

**EXHIBIT III**  
**ADMINISTRATION PROCEDURE**

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**1.0 PROJECT ADMINISTRATION**

- 1.1 Contractor shall adhere to all procedures set forth herein throughout the Contract duration unless given prior Approval for alternative procedures.
- 1.2 Contractor and PETCO shall meet immediately before the execution of this Contract, and from time to time thereafter, to establish time objectives and deadlines for the Work.

**2.0 OTHER REPRESENTATIVE(S)**

- 2.1 In addition to the Contract Representative, a Party may wish to appoint other representatives for specific tasks. In such cases, the Party shall notify the other Party in writing of any such appointments and the authorities vested in such representatives.

**3.0 CORRESPONDENCE/COMMUNICATION PROCEDURES**

- 3.1 Unless otherwise specified all correspondences and transmittals shall be from Contractor Representative to PETCO Representative and vice versa.
- 3.2 Correspondence from Contractor to PETCO Representative shall have the following standard heading format as detailed:

DATE :  
FROM :  
TO : PETCO  
FAX NO. :  
ATTN. :  
COPY :  
REF. NO. : 12216  
CONTRACT TITLE : Provision of New CP Station between CP# 16 and CP# 17  
SUBJECT : \_\_\_\_\_

Correspondences from PETCO to Contractor use the same format and shall reference Contract No. 12216  
Provision of New CP Station between CP# 16 and CP# 17

#### 4.0 CHANGE ORDER MECHANISM

- 4.1 PETCO may request the contractor to provide a Change Order Proposal for PETCO's review and approval by submitting such request using the "Change Order Request" set out in Attachment 1 to this Exhibit.
  - 4.2 Contractor shall respond to any "Change Order Request" within a period of seven (7) days unless otherwise stipulated therein.
  - 4.3 When responding to a "Change Order Request" or when Contractor wishes to request a change to the Work, contractor shall prepare and submit to PETCO a Change Order Proposal in the form set out in Attachment 2 to this Exhibit including the estimated reasonable additional costs, any scheduling impact, proposed payment/pricing method, milestone payment and work schedules, quotations, drawings, etc. as appropriate.
  - 4.4 PETCO shall not reimburse Contractor for the preparation of a Change Order Proposal.
  - 4.5 PETCO shall not be obligated to agree to any Change Order Proposal.
  - 4.6 When a Change Order is to be issued pursuant to the terms of this Contract, PETCO shall issue such Change Order in the form set out in Attachment 3 to this Exhibit.
  - 4.7 In cases of extreme urgency where contractor is unable to submit a firm cost proposal without further research, PETCO may give written authorization for Contractor to proceed with a change to the Work on the basis of a cost estimate and that cost estimate shall be the limit of Contractor's authority to proceed until Contractor is able to submit a further cost estimate for PETCO's further approval. Contractor shall submit firm costs for PETCO approval as soon as practical.
  - 4.8 Change Order Request, Change Order Proposal and Change Order shall be numbered in the format shown in the Attachments to this Exhibit. Change Order Request, Change Order Proposal and Change Order related to any one matter shall all be assigned the same number.
  - 4.9 Contractor shall maintain a register of Change Order Request, Change Order Proposals and Change Order that shall include the following in tabular form:
    - 4.9.1 Number and issue date
    - 4.9.2 Brief description of the relevant change
    - 4.9.3 Date received or submitted
    - 4.9.4 Date approved or rejected by PETCO
    - 4.9.5 Effect on Contract Price and Rates
    - 4.9.6 Relevant remarks
- Contractor shall keep this register current and issue a copy of it regularly to PETCO Representative.
- 4.10 Contractor shall track and follow-up on all Change Order Proposals, Change Order Request and Change Order.

## **5.0 REPORTING**

- 5.1 Contractor shall keep PETCO fully informed on all aspects of the Contract that affect Work.

## **6.0 WORKING LIAISON**

- 6.1 A meeting shall be held immediately following Contract award to establish a mutually agreeable system of communications and routine procedures consistent with this Contract.
- 6.2 The operations of Contractor shall not delay the progress of the PETCO's operations.

**ATTACHMENT 1 – CHANGE ORDER REQUEST**

To: CONTRACTOR  
RE: CHANGE ORDER REQUEST NO. \_\_\_\_\_  
CONTRACT NO.: 12216

The following Change Order Request No..... to Contract No. 12216: is hereby presented as a request for contractor to prepare a Change Order Proposal for PETCO's review based on the following:

- 1) Portion of Contract Affected  
(List the part of Contract affected)
- 2) Description  
(Brief description of Change Order Request or additional services required)
- 3) Reason For Change Order Request  
(Indicate who initiated Instruction)
- 4) Action Requested  
(Specify that this is a request for Change Order Proposal submission with or without cost impact, but that it is not a direction to proceed with the Work)
- 5) References  
(Include reference to Work correspondence, any interim authorizations, etc.)

**PETCO**

**CONTRACTOR**

Issued by

Acknowledge receipt by

\_\_\_\_\_

\_\_\_\_\_

Name \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

**ATTACHMENT 2 - CHANGE ORDER PROPOSAL FORMAT**

To: PETROLINES FOR CRUDE OIL LIMITED  
RE: CHANGE ORDER PROPOSAL NO. \_\_\_\_\_  
CONTRACT NO.: 12216

The following Change Order Proposal No..... to Contract No.: 12216 is hereby presented for your consideration:

- 1) Portion of Contract Affected  
(List the part of Contract affected)
- 2) Description  
(Brief description of change or additional services being authorized)
- 3) Reason For Change  
(Indicate who requested change reason - e.g. change in program, operability, etc.)
- 4) Type of Change  
(Specify increase or decrease in contractor's cost for material or labour and for payment and cost build up as per Contract)
- 5) Effect on Contract Price  
(Provide approximate allocation of cost both direct and indirect)
- 6) Effect on Contractor's Guarantees  
(Specify effect)
- 7) Scheduling Impact
- 8) References  
(Include reference to Works correspondence, any interim authorizations, and Contractor's estimate for the change)

**PETCO**

**CONTRACTOR**

Issued by

Acknowledge receipt by

\_\_\_\_\_

\_\_\_\_\_

Name \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

**ATTACHMENT 3 - CHANGE ORDER FORMAT**

To: CONTRACTOR  
RE: CHANGE ORDER NO. \_\_\_\_\_  
CONTRACT NO.: 12216

The following Change Order to Contract No.: 12216 is hereby authorized in accordance with change Order Proposal No.: \_\_\_\_\_, dated \_\_\_\_\_ and Article \_\_\_\_\_ of the Contract.

- 1) Portion of Contract Affected  
(List the part of Contract affected)
- 2) Description  
(Brief description of Change or additional services being authorized)
- 3) Reason For Change  
(Indicate who requested change, reason - e.g. change in program, operability, etc.)
- 4) Type of Change  
(Specify increase or decrease in Contractor's cost for material or labour and for payment and cost build up as per Contract)
- 5) Effect on Contract Price  
(Provide approximate allocation of cost both direct and indirect)
- 6) Scheduling Impact
- 7) Effect on Contractor Guarantees  
(Specify effect)
- 8) References  
(Include reference to Works correspondence, any interim authorizations, and Contractor's estimate for the change)

**PETCO**

**CONTRACTOR**

Issued by

Acknowledge receipt by

\_\_\_\_\_

\_\_\_\_\_

Name \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

- END OF EXHIBIT III -