractor shall immediately notify PETCO and the Parties shall agree on the amendments that need to be made to this Contract. Should Contractor fail to notify PETCO as required by this clause or fail to discover such discrepancies, inconsistencies or conflicts as should reasonably have been discovered by Contractor, all costs directly resulting from such failure shall be borne by Contractor.

ARTICLE 34 PUBLICITY

- 34.1 Contractor shall obtain Approval prior to making any public release or announcement regarding the Work or Contractor's activities related to its participation in the Work.
- 34.2 Without prior Approval, Contractor shall not use PETCO's in any advertising, promotional material or publicity release relating in any way directly or indirectly, to the Work or the results thereof. Contractor shall not publish or cause to be published any statement, or encourage or approve any advertising or practice that is or may reasonably be expected to be detrimental to the name, goodwill, reputation or trademarks of PETCO.

ARTICLE 35 CLAIMS - DISPUTES, AND ARBITRATION

35.1 DISPUTES

Save where expressly stated to the contrary in the Contract, any dispute or difference of whatsoever nature between the Parties, howsoever arising under, out of or in relation to the Contract and so notified in writing by either Party to the other (hereinafter referred to as "Dispute") shall in the first instance be attempted to be resolved amicably in accordance with the procedure set out below.

35.2 AMICABLE SETTLEMENT

Either Party may require such Dispute to be referred to a director of each Party, for amicable settlement. Upon such reference, the two shall meet at the earliest mutual convenience and in any event within 90 (ninety) days of such reference to discuss and attempt to amicably resolve the Dispute. If the Dispute is not amicably settled within 90 (ninety) days of such meeting between the two, either Party may refer the Dispute to Litigation.

35.3 ARBITRATION

Any dispute between the Parties as to the performance of this Contract or the rights or liabilities of the Parties which cannot be settled amicably shall be finally settled by arbitration under the Arbitration Rules of Sudan.

A Party wishing to refer a matter to arbitration shall so notify the other Party in writing.

Each Party shall within thirty (30) days of receiving the notice referred to in clause 35.1 appoint one (1) arbitrator and so notify the other side. If a Party fails to appoint its arbitrator as aforesaid, the appointment shall be made according to the Laws of the Sudan Arbitration Rules. The third arbitrator shall be selected by the other two (2) arbitrators; however, if the third arbitrator is not selected within 10 days counting from

the appointment of the second arbitrator, the appointment of the third arbitrator shall be made according to the Laws of the Sudan Arbitration Rules. All arbitrators to be appointed shall be of a nationality different from that of any of the Parties, having no financial interest and be familiar with petroleum industry practices in relation to the issue in dispute. An arbitrator shall not be an employee directly or indirectly of either Party.

The decisions of the majority of the arbitrators shall be final and binding and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

The arbitration shall be conducted in the English language in Khartoum, Sudan.

The costs of the arbitration shall be borne by the Party whose contention was not upheld by the arbitration tribunal, unless otherwise provided in the arbitration award.

Notwithstanding the foregoing, the Parties may agree that an expert can most expeditiously settle any particular matter of dispute. In that event, the Parties shall jointly prepare and sign a statement setting out the issue to be determined by the expert before agreeing upon the person to be appointed as the expert. The Parties shall then agree upon the person to be appointed as the expert. The expert shall then make a determination on the said issue and the decision of the expert on that issue shall be final and binding on the Parties without further pursuing arbitration on the issue. If the Parties cannot agree upon the issue within fourteen (14) days or having agreed upon the issue, the Parties cannot agree on the person to be appointed as the expert within fourteen (14) days after the date the last Party signs the statement of the issue, then the dispute shall be referred to arbitration as indicated above.

ARTICLE 36 INDEPENDENT CONTRACTOR

- 36.1 Contractor is an independent contractor and neither Contractor nor its Personnel shall be employees, partners or joint venturer or agent of PETCO. The entire performance, operation, management and control of Contractor's equipment and Personnel shall be under the exclusive control and command of Contractor. Contractor's primary purpose shall be to perform all acts necessary to execute the Work consistent with safety and good international oil industry practice.
- 36.2 The presence of and the inspection and supervision by the PETCO Representative on the Worksite shall not relieve Contractor from Contractor's obligations and responsibilities.
- 36.3 Contractor shall have no authority to make any statements, representations or commitments of any kind or to take any action which shall be binding upon PETCO except as provided for herein or authorized by PETCO.

ARTICLE 37 GOVERNING AND LANGUAGE

- 37.1 All documents, correspondence and communications between PETCO and Contractor in connection with this Contract shall be written in the English language which is hereby designated the governing language of this Contract. Contractor and PETCO may use any language within their own organizations, except that all Subcontracts and all written communications pertaining to them shall be in English.
- 37.2 The validity and interpretation of this Contract and the legal relations of the Parties to it shall be governed by and construed in accordance with the laws of Sudan.

37.3 The Parties hereby submit to the non-exclusive jurisdiction of the Courts of Sudan.

ARTICLE 38 COPYRIGHTS, PATENTS AND TECHNICAL INFORMATION

- 38.1 In the event Contractor intends to file a patent application in which any of the information or data provided to Contractor by PETCO, Co-Venturers or its or their Affiliates is disclosed, Contractor agrees to provide PETCO with a copy of such application in advance of filing such application. If such application includes information or data which PETCO, Co-Venturers or its or their Affiliates consider proprietary, Contractor shall not permit the publication in any country of a patent based on such application without prior Approval, which Approval may be unreasonably withheld.
- 38.2 Title to all Drawings and Documentation and design concepts prepared by Contractor or its Personnel pursuant to this Contract or any invention developed by Contractor or its Personnel from the information or data received from PETCO, shall vest in PETCO.
- 38.3 Where materials or procedures specified by Contractor for use in or performance of the Work infringe or are alleged to infringe any copyright, patent, trademark, industrial design, trade secret or other proprietary right or intellectual property right, Contractor shall be responsible for, and liable to, and shall indemnify, defend, and hold harmless PETCO Indemnified Persons from and against any and all claims or liability for claims, demands, causes or causes of action of whatever kind or nature resulting from such infringement or alleged infringement. This indemnity shall include without limitation all costs, penalties, awards, damages and judgment, court and arbitration costs, counsel and witness fees, and all other reasonable expenses incurred by or assessed against the indemnified parties and associated with such claims, demands, and causes of action.
- 38.4 Contractor shall promptly provide notice to PETCO if Contractor has or acquires knowledge of any copyright, patent, trademark, industrial design, trade secret or other proprietary right or intellectual property right under which suit for infringement could reasonably be brought because of the use by PETCO of anything used by Contractor during the performance of the Work or incorporated by Contractor in the Work. Following notification to PETCO, Contractor shall not use or incorporate into the Work any material related to the suit for infringement or a potential suit for infringement without prior Approval.
- 38.5 If materials or procedures provided by Contractor are held by a court to constitute infringement and PETCO's use becomes enjoined, Contractor shall, at its own expense, either procure PETCO the right to continue using the materials or procedures or replace the materials or procedures with non-infringing materials or procedures, or modify the materials or procedures so as to remove the infringement. Where, however, an infringement of any copyright occurs as to materials or procedures that have been expressly specified by PETCO, PETCO shall indemnify and save Contractor harmless from and against any loss on account of claims for infringement against Contractor provided that Contractor notifies PETCO immediately upon receiving such notice of infringement.
- 38.6 Contractor shall ensure that any Subcontracts between Contractor and Subcontractors or suppliers contain a provision of similar effect to this Article.

ARTICLE 39
TITLE

- 39.1 All materials, equipment and Drawings and Documentation covered by this Contract in respect of the Work and each part thereof, and everything intended for incorporation therein including but not limited to all process and engineering designs, drawings and specifications which Contractor prepares or causes to be prepared related to the Work, shall as soon as they are appropriated to the Work, be the sole and unencumbered property of PETCO. Contractor shall ensure that no lien or encumbrance shall arise on any of PETCO's property.
- 39.2 When title in the materials, equipment and Drawings and Documentation or part thereof passes to PETCO, Contractor shall, where practicable, clearly mark or identify same in an Approved manner stating that the said materials, equipment and Drawings and Documentation or part thereof are the property of PETCO. The PETCO Representative shall be entitled at all reasonable times to inspect the said materials, equipment and Drawings and Documentation or part thereof at all areas where the Work is being or has been performed to ensure that this Article has been observed and, if it has not been observed, to clearly mark or identify the materials, equipment and Drawings and Documentation at Contractor's cost.
- 39.3 Contractor hereby waives any liens or claims that it has or might have at any time on or against any materials, equipment and Drawings and Documentation that are or is to be incorporated into the Work.
- 39.4 Contractor acknowledges and agrees that PETCO has title to all Drawings and Documentation and information arising from the performance of the Work.

ARTICLE 40
ENTIRE AGREEMENT

- 40.1 This Contract constitutes the entire agreement between the Parties hereto and supercedes all prior negotiations, representations or agreements related to the subject matter of this Contract, either written or oral, including PETCO's bid document and Contractor's proposal(s) except to the extent they are expressly incorporated into this Contract. No changes, alterations or modifications to this Contract shall be effective unless in writing, and executed by the Parties.
- 40.2 If a Performance Guarantee is required hereunder, the Parties recognize that this Contract is subject to the execution of the Performance Guarantee.

ARTICLE 41
TIME IS OF THE ESSENCE

- 41.1 Contractor agrees that time is of the essence for this Contract and that it shall complete the Work and all portions or elements thereof within the time periods stipulated in this Contract or within approved time periods.

ARTICLE 42
NON-EXCLUSIVE AGREEMENT

- 42.1 This Contract is non-exclusive and PETCO reserves the right to engage other contractors to perform similar or identical work. Contractor shall afford such other

contractors' adequate opportunity to carry out their contracts and shall accomplish the Work in cooperation with those contractors and with PETCO.

ARTICLE 43 LIMITATION OF LIABILITY

- 43.1 Neither Party shall be liable to the other for any Consequential Loss.
- 43.2 Notwithstanding anything else contained herein, any liability attributable to the Co-Venturers or individual parties comprising Co-Venturers pursuant to this Contract shall be several, and not joint and not joint and several, in proportion to an individual party's percent interest as described in the definition of Co-Venturers.
- 43.3 A Party's liability to another Party for damages related to this Contract or the Work shall not exceed the greater of:
- (a) The Contract Price, or
 - (b) If the claim falls under the type of insurance required pursuant to this Contract, Contractor shall be liable for the higher amount of insurance mandated by this Contract.

ARTICLE 44 SURVIVAL

- 44.1 Any provision of this Contract pertaining to confidentiality or any promise by one Party to indemnify the other or to limitations of liability shall survive any termination, repudiation, or other cancellation of this Contract.

ARTICLE 45 ENUREMENT

- 45.1 This Contract shall enure to the benefit of and be binding upon the Parties and their respective legal representatives, successors and permitted assigns.

ARTICLE 46 SEVERABILITY

- 46.1 If all or any part of one or more of the provisions of this Contract is or becomes invalid, illegal or unenforceable in any relevant jurisdiction, the remaining parts or provisions of this Contract shall be, as to such jurisdiction, severable and:
- (a) the validity, legality or enforceability of such remaining parts or provisions shall not in any way be affected or impaired by the severance of the parts or provisions severed; and
 - (b) The invalidity, illegality or unenforceability of all or any part of any provision of this Contract in any jurisdiction shall not affect or impair such part or provision or any other provisions of this Contract in any other jurisdiction.

**ARTICLE 47
COUNTERPART EXECUTION**

47.1 This Contract may be executed in as many counterparts as are necessary and, when a counterpart has been executed by each Party, all counterparts together shall constitute one contract.

**ARTICLE 48
JOINT AND SEVERAL**

48.1 In the event that Contractor is comprised of more than one party, each such party constituting Contractor shall be jointly and severally responsible to PETCO for all obligations and liabilities of Contractor under this Contract and shall jointly enjoy all rights of Contractor hereunder except as may otherwise be provided in Article 5 hereof.

**ARTICLE 49
SUDANIZATION PLAN**

49.1 Contractor shall submit to PETCO for approval, a Sudanization plan for Contractor's Personnel within 75 calendar days from the date PETCO requests such a plan.

49.2 In order to facilitate the training of partially qualified Sudanese nationals, PETCO shall have the right to add temporary development positions to Contractor's Personnel involved in the Work. These positions will not be considered part of the established manning level.

**ARTICLE 50
DEMURRAGE**

50.1 Contractor and PETCO shall share liability for demurrage claims according to the percentage of default or negligence of either Party. Should Contractor and PETCO fail to agree on the percentages of default or negligence, the arbitration procedures contained herein shall apply.

**ARTICLE 51
APPROVAL**

The Parties acknowledge that this Contract is subject to the approval of The Government of Sudan.

IN WITNESS WHEREOF, the Parties have executed this Contract as of the Effective Date.

For and on behalf of
PETROLINES FOR CRUDE OIL LTD

For and on behalf of

Name:

Name:

Designation:

Designation:

Witness:

Witness:

Name:

Name:

Designation:

Designation: