

## PO Terms and Conditions (Teesside only) Rev. September 2009

### Definitions

1.1 "Affiliate" means any company or other entity controlled by, having control of or under common control with a party hereto. "Control" means the right to exercise directly or indirectly the vote of 50% or more of the voting shares.

1.2 "Buyer" means ConocoPhillips Petroleum Company U.K. Limited or as otherwise identified in the Purchase Order, and the Buyer's successors and assigns.

1.3 "Buyer Group" means (i) Buyer and its Affiliates receiving any Goods or Services pursuant to the Purchase Order, (ii) Buyer's Coventurers, (iii) Buyer's suppliers and contractors (other than Supplier) and their subcontractors who are engaged to provide goods and/or services for the project in connection with which the Goods and Services are provided and (iv) the respective employees, officers, directors and agents of all of the foregoing. Where Supplier is providing Goods or Services that requires performance by Supplier solely at sites, other than Buyer Group sites, the following definition of Buyer Group shall apply: (i) Buyer and its Affiliates, (ii) Buyer's Coventurers, and (iii) the respective employees, officers, directors and agents of all of the foregoing.

1.4 "Claim" means any claim, demand, proceeding, judgment, loss, cost, expense, penalty, award of damage or liability (including, without limitation, reasonable legal costs and expenses and sums paid by way of settlement and compromise where such settlement or compromise was reasonable).

1.5 "Consequential Loss" means any of the following

(a) loss or deferment of revenue or profit; loss of or anticipated loss of or failure to obtain any contract, (b) 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, and

(c) any Claim resulting from or arising out of any of the foregoing; howsoever arising whether as a consequence of any breach of duty (statutory or otherwise), whether under contract, tort (including negligence), equity or otherwise.

1.6 "Coventurers" means any entity from time to time having an interest in the joint venture (and being a party to the joint operating, unit operating or other agreement governing the joint venture's operations) under which, and on behalf of whom, the Goods and Services are being provided and the successors and assignees of such entity.

1.7 "Goods" means the goods to be delivered by the Supplier as described in the Purchase Order and shall include any materials, components, data, drawings, and documentation as required by Buyer.

1.8 "Force Majeure" means any circumstance or event which the continuation of or the consequences of are beyond the reasonable control of the party concerned, which renders such party unable to fulfil any of its obligations under the Purchase Order, and which such party could not reasonably have prevented, anticipated or provided against.

1.9 "Price" means the price of the Goods and/or Services appearing in the Purchase Order.

1.10 "Purchase Order" means the contract between the parties for the supply of the Goods and/or Services, which includes these general terms and conditions, any additional terms and conditions and any amendments agreed by both parties.

1.11 "Services" means the services, operations to be performed and the equipment (which may be by way of rental by Buyer from Supplier) and personnel to be provided by Supplier, as described in the Purchase Order.

1.12 "Specification" includes any plans, drawings, data or other information relating to the Goods or Services attached to or referred to in the Purchase Order.

1.13 "Supplier" means the party so described in this Purchase Order.

1.14 "Supplier Group" means (i) Supplier and its Affiliates providing all or part of the Goods or Services under the Purchase Order, (ii) the participating companies in any joint venture with Supplier for providing part or all of the Goods and/or Services, (iii) Supplier's subcontractors of any tier providing part or all of the Goods and/or Services, (iv) any of subcontractors' Affiliates involved in providing all or part of the Goods and/or Services, and (v) the employees, officers, directors and

agents of all of the foregoing.

### **Basis of the Purchase**

2.1 Buyer shall acquire and Supplier shall provide the Goods and/or Services in accordance with the Purchase Order.

2.2 Buyer makes the Purchase Order on behalf of itself and as agent and trustee for each of its Coventurers. Supplier agrees to look only to Buyer for the performance of the Purchase Order. Supplier may not commence any proceedings against any Coventurer. Buyer may enforce the Purchase Order against Supplier and Buyer shall be entitled to recover from Supplier on its own behalf and on the behalf of any Coventurer.

### **Specifications of the Goods and Conduct of the Services**

3.1 The Supplier shall perform its obligations under the Purchase Order in a skilful and workmanlike manner. The quantity, quality and description of the Goods and the Services shall be as specified in the Purchase Order and/or in the applicable Specifications and to the satisfaction of the Buyer, who may reject any Goods and/or Services which are not in accordance with the Purchase Order or the Specifications. Supplier shall furnish at no extra cost all equipment and any other items necessary to perform the Services or provide the Goods. Supplier shall deliver the Goods and/or complete the Services within the time specified in the Purchase Order or within a reasonable time if no time is specified.

### **Inspection and Testing of Goods**

4.1 Buyer may inspect, review and/or test the Goods and the Services at all reasonable times during manufacture, processing, storage or otherwise and Supplier shall provide Buyer with all facilities and assistance reasonably required for such inspection and testing. Notwithstanding any such inspection or testing, the Supplier shall remain fully responsible for the Goods and/or Services and such inspection or testing shall not diminish or affect the Buyer's rights under or pursuant to the Purchase Order. Buyer shall inform Supplier if the Goods and/or Services, or any parts thereof, do not comply with the Purchase Order.

4.2 If Buyer is not satisfied that the Goods and/or Services, in whole or in part, will comply in all respects with the Purchase Order, Supplier shall forthwith take all steps as are necessary as directed by Buyer to ensure compliance, without prejudice to any other rights of the Buyer (including the rights the Buyer is entitled to exercise pursuant to Clause 9.2 hereof).

4.3 Failure of Buyer to inspect, test or bring to the attention of Supplier any defect or non-conformance of the Goods or Services shall in no way relieve Supplier of his obligations hereunder.

### **Delivery of Goods**

5.1 Supplier shall deliver the Goods to the address shown in the Purchase Order on the date or within the period stated in the Purchase Order, during the usual business hours of Buyer. A packing note quoting the number of the Purchase Order must accompany each delivery.

5.2 Delivery shall be in accordance with the instructions of Buyer. Supplier shall be responsible for providing suitable protection and packing for Goods to ensure their safe arrival at the delivery address in an undamaged condition. Buyer shall not be obliged to return to Supplier any packaging or packing materials.

5.3 To the extent that any Goods contain toxic, corrosive or other materials hazardous to health or property, a prominently displayed notice to that effect must accompany each delivery of the Goods.

5.4 Title and interest in the Goods and any materials intended to form part of the Goods and the Specifications shall pass from Supplier to Buyer upon the earlier of (i) the date the Goods or any part thereof or the Specifications are paid for by Buyer, (ii) on their proper delivery to Buyer or (iii) as soon as the manufacture or preparation of such Goods, materials or Specifications begins or such materials are allocated to the Purchase Order. If Buyer rejects the Goods pursuant to Clause 3.1 hereof, Supplier shall reimburse Buyer for any amounts that Buyer may have paid for such rejected Goods and title in the rejected Goods shall revert to Supplier.

5.5 Notwithstanding the terms of Clause 10.2, risk of loss or damage to the Goods and any other material, equipment and Specifications intended for incorporation into the Goods, including any supplied by or on behalf of the Buyer, shall remain with Supplier until acceptance of the Goods or any part thereof by Buyer at the agreed delivery address. In no event shall Buyer be deemed to have accepted any Goods until Buyer has had a reasonable time to inspect them following delivery or until after any latent defect in the Goods has become apparent to Buyer.

5.6 The Supplier, at his expense, shall take good care of all Goods and any other material and equipment and Specifications used in the performance of the Purchase Order or intended for incorporation into the Goods, including any supplied by or on behalf of the Buyer. Where appropriate, Supplier shall place the Goods and such Specifications, material and equipment under cover or construct adequate storehouses as necessary for its proper protection and take all reasonable measures to protect against theft, fire and other hazards. Supplier shall store such Goods, Specifications, materials and equipment separately from all other supplies, materials and equipment and shall mark them as being the property of the Buyer.

Buyer shall ensure that a provision to the same effect as Clauses 5.4, 5.5 and 5.6 hereof shall be contained, mutatis mutandis, in all subcontracts relating to the performance of any part of the Purchase Order.

### **Price**

6.1 The Price shall be as stated in the Purchase Order and, unless otherwise so stated, shall be exclusive of any applicable Value Added Tax (which shall be payable by Buyer subject to receipt of a VAT invoice) but inclusive of any charges for packaging, packing, shipping, carriage, insurance and delivery to the delivery address of Buyer stated on the Purchase Order and any duties, imposts or levies as applicable, other than Value Added Tax.

6.2 No increase in the Price (whether on account of increased material, labour or transport costs, fluctuation in rates of exchange or otherwise) or variation may be made to the Purchase Order without the prior written consent of Buyer.

6.3 Buyer shall be entitled to any discount for prompt payment, bulk purchase or volume of purchase customarily granted by Supplier.

### **Terms of Payment**

7.1 Unless otherwise agreed in the Purchase Order, Supplier may invoice Buyer for the Price on or at any time after the delivery and acceptance of the Goods or satisfactory completion of the Services, as the case may be. Each such invoice shall be submitted to the address specified for such purpose in the Purchase Order and shall quote the number of the Purchase Order and include supporting back up documentation. Supplier shall show cash discount terms on all invoices. Terms of payment and discount will be computed from date received in Buyer's office.

7.2 Payment of such sums as are properly invoiced in accordance with this provision shall be made in full 30 (thirty) days after receipt by Buyer of a correct invoice and shall constitute full and final compensation to Supplier and shall be Supplier's sole basis for remuneration for performance of the Services or supply of the Goods. Payment shall be in the currency identified in the Purchase Order with no allowance for variation due to currency fluctuations. No invoice received by Buyer more than 90 days, or longer where allowed by law, following completion of the delivery of the relevant Goods or completion of the relevant Services shall be eligible for payment unless Buyer at its sole discretion decides otherwise.

7.3 If Buyer disputes any invoice in whole or in part, Buyer shall promptly notify Supplier of the dispute and request a credit note to allow payment of the undisputed portion. Buyer shall withhold payment in respect of that part of the invoice which is disputed, without liability for interest. Buyer and Supplier shall endeavour to settle and adjust any disputed amount forthwith. Buyer may also set-off against the Price any sums owed to Buyer by Supplier whether under this Purchase Order or otherwise.

7.4 No payment made by Buyer shall constitute a waiver by Buyer of any breach by Supplier of any of its obligations to Buyer hereunder or prejudice the rights of Buyer to question or dispute any portion of

any invoice, and any payment withheld by Buyer shall be without prejudice to any other rights or remedies of Buyer under contract or at law.

### **Insurance**

8 Supplier shall, at its own cost, effect and maintain during the term of the Purchase Order, all such insurances as may be required by law and general public liability insurance, including contractual liability and sudden and accidental pollution coverage. The general public liability insurance shall have a limit of not less than U.S. \$1 million (or the equivalent in local currency) per occurrence. Supplier's general public liability policy will show Buyer, each of its Affiliates and Coventurers as additional assureds to match the liabilities assumed by Supplier under Clause 10 of this Agreement. Supplier's insurance shall be written or endorsed such that the insurers will have no right of recovery against Buyer Group to the extent of any indemnities granted hereunder by Supplier to Buyer Group. Supplier shall provide evidence of such insurance cover when requested by Buyer. All insurance required above shall be primary to any insurance coverage available to Buyer, each of its Affiliates and Coventurers. The above-stated minimum requirements are not intended to indicate the amounts or types of insurance that Supplier needs or may ultimately need and shall not alter or affect Supplier's liability under the Purchase Order.

### **Warranties and Liability**

9.1 Supplier undertakes and warrants and guarantees to Buyer that:

9.1.1 all Goods and/or Services will comply in all respects with the Purchase Order and the Specifications, and as required by regulations and by law, including any amendment, extension, re-enactment or replacement of statutes or statutory provisions;

9.1.2 all Goods and/or Services shall be of satisfactory quality and be fit for their intended purpose;

9.1.3 neither the Goods nor the provision of any Services infringe, nor does the importation, use or resale of any Goods infringe the patent, copyright, design right, trademark or other intellectual property rights of any other person, and Supplier shall defend, indemnify and hold harmless Buyer Group from any intellectual property Claim (except to the extent that the Claim arises from compliance with any Specification supplied by Buyer);

9.1.4 it will hold and will ensure that all members of its Group will hold in strict confidence the Specification, together with all data or other information that it receives from Buyer Group or becomes aware of belonging to the Buyer Group in connection with the Purchase Order;

9.1.5 copyright, design rights or any other intellectual property rights in or arising out of, or developed by the Supplier in connection herewith or related to the Specification or data or other information that it receives from Buyer Group shall vest exclusively in Buyer;

9.1.6 it will not disclose to and will ensure that all members of its Group do not disclose to any third party or use any such Specification or data or other information that it receives from Buyer Group or becomes aware of belonging to the Buyer Group except to the extent necessary to comply with the Purchase Order except where it is or becomes public knowledge through no fault of Supplier;

9.1.7 it will not reproduce or use and will ensure that all members of its Group do not reproduce or use the Specification or data or other information that it receives from Buyer Group or becomes aware of belonging to the Buyer Group, for any purpose unrelated to the Purchase Order without the express written consent of Buyer, and will forthwith upon request at any time and without charge deliver to Buyer any and all such data or information then in its possession;

9.1.8 it will provide all necessary equipment, supplies and suitably skilled and experienced personnel, and supplies to carry out the Services and supply the Goods in a timely and efficient manner;

9.1.9 it will comply with the policies set forth by the government and those of the Buyer related to matters of health, safety, and the environment, corporate ethics, and substance abuse, as amended from time to time, which are available at [http://www.conocophillips.no/purchase\\_orders](http://www.conocophillips.no/purchase_orders). Supplier, by its acceptance of the Purchase Order, hereby confirms it has been given a copy of or access to Buyer's said policies which are applicable to the performance of the Purchase Order.

9.1.10 it will be responsible for training and verifying that its employees and all members of its Group are properly prepared to perform the Services or provide the Goods;

9.1.11 it will be responsible for any payment, including interest, in respect of taxes assessed against the Supplier Group, and will indemnify Buyer Group therefrom.

9.2 Without prejudice to any other remedy, if any Goods and/or Services, in whole or in part, are not supplied in accordance with the Purchase Order, Buyer shall have the right, at its option, to require Supplier to supply replacement Goods or to re-perform the Services forthwith at no cost to Buyer or to treat the Purchase Order as discharged by the breach of Supplier and require the repayment of any part of the Price which has been paid or to engage, at Supplier's cost, a third party to re-perform, replace or repair any part of the Goods and/or Services. The Buyer shall be obliged to notify the Supplier of any such defects in the Goods and/or Services within thirty six months of the date of delivery of the Goods or acceptance of the Services, whichever is applicable.

9.3 Supplier shall defend, indemnify and hold harmless Buyer Group against all liability, loss, damages, costs and expenses (including legal costs and expenses) awarded against or incurred or paid by Buyer Group as a result of or in connection with breach of any warranty given by Supplier and against any fines, costs, or expenses arising from Supplier Group's failure to comply with any applicable laws, rules, or regulations.

9.4 For the avoidance of doubt this Clause 9 shall take precedence over and shall not be prejudiced by the provisions of Clause 10, which Clause is not intended to and shall not be construed as detracting from or relieving the obligations of Supplier set out in this Clause 9.

### **Risk Structure**

10.1 Supplier shall defend, indemnify and hold harmless Buyer Group from and against any and all Claims with respect to (i) the death, illness, disease, mental anguish or injury to any of the personnel of Supplier Group; (ii) the loss or destruction of or damage to any property of Supplier Group; and (iii) the loss or destruction of or damage to any property of Buyer, its Coventurers and Affiliates whilst the same is at Supplier's risk.

10.2 Buyer shall defend, indemnify and hold harmless Supplier Group from and against any and all Claims with respect to (i) the death, illness, disease, mental anguish or injury to any of the personnel of Buyer Group and (ii) the loss or destruction of or damage to any property of Buyer Group, other than as provided in sub-Clause 10.1(iii).

10.3 Clauses 10.1, 10.2, 10.4 and 10.5 apply to any death, illness, mental anguish, injury, loss, destruction or damage which arises out of or in connection with the performance of the Purchase Order and irrespective of whether caused by (i) breach of duty (statutory or otherwise), or the negligence of the indemnified party or any of the members of its Group, whether the Supplier Group or the Buyer Group, and whether such negligence be sole, joint or concurrent, active or passive, and (ii) whether the basis for any Claim is in tort, under contract, or otherwise at law.

10.4. Under no circumstances whatsoever whether by reason of any negligence, breach of duty (statutory or otherwise) or strict liability shall Buyer be liable to Supplier Group for Consequential Loss suffered by any member of Supplier Group resulting from or arising out of this Purchase Order. Supplier shall defend, indemnify and hold harmless Buyer Group from any and all Claims resulting from such Consequential Loss.

10.5. Under no circumstances whatsoever whether by reason of any negligence, breach of duty (statutory or otherwise) or strict liability shall Supplier be liable to Buyer Group for Consequential Loss suffered by any member of Buyer Group resulting from or arising out of this Purchase Order. Buyer shall defend, indemnify and hold harmless Supplier Group from any and all Claims resulting from such Consequential Loss.

### **Termination**

11.1 Buyer shall be entitled to cancel the entire Purchase Order, or any part of the Goods or Services, by giving written notice to Supplier, in which event the sole liability of Buyer shall be to pay to Supplier the part of the Price for any Goods and/or Services performed in accordance with the Purchase Order to the effective date of the notice, less the net saving of cost to Supplier arising from cancellation.

11.2 Buyer shall be entitled to cancel the entire Purchase Order, or any part of the Goods or Services, without liability to Supplier, by giving written notice to Supplier at any time if Supplier:

(i) fails or refuses to supply competent supervision or sufficient, properly skilled workers or proper materials; or

(ii) does not make proper or timely performance of the Purchase Order; or

(iii) Supplier goes into liquidation or receivership; or

(iv) otherwise prejudices or fails to carry out his obligations in accordance with the Purchase Order.

11.3 Buyer shall not be liable to pay Supplier any further monies in respect of the Purchase Order and Supplier shall be liable for and shall pay Buyer any costs, expenses or damages incurred by Buyer as a result of termination under Clause 11.2 including the additional cost of having the Goods and/or Services provided by others, if applicable.

11.4 In the event of termination, title to any Goods or materials or equipment intended to form part of the Goods or either procured for the Purchase Order or allocated to the Purchase Order by Supplier and any Specifications and other documents prepared by Supplier in connection with the Purchase Order, prior to and including the date of termination, shall vest in Buyer if not already so vested and Buyer shall be entitled to take and/or retain possession of such Goods, materials or equipment, Specifications and other documents and shall be entitled to enter the Supplier's premises or any place where the Goods, materials, equipment and Specifications are situated and take possession of the whole or any part of the same. Buyer shall ensure that a provision to this effect shall be contained, mutatis mutandis, in all subcontracts relating to performance of any part of the Purchase Order.

### **Audit Rights**

12 Buyer and its authorised representatives may at any time during the term of the Purchase Order and for four (4) years thereafter, on reasonable prior notice, have access to and audit all relevant books and records of Supplier Group for the purpose of confirming compliance by Supplier with the requirements of the Purchase Order. Buyer shall ensure that a provision to this effect shall be contained, mutatis mutandis, in all subcontracts relating to performance of any part of any individual Purchase Order.

### **Contracts (Rights of Third Parties) Act 1999**

13.1 The Contracts (Rights of Third Parties) Act 1999 shall apply only for the purpose of extending the benefit of the indemnities in Clauses 9.1.3, 9.1.11, 9.3 and 10 to the other members of the Supplier Group (other than the Supplier) and the Buyer Group (other than the Buyer) hereinafter "Beneficiary Third Parties" but the rights of such Beneficiary Third Parties shall not prevent the exercise of any right Buyer or Supplier may have to vary and/or terminate the Purchase Order, even if that results in the rights of such Beneficiary Third Parties being varied or extinguished.

13.2 In enforcing any right to which it is entitled by virtue of the Act and the provisions of the Purchase Order, the remedies of the Beneficiary Third Parties shall be limited to damages. A Beneficiary Third Party shall not be entitled to assign any benefit or right conferred on it under the Purchase Order by virtue of the Act.

### **Force Majeure**

14. In the event any party is prevented from performing any of its obligations by Force Majeure, the party's obligations shall be suspended during the period of such Force Majeure. Each party shall bear its own costs due to the Force Majeure occurrence and no compensation shall be owed Supplier for the period of Force Majeure. The party prevented from performing by Force Majeure shall notify the other as soon as possible of its inability to meet its obligations, specifying the cause of the Force Majeure and estimated extent to which the event or condition will impact performance, and shall notify the other party when such impact ceases. If the party claiming Force Majeure fails to give such notice within forty-eight (48) hours of the occurrence of the event or condition, that party may not claim Force Majeure as a defence hereunder. The party claiming a Force Majeure event or condition shall act diligently to remove or remedy such event or condition. When performance of the Purchase Order is halted by reason of Force Majeure, Buyer may terminate the Purchase Order immediately upon written notice to Supplier and Supplier shall only be entitled to compensation earned to time of notice plus any demobilisation fee expressly provided for in the Purchase Order. For the avoidance of doubt, late

delivery of services purchased equipment and/or rental equipment caused by Supplier Group or caused by inefficiency on the part of Supplier Group shall not constitute an event of Force Majeure.

### **Miscellaneous**

15.1 Supplier shall not assign or purport to assign or transfer to any other person any of its rights or subcontract any of its obligations under this Purchase Order without the prior written consent of Buyer. Said written consent shall not relieve Supplier from any of his responsibilities or obligations to Buyer under this Purchase Order.

15.2 Failure or delay by Buyer in the exercise of any rights or remedies under law or the Purchase Order shall not release Supplier from any warranties or obligations contained or referred to law or in the Purchase Order. Any waiver by either party of a breach of any requirement of the Purchase Order shall not be considered as a waiver of any subsequent breach of the same or any other requirement hereof.

15.3 The Purchase Order shall be governed by and construed in accordance with the laws of England and the parties hereto irrevocably submit to the exclusive jurisdiction of the English Courts.

15.4 The Purchase Order constitutes the entire agreement between Buyer and Supplier with regard to the Goods and/or Services, and supersedes all prior negotiations, representations or agreements relating to the Goods and/or Services, either written or oral. In particular, any terms or conditions that the Supplier may attach or refer to in any written material (including, without limitation, on any invoice or packing note) or any course of dealing between the Supplier and Buyer shall be of no effect. Any purported amendment of the terms, requirements or obligations of the Purchase Order shall be void and of no force unless it is (i) in writing, (ii) signed by duly authorised representatives of the parties and (iii) expressly refers to the specific Clause to be amended.

15.5 Supplier shall be responsible for obtaining clarification of any discrepancies, errors or omissions in the Specification or data or other information that Buyer supplies.

15.6 Supplier shall immediately notify Buyer of any delay, in the provision of the Goods and/or Services specifying cause of and probable duration.

15.7 Captions and headings used in the Purchase Order are inserted solely for convenience and shall not be taken into consideration in interpretation of the Purchase Order.

15.8 Where the context admits or requires words importing the singular shall include the plural and vice versa and references to a gender shall include every gender.

15.9 Supplier shall be an independent contractor and in no event shall Supplier nor any person in Supplier Group be considered employees or agents of Buyer.

15.10 Supplier agrees to and shall ensure that all members of its Group agree to abide by all laws, rules and regulations applicable to the Purchase Order including without limitation those applicable to exports and re-exports. When required by such laws, rules or regulations, Supplier shall apply for the necessary and appropriate export authorisations. Supplier agrees to indemnify Buyer for any fines, penalties, claims, losses, damages, costs (including legal costs), expenses, and liabilities that may arise as a result of Supplier's breach of this provision.