



General Conditions

for

Rental of Equipment

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General Conditions for Rental of Equipment

1. Application of these General Conditions

- 1.1 These General Conditions shall, whenever incorporated by reference in any written Order issued by the Hirer, apply and prevail at all times between the Parties over any other terms and conditions with respect to the rental of tools and equipment without an operator except as modified, supplemented or amended by incorporation of any special conditions into any Order. Such special conditions shall apply equally with these General Conditions but shall, in the event of conflict, prevail over the General Conditions.
- 1.2 In no event shall other terms and conditions issued by either of the Parties supersede or prevail over these General Conditions unless otherwise expressly incorporated into an Order by mutual agreement of the Parties.

2. Definitions

- 2.1 "Affiliate" shall mean any subsidiary or parent or holding company or any other subsidiary of such parent or holding company. For the purpose of this definition "subsidiary" and "holding company" shall have the meanings assigned to them under Section 736, Companies Act, 1985, as amended by Section 144, Companies Act 1989.
- 2.2 "Hirer" shall mean the person, firm or company named as the Hirer of the tools or equipment on the face of the Order.
- 2.3 "Hirer Group" shall mean and include the Hirer, its Affiliated companies, its Client and its other contractors, sub-contractors and suppliers of any tier excluding Supplier Group and its and their respective officers, directors, employees, agents, servants and insurers.
- 2.4 "Supplier" shall mean the person, firm or company to whom the Hirer has addressed the Order.
- 2.5 "Supplier Group" shall mean and include the Supplier, its Affiliated companies and its and their other contractors, sub-contractors and suppliers of any tier excluding Hirer Group and its and their respective officers, directors, employees, agents, servants and insurers.
- 2.6 "Equipment" shall mean the tools or other equipment, set out in the Appendix attached to any Order, issued by the Supplier hereunder together with all replacements and renewals thereof and any component parts and all extras, spare parts and accessories forming part thereof.
- 2.7 "Party" shall mean either the Hirer or the Supplier as may be applicable. "Parties" shall mean both Hirer and Supplier.
- 2.8 "Order" shall mean a written instruction issued by the Hirer to, and accepted by, the Supplier for the rental of Equipment and any subsequent written amendment thereto. Such Order shall detail the Equipment required, date for commencement of hire, estimated hire period, inspection requirements, applicable rates and charges (including refurbishment and lost-in-hole charges) and any special conditions applicable to the Order.

- 2.9 "Client" shall mean the person, firm or company to whom the Hirer is providing its services under contract, in which the Equipment are to be utilised.

3. Supplier's Equipment

- 3.1 All Equipment provided by Supplier under any Order is and shall at all times be and remain the sole and exclusive property of the Supplier Group. The sole right granted to the Hirer is the right to use such Equipment upon the terms and conditions contained herein or as amended by any specific Order.
- 3.2 Supplier shall provide the Equipment specified in any Order in the quantities specified therein.
- 3.3 Equipment provided by the Supplier shall be fully certified, will meet all relevant Government standards and will not have any known damage or defect such that it can perform according to the manufacturers specifications and continuously during the period of rental.

All Equipment to be used in hazardous areas shall be properly rated for area in which it is intended to be used and shall be clearly identified as to its rating.

Supplier shall maintain all certification of its Equipment throughout the duration of the hire of such Equipment and shall make copies of all inspection certificates available to the Hirer prior to or at the date of commencement of the period of hire.

- 3.4 Supplier shall, in accordance with the requirements of the Order, provide slings, baskets or containers for its Equipment. All slings, baskets or containers shall be accompanied by copies of applicable inspection certificates.
- 3.5 Supplier shall load/unload the Equipment at its yard at no cost to the Hirer.
- 3.6 Hirer shall, unless otherwise specified in the Order, be responsible for the transportation of Supplier's Equipment between the Supplier's yard and the offshore or onshore location where the Equipment is to be used and subsequent re-delivery to Supplier's yard.
- 3.7 Supplier warrants that the rental equipment provided pursuant to these General Conditions shall comply with Supplier's published specifications. This warranty is exclusive of any other liability, particularly in respect of any damage suffered because of defective rental equipment. In the event that Supplier's rental equipment fails to comply with the foregoing standards, then as Hirer's sole remedy, Supplier shall repair or replace rental equipment as may be necessary to correct any such deficiencies provided Supplier is promptly notified in writing thereof.

The Parties agree that all other warranties, expressed or implied, including warranties of fitness for a particular purpose and merchantability are excluded. All warranties and obligations of Supplier shall terminate if: (i) Hirer fails to perform its obligations under these General Conditions between the parties; (ii) Hirer fails to pay any charges otherwise due Supplier under these General Conditions; (iii) Hirer uses the equipment for an unauthorised or unintended purpose; or (iv) Hirer alters or repairs the equipment without the prior written consent of Supplier.

4. Assignment

- 4.1 Supplier shall not, other than to an Affiliated company, assign or sub-contract any part of the Order without the prior written approval of the Hirer which approval shall not be unreasonably withheld or delayed.
- 4.2 In the event of any assignment or subcontracting of all or any part of the Order, Supplier shall remain responsible and liable to the Hirer for the Equipment to be provided under any Order to the same extent that Supplier would otherwise have been responsible or liable if Supplier itself had provided such Equipment from within its own resources.
- 4.3 The Hirer shall have the right to assign any Order to the Client to whom the Hirer is providing its services. Supplier shall agree to and shall co-operate fully with the Hirer and the Client in execution of such assignment of the Order.

5. Use and Maintenance of the Equipment

- 5.1 The Hirer shall use the Equipment in a proper and skilful manner and shall comply with all the requirements of the law relating to the possession, use, routine maintenance or safety of the Equipment.
- 5.2 Supplier shall, prior to the commencement of the period of hire, inform the Hirer of what measures need to be taken to generally maintain the Equipment in good working order (for example lubrication of moving parts). The Hirer shall be solely responsible for the maintenance of the Equipment whilst such Equipment is under its control and shall comply with measures notified by the Supplier.

6. Breakdown of Equipment

- 6.1 In the event of Equipment failure or breakdown, the Hirer shall return such Equipment to the Supplier. Supplier shall, upon request from the Hirer, provide substitute Equipment to fulfil the Hirer's requirements.
- 6.2 The rental charges for the Equipment shall be suspended for each day or pro rata for part days of breakdown following notification of breakdown and shall be reinstated, subject to Clause 13, following repair or replacement of the Equipment.
- 6.3 All costs and expenses incurred by Supplier in effecting such repairs shall, except where such failure or breakdown was due to either normal wear and tear or the act or omission of the Hirer, be borne by the Supplier.

7. Reconditioning, Redress and/or Repair

Any reconditioning, redress and/or repair of Equipment necessary to return the Equipment to the same condition that it possessed prior to the commencement of the period of hire, fair wear and tear included, shall be carried out by Supplier at its own cost, except to the extent specified in any Order as being to the cost of the Hirer.

Reconditioning, redress and/or repair to be carried out at the cost of the Hirer shall only be carried out with

the prior written consent of the Hirer following agreement as to the extent and cost of necessary reconditioning, redress or repair.

No payment of rental for Equipment shall be due by the Hirer to the Supplier during any period of reconditioning, redress and/or repair.

8. Loss or Destruction of the Equipment

8.1 If the Equipment is lost or is destroyed or damaged beyond repair for any reason including due to the sole, concurrent or contributory negligence of the Hirer then, subject to the provisions of Clause 8.2, the Hirer may terminate the rental of the item of Equipment that has been lost, destroyed or damaged beyond repair pursuant to Clause 9 hereof.

8.2 If the Equipment is lost or damaged beyond repair whilst in the care, custody or control of the Hirer Group, including whilst being transported to and from, or at, the location of the well, and whilst in the hole then, except to the extent resulting from fair wear and tear or latent defect, the Hirer shall reimburse the Supplier for the costs of replacing such Equipment at the new replacement cost of such Equipment less depreciation calculated at the rate of 1% per calendar month, or such other rate as may be stated in any Order, from the date which the lost or damaged Equipment was first used up to a maximum depreciation not exceeding 50%.

Where Equipment is subject to substantial renewal and refurbishment of component parts after each usage no depreciation shall allowable against the replacement costs of such Equipment. The replacement costs of such Equipment shall be specified in the Order.

8.3 No payment of rental for Equipment shall be due by the Hirer to the Supplier for any period following termination of hire due to loss or destruction of the Equipment.

9. Termination

9.1 In the event that Supplier is unable to repair or replace any Equipment that has failed or broken down the Hirer shall have the right to terminate the Order in whole or in part by giving written notice to the Supplier.

9.2 Either party may terminate any Order with immediate effect if (a) the other Party is in default of any of its material obligations under these General Conditions or under the relevant Order; or (b) the other Party becomes apparently insolvent, is wound up (other than for purposes of reconstruction while solvent), suffers a liquidator, receiver or administrator to be appointed to its undertaking or any part thereof or enters into any composition with its creditors.

9.3 The Hirer reserves the right to terminate an Order for rental of the Equipment at any time, for any reason whatsoever, at its sole discretion, by giving not less than seven days written notice to the Supplier. In such event, the Hirer shall reimburse all costs and expenses reasonably incurred by the Supplier in giving effect to such termination and shall pay to the Supplier any applicable early termination charges specified in the Order together with any costs reasonably and properly incurred by the Supplier in the cancellation of orders with its own sub-contractors.

10. Liens

The Hirer shall indemnify and hold the Supplier harmless from and shall keep the Supplier's Equipment free and clear of all liens, claims, assessments, fines and levies incurred, created, caused or committed by the Hirer Group.

11. Liabilities and Indemnities

11.1 Subject to Clause 11.2, Supplier and Hirer shall each be responsible for and shall save, defend, indemnify and hold harmless the Hirer Group and the Supplier Group respectively, from and against any and all claims, liabilities, costs (including legal costs), damages and expenses of every kind and nature howsoever arising in respect of (i) personal injury to or sickness, illness, disease or death of any member of their respective Group; and, (ii) loss of or damage to any property procured, owned, hired or leased by their respective Group (excluding, as provided in Clause 11.2 below, the Equipment provided by the Supplier under any Order), as a result of or arising out of or relating to or in connection with any Order, irrespective of cause and irrespective of the sole or contributory negligence or breach of duty (contractual, statutory or otherwise) or any liability in tort, contract, statute or otherwise at law, of the Hirer Group or the Supplier Group, as the case may be.

11.2 Notwithstanding the foregoing, the Hirer shall, subject to provisions of Clause 8.2 be responsible for and shall save, defend, indemnify and hold harmless the Supplier Group from and against any and all liability for loss of or damage to any Equipment provided by the Supplier under any Order except to the extent that such loss or damage is due to the negligent acts or omissions of the Supplier Group.

11.3 Notwithstanding any other provision herein to the contrary, the Hirer shall save, defend, indemnify and hold harmless the Supplier Group from and against any and all claims, liabilities, costs (including legal costs), damages and expenses of every kind and nature howsoever arising in respect of (i) loss of or damage to the well (including casing and associated materials and services), any subsurface reservoir, geological formation or strata and for loss of any oil or gas or other minerals or liquids therefrom; and, (ii) blow-out, cratering, fire, explosion and/or killing or control of any well which shall have become out of control for any reason, including but not limited to debris removal; and, (iii) pollution or seepage emanating from the reservoir or other facility and its removal and clean up: as a result of or arising out of or relating to or in connection with any Order, irrespective of cause and irrespective of the sole or contributory negligence or breach of duty (contractual, statutory or otherwise) or any liability in tort, contract, statute or otherwise at law of the Supplier Group.

11.4 Notwithstanding any other provision herein to the contrary, Supplier and Hirer shall each be responsible for and shall save, defend, indemnify and hold harmless the Hirer Group and the Supplier Group respectively, from and against any and all liability howsoever arising, whether or not foreseeable at the date of entering into the Order, in respect of its own indirect or consequential losses, including but not limited to consequential loss under applicable law, business interruption, loss of production, loss of product, loss of use, facility downtime, loss of revenue, loss of profit or anticipated profit, as a result or arising out of or relating to or in connection with any Order, irrespective of cause and irrespective of the sole or contributory negligence or breach of duty (contractual, statutory or otherwise) or any liability in tort, contract, statute or otherwise at law of the Hirer Group or the Supplier Group, as the case may be.

11.5 The provisions of The Contracts (Rights of Third Parties) Act, 1999 shall apply solely to Clause 11 of these General Conditions but only to the extent that a third party is identified in either Clause 2.3 or

Clause 2.5. Such third party shall be entitled in its own right to enforce, but not assign, the benefit only of the indemnities given to such third party under this Clause 11. The provisions of these General Conditions may be rescinded or varied by the Parties without the consent of any third party even if as a result such third party's rights or benefits would be varied or extinguished.

12. Insurance

12.1 To the extent of the release and indemnity obligations assumed by either Party under these General Conditions and the Order, each Party shall, at its own cost and expense, take out and maintain in full force and effect for the duration of any Order, the following insurance cover:

- (i) Employer's Liability Insurance, or similar insurance in accordance with and not less than statutory requirements.
- (ii) General Public Liability Insurance covering liabilities for death and personal injury and liabilities for loss of or damage to property with combined single limit of not less than five million United States Dollars per occurrence. Hirer Group is permitted to self-insure the Equipment damage obligations of this clause.

12.2 The insurance cover described in paragraph (ii) above shall to the extent of the liabilities assumed and indemnities given by one Party to the other Party hereunder, be written or endorsed that the insurance company shall waive its rights of subrogation against the other Party or any member of its Group

12.3 Each Party shall, if requested by the other party, provide a certificate of insurance evidencing compliance with the provisions of this Clause 12.

12.4 All insurances taken out by either Party in accordance with the provisions of this Clause 12 shall provide that not less than thirty (30) days notice be given to the other Party of cancellation of or material change to any such insurance cover.

13. Notices

All notices and other communications provided for in these General Conditions shall be in writing and shall be delivered by post, telefax or hand to an authorised representative of the Party to whom such notice is directed at the address shown on any Order or to the address of the registered office or such other address as may, from time to time, be notified to the other Party. Any notices served shall be deemed effective upon actual receipt by the authorised representative of the receiving Party.

14. Period of Hire

14.1 The Hirer shall be responsible for the Equipment from the time and date the Hirer accepts delivery of the Equipment at the Supplier's yard or other agreed point of delivery specified in the Order and shall continue until such time as the Equipment is returned thereto.

14.2 Payment for hire of the Equipment shall, unless otherwise specified in the Order, commence at the time and date of delivery and shall cease upon re-delivery of the Equipment to Supplier's yard or other agreed location specified in the order.

15. **Suspension**

The Hirer may, at its sole discretion, suspend an Order at any time for any reason whatsoever. In such event, Supplier shall have the right to receive payment in accordance with the terms and conditions of the Order for the rental of Equipment supplied to the Hirer until such Equipment is returned to the Supplier's yard or other agreed location specified in the order.

16. **Invoicing, Payment, Rates and Charges**

- 16.1 The Hirer shall, in consideration of the performance of the Order pay the rates and charges set out therein. Neither Party may alter the rates and charges without the prior written agreement of the other Party.
- 16.2 Supplier shall submit its invoices for the rental of the Equipment together with all other rates and charges that are due in accordance with any Order following the end of each calendar month, unless otherwise agreed between the Parties. All invoices shall be accompanied by relevant supporting documentation including, by way of example, despatch and acceptance notes, bills of lading, copies of sub-contractor's invoices.
- 16.3 The Hirer shall make payment of the approved amounts of such invoices within thirty (30) days from the date of its receipt by the Hirer or at such other intervals as may be specified in any applicable Order. If the Hirer disputes any part of the invoice it shall notify the Supplier of such dispute and shall be entitled to withhold payment of the disputed part but shall, upon receipt of a credit note for the disputed portion of the invoice, pay the undisputed portion thereof. Supplier and Hirer shall endeavour to settle the disputed amount as quickly as possible. Following settlement, the Supplier shall issue an invoice for the amount, if any, agreed and payment of such amount shall be made by the Hirer as soon as reasonably practicable thereafter.
- 16.4 Interest shall be payable for late payment of correctly prepared and supported invoices and shall be calculated on a daily basis at the Bank of England Base Rate plus three percent (3%) from the due date for payment until actual payment in full.
- 16.5 Supplier shall submit its final invoice in respect of the hire under any Order and other charges considered due pursuant to any Order within ninety (90) days of date of completion of the hire of Equipment to any well or the date termination of the Order, whichever is the earlier.

17. **Tax**

- 17.1 Each Party shall, in respect of any taxes of any nature whatsoever incurred, due or owing by such Party, indemnify and hold harmless the other Party from and against any claims, penalties, expenses, liabilities, costs (including legal costs) against the other Party arising out of or in connection with such Order.
- 17.2 The Rates and Charges quoted in any Order shall be quoted exclusive of Value Added Tax (VAT) and Supplier shall, wherever applicable, show the proper amount of VAT as a separate item on any invoice submitted in connection with any Order.

18. Patent and other Proprietary Rights

Supplier shall indemnify and hold harmless the Hirer Group from and against any claim by a third party for infringement of patents, copyrights, trademarks, registered designs or other proprietary rights which may arise out of the provision and/or use of Equipment provided by the Supplier. However if the infringement is not caused by Supplier, but by the Hirer, or by the inclusion of Supplier's non-infringing equipment into a third party's patented process stream, then Supplier will not accept any liability.

19. Independent Contractor

Supplier shall at all times in the performance of its obligations under any Order act as an independent contractor and shall have exclusive direction and control of its agents, employees and sub-contractors and shall control the manner and method of their work in connection with the performance of any Order.

20. Confidential Information and Publicity

20.1 All information obtained by either Party in connection with the performance of any Order shall be held confidential for a period of 5 years from completion of the Order and shall not, without the prior written consent of the other Party, be divulged to any third party unless such information is already in the public domain or is required to be disclosed by the other Party in order to comply with any statutory obligation.

20.2 Neither Party shall make use of the other Party's name (or the name of any customer of the Client) for publicity purposes, and shall not publish or permit to be published any information or photographs in connection with its performance of any Order without the prior written consent of the other Party.

21. Compliance with Laws and Regulations

Each Party shall comply with all laws, rules, regulations or directives of any government authority having jurisdiction over the activities of a Party which are effective at the date of any Order or which may in the future become applicable to the business of a Party and subject to the provisions of Clause 11 shall release, defend and indemnify the other Party against any fines and penalties which may be asserted or assessed against the indemnifying Party by reason of its infraction of such laws, rules, regulations or directives.

22. Force Majeure

22.1 No failure or omission by either Party to carry out or observe any of the stipulations, conditions or obligations to be performed under any Order shall give rise to any claim by the other Party, or be deemed to be a breach of contract, if such failure or omission arises from a cause beyond the reasonable control of the Party claiming force majeure. For the avoidance of doubt, force majeure expressly excludes financial distress of a Party or industrial disputes solely amongst the employees of the Party claiming force majeure.

22.2 Notwithstanding the occurrence of an event of force majeure, the Hirer shall remain liable for payment of all monies due to Supplier prior to the date of force majeure and for payment of the rate of hire until such time as the Equipment is returned to Supplier's yard or other agreed location stated in the

Order.

23. General Provisions

- 23.1 The headings used in these General Conditions are intended for convenience only and shall not form part of, or be used in the construction or interpretation hereof.
- 23.2 Words importing the singular only shall also include the plural and vice versa where the context so requires.
- 23.3 No failure by either Party to enforce all or any part of these General Conditions shall be interpreted as a waiver of all or any part of these General Conditions unless such waiver is expressly given in writing.
- 23.4 Any provision of these General Conditions that is now or becomes hereafter prohibited, illegal or unenforceable in any applicable jurisdiction shall be ineffective to the extent of such prohibition, illegality or unenforceability without invalidating the remaining provisions hereof.
- 23.5 In the event any act required under these General Conditions is inconsistent with, penalised by or prohibited under the laws of England or any country having jurisdiction over the Order and/or either of the Parties hereto, the Party obligated hereunder to perform such act shall be excused from such performance and the Order construed as if such obligation had not been set forth herein.
- 23.6 Subject to the provisions of Clause 11, unless otherwise specifically stated in these General Conditions, both Hirer and Supplier shall retain all rights and remedies under these General Conditions that either Party may have against the other.
- 23.7 Both Hirer and Supplier shall take all reasonable steps to mitigate any loss resulting from any breach of these General Conditions by the other Party.
- 23.8 Any exclusion or limitation of liability under these General Conditions shall exclude or limit such liability not only in contract but also in tort or otherwise at law.
- 23.9 If any provision (or portion thereof) of these General Conditions shall be declared invalid or unlawful, the remaining provisions shall not be affected thereby, and these General Conditions shall be construed as if such invalid or unlawful provision (or portion thereof) had never been contained therein.

24. Health, Safety, Welfare and the Working Environment

The Parties shall observe and comply with all guides, codes and regulations issued or amended from time to time by the government or other authority having jurisdiction over the Order relating to health, safety, welfare and the working environment.

25. Status of the Parties

- 25.1 Supplier shall look only to the Hirer for the due performance of any Order and nothing therein contained shall impose any liability upon, or entitle Supplier to commence any proceedings against

the Client of the Hirer.

25.2 The Hirer shall be entitled to enforce any Order on behalf of its Client in connection with the Order as well as for itself and for this purpose, only the Hirer may commence proceedings against the Supplier.

26. Audit

26.1 Supplier shall maintain records of all transactions connected with any Order for a period of not less than twenty four (24) months after the final payment has been made by the Hirer to the Supplier under any such Order. The Hirer shall have the right to audit all reimbursable costs and expenses related to any such Order except to the extent of make up of the rates and lump sum prices.

26.2 The right to conduct audits in accordance with the provisions of Clause 26.1 shall extend to the Client of the Hirer and any co-venturer of such Client in any applicable licence block or concession area.

27. Entire Agreement

These General Conditions, together with the Order and any subsequent amendments or special conditions, represent the entire agreement between Supplier and the Hirer.

28. Survival

Following termination or fulfillment of the obligations of the Parties under any Order, the rights and obligations of the Parties that by their nature survive termination shall remain in full force and effect.

29. Law and Disputes

29.1 These General Conditions, together with any Order, shall be governed, construed and interpreted and shall take effect in accordance with English Law excluding any conflict laws or choice of law principles.

29.2 Should a dispute arise between the Hirer and the Supplier out of or in connection with these General Conditions or any Order, the Parties shall initially endeavour to resolve such dispute via their appointed representatives, failing which the dispute shall then be referred to the Managing Directors of the Parties. Should the dispute still remain unresolved then the dispute shall then be submitted to the exclusive jurisdiction of the English Courts.