

## **UGER OILFIELD RENTAL SOLUTIONS - TERMS & CONDITIONS**

### **1.0 Interpretation**

Customer means the entity represented by its authorized representative who accepts a quotation from UGER LLC or any of its affiliated entities ("UGER") for the rental ("Rental") of the equipment ("Equipment") described in the quotation.

### **2.0 Basis of the Rental**

**2.1** UGER agrees to rent to Customer, and Customer agrees to rent from UGER, the Equipment, subject to the terms and conditions contained herein ("Terms"), regardless whether Customer attaches directly or indirectly any other terms and conditions prior to, during or following completion of the Rental. Any such Customer terms and conditions that conflict with these Terms shall be null and void and have no effect with respect to the Rental of the Equipment. No variation to these Terms shall be binding on either UGER or Customer unless agreed in writing between the authorized representatives of Customer and UGER.

**2.2** UGER employees or agents are not authorized to make any representation, nor give advice or recommendations concerning the Equipment as to storage, handling, application or use of the Equipment. In accepting the written quotation for the Equipment, Customer acknowledges that it does not rely upon, and waives any claim for breach of, any such representations or any other representation that is not in writing from an authorized UGER manager.

**2.3** Customer shall at all times use the Equipment with due care and attention and in full conformity with the manufacturer's specifications. Customer shall not permit the use of the Equipment (a) for purposes other than those for which it was designed, (b) for any illegal purpose or (c) for any purpose that will invalidate the insurance coverage of the Equipment. Customer shall ensure that only qualified technicians/persons are permitted to use and operate the Equipment. **Customer shall ensure that only hydraulic oil will be used in BOP closing units.**

### **3.0 Possession & Sub-leasing**

Customer shall not, without the prior written consent of UGER, sub-rent or otherwise deliver, transfer, or relinquish, possession of the Equipment other than for the sole purpose of repairs or maintenance and that too, only as previously authorized by UGER in writing.

### **4.0 Period of the Rental**

The Rental of the Equipment shall commence on delivery in accordance with Article 9 of these Terms and shall terminate on the return of the Equipment to UGER by Customer subject to these Terms ("Rental Period").

### **5.0 Orders & Specifications**

The quantity, quality and description of and any specification for the Equipment shall be those set out in the UGER quotation.

### **6.0 Pre-Delivery Cancellations**

If Customer cancels an order after accepting UGER's quotation, and UGER has already initiated activities of preparing the Equipment for delivery to Customer, a cancellation charge shall be payable by Customer consisting of documented service facility costs plus fifteen (15%) per cent and documented transportation costs back to UGER's facility. Alternatively, and at UGER's sole option, the quoted Rental Amount shall be payable for a minimum period of three (3) days.

## **7.0 Rental Amount for the Equipment**

- 7.1** The Rental Amount of the Equipment shall be UGER's quoted amount as of the date of Customer's acceptance of such quote ("Rental Amount"). All Rental Amounts quoted are valid for Thirty (30) days unless another period is mentioned on the quotation. Damaged, used or destroyed BOP rubber packings or elements, ring gaskets, elastomers and other consumables including those used for any test of the Equipment will be charged to Customer at the prices indicated on the quotation. Unless otherwise specified on the quotation all costs for transportation of the Equipment from UGER's point of delivery to and from Customer's nominated location, including but not limited to handling, provision of cranes, slings & dogs, transportation, duties and levies, clearance charges, taxes, VAT, insurance, or any other related expenses shall be charged to Customer at documented cost plus ten (10) per cent.
- 7.2** Any tax, duty or levy, whether now in force or to be enacted or levied in the future (excepting solely any tax based on UGER net income levied in Oman) based on or measured by the charges for the Equipment furnished hereunder, shall be in addition to the Rental Amount and shall be paid by Customer. Such applicable taxes or levies include but are not limited to any value added tax, excise tax, permit fees, import and export duties or similar fees, and license fees, all of which shall be at Customer's sole expense.
- 7.3** All Rental Amounts and any other amounts payable by Customer hereunder shall be paid without any set-off, withholding, counterclaim or deduction whatsoever and shall be free from any taxes or other deductions, unless any such deduction be compelled by law. In such event, Customer shall pay to UGER such further amounts as may be necessary, in order that the net amounts received by UGER after such deduction shall equal the amounts which UGER would have received in the absence of such deduction, withholding or tax.
- 7.4** Should UGER agree to deliver the Equipment other than in accordance with Article 9.1 (i.e. Ex Works), Customer shall bear UGER's charges for transportation, packaging and insurance of the Equipment during transit.

## **8.0 Terms of Payment**

- 8.1** UGER shall be entitled to invoice Customer monthly and immediately upon completion of the Rental period for the Rental Amount and any other charges applicable under these Terms.
- 8.2** Customer shall pay UGER within Forty Five (45) days from the date of receipt of UGER's invoice ("Due Date").
- 8.3** If Customer fails to pay by the Due Date, without prejudice to any other rights or remedies available to UGER, then UGER shall be entitled to: **(a)** Cancel the Rental of the Equipment to Customer; and/or **(b)** Appropriate any payment made by Customer in relation to the Equipment (or any equipment supplied under any other arrangement between Customer and UGER) as UGER may think fit; and/or **(c)** Charge Customer interest (from the date of such delinquency) on the amount unpaid, at a rate equal to the lesser of (i) two (2%) percent per annum above HSBC Bank Middle East base rate from time to time published and (ii) the highest lawful rate permitted by applicable law, until payment is made in full (a part of a month being treated as a full month for the purpose of calculating interest); and/or **(d)** At any time, require Customer to deliver the Equipment as UGER may direct and, if Customer fails to do so within seven (7) days, enter Customer's premises and repossess the Equipment. Such entering of Customer's premises shall not be a trespass and Customer shall waive, and shall hold UGER harmless against, any claims it may have against UGER arising out of or in connection with such actions.

**8.4** Customer shall pay all amounts due to UGER under the Post Rental as provided as shown below in section 14.5. Without prejudice to the foregoing, Customer shall ensure that all payments are received in confirmed, cleared funds within a period of net Forty Five (45) days to UGER's bank account in Muscat or, if applicable, such other account as is mentioned on the quotation.

## **9.0 Delivery**

**9.1** Delivery of Equipment shall be Ex Works in accordance with Incoterms (latest version at date the quotation is accepted by Customer) within seven (7) days after UGER has notified Customer that the Equipment is ready for collection unless provided otherwise in writing and signed by an authorized representative of UGER. Upon receipt of UGER notification, Customer shall obtain (and, if requested by UGER, shall provide proof of insurance) evidencing all risks insurance coverage for the Equipment prior to its removal from UGER's premises. Such insurance shall name UGER as an additional insured under Customer's insurance and include waivers of all rights of subrogation against UGER and its affiliated companies.

**9.2** If Customer fails to collect the Equipment within seven (7) days of receipt of UGER's notification or fails to give adequate delivery instructions at the time stated for delivery (unless such failure is caused by reason of any cause beyond Customer's reasonable control or by reason of UGER's fault) then, without prejudice to any other rights or remedies available to UGER, UGER may store the Equipment until actual delivery and charge Customer for the Rental Amount and reasonable costs (including insurance) of storage.

## **10.0 Risk & Title**

**10.1** Risk of damage to or loss of the Equipment shall pass to Customer upon the following events:

- (a) In the case of Equipment to be collected from UGER's premises, at the time UGER notifies Customer that the Equipment is available for collection; or
- (b) In the case of Equipment to be delivered other than in accordance with Article 9.1, at the time of delivery or, if Customer wrongfully fails to take delivery of the Equipment, at the time UGER has tendered delivery of the Equipment.
- (c) All cost of insurance for the Equipment during such time shall be charged to Customer's account.

**10.2** Unless and until any Equipment is sold to Customer in accordance with UGER's Terms & Conditions of Sale, then, notwithstanding delivery and the passing of risk for the Equipment to Customer, nor any other provision of these terms and conditions, the Equipment shall at all times be the property of UGER and UGER retains all rights of ownership to all Equipment. Nothing in these Terms shall have effect or be deemed to have effect to pass title or beneficial ownership of the Equipment from UGER.

## **11.0 Warranties & Liabilities**

**11.1** Customer rents the Equipment on an "as is where is" basis and Customer's acceptance of delivery from UGER shall be conclusive evidence that the Equipment is complete, in good order and condition, of merchantable quality and fit for its ordinary purpose.

**11.2** Customer acknowledges and agrees that the Equipment has been designed, manufactured, assembled and constructed without reference to or involvement of UGER and that Customer, after satisfying its own due diligence, has elected to rent the Equipment from UGER.

**11.3** Customer acknowledges and agrees that UGER has not made or given, nor shall be deemed to have made or given any representation, warranty or covenant, expressed or implied (whether statutory or otherwise), as to the value, quality, durability, condition, design, operation,

description, merchantability, fitness for use or purpose or suitability of the Equipment or any part thereof, as to the absence of latent or other defects, whether or not discoverable, as to the absence of any infringement of any patent, trademark or copyright, or any other representation or warranty whatsoever, express or implied, with respect to the Equipment, all of which UGER hereby expressly excludes and disclaims, and all warranties, conditions or other terms implied by applicable law are excluded to the fullest extent permitted by law.

**11.4** Notwithstanding anything to the contrary herein or at law, UGER and its officers, directors, employees and agents (“UGER Group”) shall not be liable to Customer for any consequential, incidental, indirect or punitive damages of any kind or character, including, but not limited to, loss of use, loss of profit, loss of revenue, loss of productivity, loss of efficiency, acceleration, and loss of product or production howsoever arising under the Rental of the Equipment or as a result of, relating to or in connection with the use of the Equipment, whether or not such damages are the result in whole or in part from the sole, concurrent, or partial negligence of any person or party, including the UGER Group, or for pre-existing conditions (patent or latent), breach of statutory duty, strict liability or any other theory of legal liability.

**11.5** UGER shall not be liable to Customer nor shall UGER be deemed to be in breach of these Terms by reason of any delay in performing, or failure to perform, any UGER obligation in relation to the Equipment if the delay or failure was due to any cause beyond UGER’s reasonable control. Without prejudice to the generality of the foregoing, the following shall be regarded as causes beyond UGER’s reasonable control: **(a)** Act of God, explosion, flood, tempest, fire or accident; **(b)** War or threat of war, sabotage, insurrection, civil disturbance or requisition; **(c)** Acts, restrictions, regulations, by-laws, prohibitions or measure of any kind on the part of any governmental, parliamentary or local authority; **(d)** Import or export regulations or embargoes; **(e)** Strikes, lock-outs or other industrial actions or trade disputes (whether involving employees of UGER or any third party); **(f)** Difficulties in obtaining raw materials, labor, fuel, parts or machinery; and **(g)** Power failure or breakdown in machinery.

## **12.0 Indemnity**

**12.1** Customer shall indemnify, defend and hold harmless UGER Group from and against any and all claims, costs, suits, damages, losses, injuries or liabilities (“Losses”) that may be imposed on, incurred by or asserted against UGER Group in any way relating to or arising out of the Rental or Customer’s use of the Equipment or the performance of UGER’s duties hereunder, unless such Losses directly result from the gross negligence or willful misconduct of UGER or its employees.

**12.2** Without prejudice to any other right or remedy available to UGER, UGER shall be entitled to cancel the Rental and repossess the Equipment without any liability to Customer and, if the Equipment has been delivered and the Rental Amount has not been paid, the Rental Amount shall become immediately due and payable notwithstanding any previous agreement or arrangement to the contrary, if: **(a)** Customer is in breach of these Terms; and/or **(b)** Customer makes any voluntary arrangement with its creditors or becomes subject to an administration order or (being an individual or firm) becomes bankrupt or (being a company) goes into liquidation (other than voluntarily solely for the purposes of amalgamation or reconstruction); and/or **(c)** upon an encumbrance takes possession, or a receiver is appointed, of any of the property or assets of Customer; and/or **(d)** Customer ceases, or threatens to cease, to carry on business; and/or **(e)** UGER reasonably believes that any of the events mentioned above is about to occur in relation to Customer and notifies Customer accordingly.

### **13.0 Loss & Damage**

**13.1** Should the Equipment suffer any damage during the Rental Period, Customer shall promptly give notice thereof to UGER and the cost of repair of such damage shall be charged to Customer. Repairs or technical changes deemed necessary during the Rental Period will be carried out at the cost of Customer. Customer may perform such repairs or technical changes only after prior written agreement has been obtained from UGER. Customer is responsible for expert execution of all such repairs or changes.

**13.2** Customer is responsible for any damage to or loss of the Equipment during the Rental Period, including without limitation for: **(a)** Equipment lost down-hole ("LIH"); and/or **(b)** Equipment damaged beyond repair ("DBR"); and/or **(c)** Equipment not returned to UGER; and/or **(c)** Equipment returned and subsequently rejected by UGER; regardless whether such damage or loss is attributable to Customer's negligence, or the negligence of Customer's employees, servants, agents or clients. In case any Equipment so LIH, DBR, not returned or rejected, Customer shall pay UGER an amount equal to the lost-LIH-DBR price indicated in the quotation or as subsequently advised by UGER. Customer shall also be liable for the continued accrued Rental Amount until the day written confirmation is received and accepted by UGER verifying that the relevant Equipment is LIH, lost or DBR.

**13.3** Cause for rejection by UGER and/or for any Equipment being deemed DBR ("Cause") includes, without limitation, conditions that are patent and obvious, physical damage, latent damage, damage caused by careless handling or packing and other conditions generally accepted in the oilfield including excessive wear, tear or damage, exposure to H<sub>2</sub>S, CO<sub>2</sub>, abrasive or corrosive wellbore fluids, corrosive drilling mud or any acids or alkalis, damage from excessive jarring, damage from fishing operations, damage from excessive temperature or pressure exposure or any caking with cement or other drilling or wellbore fluids.

**13.4** Any Equipment or part thereof (including all consumables supplied pursuant to the Rental) to be sold to Customer shall be sold subject to UGER's Terms and Conditions of Sale.

### **14.0 Delivery Terms**

**14.1** In these Terms, 'Incoterms' means the International Rules for the Interpretation of Trade Terms of the International Chamber of Commerce in force on the date the quotation is accepted by Customer. Unless the context requires otherwise, terms not defined herein but which are defined under Incoterms shall have the same meaning ascribed to them in Incoterms. However, to the extent there is a conflict between the provisions of Incoterms and these terms and conditions, the latter shall prevail.

**14.2** Customer shall be responsible for complying with any legislation or regulations governing the importation of the Equipment into the destination country and for the payment of any duties.

**14.3** Customer shall be responsible for testing and inspection of the Equipment at UGER's premises before removing the Equipment. Customer shall be liable for any defect or condition in the Equipment which would be apparent on inspection and which is discovered after its removal from UGER premises.

**14.4** During the Rental Period Customer shall provide UGER with such information concerning the location, condition, use and operation of the Equipment as UGER may require at any time, and shall also provide UGER access to the Equipment for the purpose of inspecting the Equipment and examining the condition thereof and the records maintained in connection therewith.

**14.5** All Equipment returned to UGER shall be in as good condition as when it was delivered to Customer (normal wear and tear excepted, which for the avoidance of doubt shall exclude those conditions indicated in Clause 13.2 hereof as being conditions of Cause). Upon its return, the Equipment shall be inspected by a recognized third party and, if necessary, shall be repaired by a reputable third party. All costs pertaining to such inspection including the cost of the inspection, repairs, pressure testing and transportation to and from the third party's location shall be charged to Customer at documented cost plus ten (10) per cent. Customer acknowledges and agrees that such third party will be selected and appointed by UGER.

#### **15.0 Severability**

If any provision of these Terms is judged to be invalid, illegal or unenforceable in whole or in part by a competent authority the validity, legality and enforceability of the other provisions of these Terms and the remainder of the provisions in question shall not be affected thereby.

#### **16.0 Confidentiality**

The Parties shall keep confidential these Terms and any and any other confidential information that each Party may acquire in relation to the business or affairs of the other. Neither Party shall use the other Party's confidential information for any purpose other than to perform its obligations under these Terms. The Parties shall ensure that their officers and employees comply with the provisions of this Article 16. The obligations on a Party set out in this Article 16 shall not apply to any information which: **(a)** Is publicly available or becomes publicly available through no act or omission of that Party; or **(b)** The Party is required to disclose by order of a Court of competent jurisdiction or otherwise as required under applicable law.

#### **17.0 Notices**

Any notice required or permitted to be given by either Party to the other Party under these Terms shall be in writing addressed to that other Party at its registered office or principal place of business or such other address as may at the relevant time been notified pursuant to this provision to the Party giving the notice.

#### **18.0 Waiver**

No waiver by UGER of any breach of these Terms shall be considered as a waiver of any subsequent breach of the same or of any other provision hereof.

#### **19.0 Dispute Resolution**

Any dispute arising under or in connection with these Terms shall be referred to arbitration by a single arbitrator appointed by agreement of the Parties or, in default, nominated on the application of either party by the President for the time being of the Oman Chamber of Commerce, in accordance with the rules of Commercial Conciliation and Arbitration of the Oman Chamber of Commerce.

#### **20.0 Governing Law**

This Agreement and its Terms & Conditions shall be governed by the laws of the Sultanate of Oman or, in the absence of applicable law, by the laws of England and Wales.