

PURCHASE ORDER - GENERAL TERMS AND CONDITIONS

These general terms and conditions of purchase shall apply to the Purchase Order (P.O.) issued by PETROGAS E&P L.L.C.(CUSTOMER) and shall prevail over the SUPPLIER's terms of sale. They can be modified by the special terms stipulated in the Purchase Order; such special terms will only apply to the Order concerned, and the SUPPLIER not being entitled to avail itself thereof for other orders. In the event of conflict between the general terms and conditions, and the special terms of purchase, the special terms shall prevail.

ARTICLE 1 - PREAMBLE

The present General Terms and Conditions govern the relationship between CUSTOMER and SUPPLIER. They are intended to inform SUPPLIER of CUSTOMER essential principles the observance of which is of prime importance.

The present General Conditions apply in the absence of any regulatory or contractual provisions, or of any specific conditions regarding certain works.

ARTICLE 2 – ABBREVIATIONS & DEFINITIONS

"P.O." means "Purchase Order".

"Purchase Order or Order" means a standard company document (system generated or manual) defining amongst others, terms and conditions and obligation of parties , issued to the approved SUPPLIER for the supply of specified goods/supply at an agreed delivery date and time.

"CUSTOMER" means PETROGAS E&P L.L.C..

"GOOD/SUPPLY" means the goods, studies, equipment, materials or products constituting the SUPPLY as defined in the P.O.

"SUPPLIER" means means the person or persons, partnership, firm or company receiving this P.O. and includes supplier's personnel, representatives, successors and assignees.

"WORK" means all the services associated with the GOOD/SUPPLY to be carried out by the SUPPLIER pursuant to the P.O.

The SUPPLIER will receive from CUSTOMER all documents and specifications relative to the proper performance of the requested GOODS/SUPPLY. In the absence of a written request on his part, the SUPPLIER is considered as having all information required for proper performance of the WORK and/or GOOD/SUPPLY.

ARTICLE 3 – SUPPLIER'S SPECIAL OBLIGATIONS

3.1 Delivery

3.1.1 The P.O. is established carriage and packing paid, merchandise loaded at point of origin and unloaded at the delivery address, pursuant to the conditions laid down in the P.O.

When a factory inspection is provided for, the shipments must not take place until after inspection and approval by the CUSTOMER's representatives.

The packing, loading and wedging in connection with shipment shall be carried out by the SUPPLIER on his own responsibility.

The transportation of the GOODS/SUPPLY shall be at the SUPPLIER's risk, irrespective of the transportation means used.

GOODS/SUPPLY which is not in conformance at the time of delivery, necessitating replacement or repair by the SUPPLIER, shall be returned by CUSTOMER, with cost of carriage to be borne by the SUPPLIER, who shall also bear the carriage cost of the return trip.

3.1.2 The delivery date is stated in the P.O.

The delivery date is binding, and the SUPPLIER acknowledges having been duly warned solely because of the expiration of the term, without any need for further formalities.

For any delivery made after the date stated in the P.O., the SUPPLIER shall be liable by right for payment of Liquidated Ascertained Damage (LD) for delay. The amount of the said LD, deducted from the payment due, shall be equal either to the costs incurred by CUSTOMER due to the SUPPLIER's default, or to a fixed lump sum per day of late delivery up to 10% of the total value of the P.O., as stipulated in the P.O.

In case of non-observance of the delivery date, CUSTOMER reserves the right to terminate the P.O. under the conditions laid down in article 6 below.

CUSTOMER shall also be entitled, at its option, to request replacement of the defective GOODS/SUPPLY which it shall specify.

3.2 Guarantee

The SUPPLIER warrants that the GOODS/SUPPLY shall comply in all respects with the provisions of the P.O., with the applicable rules and regulations (particularly standards), with any CUSTOMER specifications referred to in the P.O., and in particular with the European or American rules and regulations, and that it shall be free of any defect or flaw.

The SUPPLIER undertakes to supply CUSTOMER with full information relative to the safety of the product and to its use.

The duration of the warranty is specified in the P.O.

During the duration of the warranty the SUPPLIER undertakes to modify or to replace, at its own expense and without delay, any or all parts of the GOODS/SUPPLY that are recognized by CUSTOMER as defective or unsuitable for the services for which the GOODS/SUPPLY is intended, all of the expenses resulting from the said modification or the said replacement being for the SUPPLIER's account.

At the end of the warranty period, the SUPPLIER shall remain liable for the consequences of any hidden defect, whenever it may be discovered, as well as for the consequences resulting from non-observance of its contractual obligations within the legal periods.

3.3 Health, Safety and Environment (HSE)

3.3 Health, Safety and Environment

SUPPLIER, its sub-suppliers and their respective employees, servants, and agents shall strictly:

- a) Give the highest regard to HSE to avoid any injury to any person and damage to any property;
- b) Ensure that the management of HSE is an integral and visible part of its work planning and execution processes;
- c) Strive for continuous improvement of its HSE performance;
- d) Obtain Corporate HSE Policy, understand and implement the applicable content of this policy;
- e) Follow all applicable requirements of Corporate HSE policy;
- f) Monitor and evaluate its safety performance to effectively take such actions as appropriate to rectify or improve its overall safety performance;
- g) Ensure that it complies with all applicable HSE laws, Government regulations and any HSE requirements of the CUSTOMER in force from time to time.

- h) Ensure that in case CUSTOMER produces a safety and health documentation for the HSE Plan and provides SUPPLIER with a copy of the HSE Plan, SUPPLIER shall confirm receipt thereof in writing and comply with the regulations contained therein. The same shall apply to updates of the HSE Plan which CUSTOMER may produce as it deems necessary. SUPPLIER shall ensure that its direct and indirect sub-suppliers employed to perform the Works commit themselves to the HSE Plan and its updates. The SUPPLIER shall commit to this clause to avoid any injury to any persons who are legally on the work site including personnel, CUSTOMER's personnel and visitors.
- i) In case of any inconsistency between the Petrogas E&P CONTRACTOR HSE REQUIREMENT PROCEDURES, CUSTOMER requirements and the laws and governmental regulations, the most stringent provision shall prevail.

ARTICLE 4 – PRICE – PAYMENT TERMS

The prices stated in the P.O. are deemed to include all taxes, duties and clearance (if any), and are firm and non-revisable.

Payment shall be made forty five (45) days from the end of the calendar month following the date of receipt of the undisputed invoice, by cheque or bank transfer.

The payment schedule and the rules regarding invoicing are stated in the P.O.

If CUSTOMER disputes all or part of an invoice, CUSTOMER shall return the said invoice to the SUPPLIER, giving him the reasons for its disagreement in writing. The SUPPLIER may then:

- either return the invoice corrected to the satisfaction of CUSTOMER,
- or send an invoice corresponding to the undisputed part, the invoice for the disputed part being sent, if the case arises, after settlement of the dispute.

Payment of the invoice shall not prejudice the right of CUSTOMER to dispute in writing, within six (6) months following the date of payment, any charge paid incorrectly. Any such dispute shall be the subject of immediate reimbursement by the SUPPLIER of the excess payment. Any payment not questioned by CUSTOMER within the said period of six (6) months is considered as final.

CUSTOMER shall be entitled to reject any invoice issued by the SUPPLIER more than six (6) months after the delivery.

Any dispute by the SUPPLIER concerning payment of the invoices shall be filed as the events underlying them occur, and at the latest within thirty (30) days following the occurrence of the said events, under penalty of forfeiture.

To ensure efficient processing and payment, Invoices shall include, as a minimum, the following information:

- Invoice number and date.
- Exact legal names of SUPPLIER & CUSTOMER.
- Currency of payment as indicated in the Purchase Order
- Purchase Order Number.
- Copy of relevant purchase order
- Proof of delivery if available (SUPPLIER delivery note stamped by CUSTOMER Stamp)

ARTICLE 5 – QUALITY CONTROL AND ASSURANCE

It is understood that the SUPPLIER shall be fully responsible for the complete Supply Chain Management up to the delivery site or as per P.O. Delivery Term designated by CUSTOMER.

Notwithstanding with the above provisions, the Parties agree that CUSTOMER shall be entitled to evaluate, at any time, the conformity of the SUPPLIER's Quality System and of the Quality Systems of his subcontractors, if any, to the International Quality Assurance standards ISO 9001 or 9002 and/or certifications recognized at an international level, and shall be entitled to request, as the case may be, a specific Quality Assurance plan.

The CUSTOMER representatives shall be given free access both to the SUPPLIER's workshops and to those of its sub-suppliers, if any, with respect to performance of their assignment.

It is understood that intervention by the CUSTOMER's representatives shall not constitute interference on its part in realization of the GOODS/SUPPLY, and hence shall not in any way reduce the SUPPLIER's responsibility in the performance of the SUPPLY.

ARTICLE 6 – TERMINATION

CUSTOMER shall have the right to terminate the P.O. by right without notice and without indemnity to the SUPPLIER in the following cases:

1. In case of total or partial non-completion of the order, and of the obligations incumbent on the SUPPLIER under the present General Conditions, or of the conditions of the P.O.,
2. In case of incapacity or prohibition, or of cessation of operations, of the SUPPLIER for any reason whatsoever,
3. In case of judicial reorganization or liquidation, if the receiver or the liquidator waives continuation of completion of the GOODS/SUPPLY.
4. 4. In case of failure by the SUPPLIER to comply with applicable law.

In all cases of termination by right provided for above, CUSTOMER reserves the option of completion of the P.O. by another supplier, without prejudice to damages and interest and, as the case may be, penalties provided for in the order for non-realization or late realization.

In case of transfer or of planned transfer of operation of the SUPPLIER's activity to a successor, particularly by way of conveyance to a company already constituted or to be constituted, merger, transfer of business, etc., the SUPPLIER shall inform CUSTOMER immediately by registered mail with receipt, and the latter shall then be entitled, upon its sole discretion, to approve the successor or to terminate the P.O.

In case of a substantial modification or planned substantial modification in the structure of the SUPPLIER's share capital, the latter shall immediately inform CUSTOMER of this fact by registered mail with receipt, and the latter shall then be entitled, in its sole discretion, to continue with, or terminate, the P.O.

ARTICLE 7 – TRANSFER OF OWNERSHIP

The transfer of ownership to CUSTOMER shall take place at the time of delivery to, and approval by, CUSTOMER as stated in the P.O.

ARTICLE 8 - FORCE MAJEURE

Force Majeure shall mean an event which is beyond the control of the party claiming Force Majeure. It makes it impossible (as opposed to more difficult or more expensive) or illegal for such party to perform the Purchase Order. Force Majeure is not attributable to the fault or negligence of such party affected and/or its SubSeller. Force Majeure could not have been foreseen or prevented by such party when exercising reasonable diligence.

Only facts which are unforeseeable, insurmountable and outside of the control of the Party which invokes it, as defined in the precedents recognized in this domain, shall be considered as cases of force majeure.

In case of force majeure, the SUPPLIER shall inform CUSTOMER immediately, by registered mail with receipt, as soon as the event giving rise to the force majeure occurs, producing all documentary evidence establishing the precise event giving rise to the force majeure.

The force majeure shall not release the SUPPLIER from his obligations except to the extent to, and for the period during, which it is prevented from complying with such obligations.

The SUPPLIER shall endeavor to remedy the impact of force majeure rapidly, and shall at the end of the period of force majeure continue to perform all of his obligations. CUSTOMER reserves the option of having the order continued by another supplier.

ARTICLE 9 – LIABILITY – INSURANCE

Liability

The cost consequences of the Parties' civil liability are governed by the applicable Omani legislation.

The SUPPLIER is liable for the damage of any description that he himself, the persons for which he is responsible, and his sub-suppliers or his suppliers if any, and more generally any persons involved due to his acts, and the goods under his custody could cause to third parties, it being understood that CUSTOMER is considered as a third party, and the SUPPLIER must indemnify and hold CUSTOMER and its insurers harmless with respect to amounts or prejudice that they might have to bear in this connection.

Insurance

The SUPPLIER undertakes to take out at its own expense and to maintain in effect, with reputable companies, all insurance policies required for covering all of the risks that may arise in connection with performance of the GOODS/SUPPLY.

In particular, he must take out an insurance policy known as exploitation and after delivery/work civil liability for the following minimum amounts:

- Civil liability exploitation: Taking all bodily injury and material and immaterial damage together: USD 6,000,000 per claim, including USD 1,500,000 per claim as material and immaterial damage. Civil liability after delivery/work: Taking all bodily injury and material and immaterial damage together: USD 2,000,000 per claim and per year of insurance.

Upon request, the SUPPLIER shall provide CUSTOMER with (an) insurance certificate(s) provided by his insurer(s) certifying the existence, the duration and the compliance of the policy (ies) with the P.O.

The amounts indicated above are considered as minimum and shall not in any case constitute a limit on the SUPPLIER' s liability, or be considered as an agreement on the part of CUSTOMER to substitute its financial liability above the scheduled amounts.

The deductibles applicable to the SUPPLIER's insurance are for the SUPPLIER's account.

The SUPPLIER shall indemnify CUSTOMER and its insurers for repayment of all amounts that CUSTOMER and its insurers are required to pay in any connection whatsoever because of the absence, insufficiency or lapse of the SUPPLIER's insurance policies.

The provisions of the Article 9 also apply to the SUPPLIER's subcontractors, if any, involved in the performance of the SUPPLY. The SUPPLIER alone shall bear the consequences of any failure on the part of the said subcontractors to meet the obligations stipulated therein.

ARTICLE 10 - PATENTED DEVICES AND PROCESSES – REGISTERED TRADEMARKS

The SUPPLIER shall obtain all useful authorizations from third parties, and particularly from holders of patents and owners of registered trademarks, the application or use of which are required by performance of the GOODS/SUPPLY.

The SUPPLIER shall indemnify and hold harmless CUSTOMER against any disputes and claims of third parties in this connection that might arise during or after completion of the Order.

The SUPPLIER undertakes to obtain, if necessary, transfer of copyrights, plans and basic and execution documents from his subcontractors, to the benefit of CUSTOMER.

If the case arises and within this framework, the SUPPLIER shall indemnify and hold harmless CUSTOMER against any proceedings or law suit filed against it and shall bear all costs and expenses arising from any such proceedings. In case part of the SUPPLY in dispute is banned from use, the SUPPLIER, at its own expense, shall either have to replace, or modify, same in such a way as to do away with the infringement. Any such modification shall not detract from the contractual requirements of the SUPPLY.

ARTICLE 11 - CONFIDENTIALITY

The documents supplied by CUSTOMER as well as any CUSTOMER information to which the SUPPLIER has access are strictly confidential. In particular, neither communication to third parties, nor personal use shall be made thereof.

The SUPPLIER undertakes to strictly respect the said confidentiality obligation and to have it respected in the same way by his personnel and his sub-suppliers.

The documents, items, entrusted by CUSTOMER to the SUPPLIER, or specific equipment manufactured by the SUPPLIER, in respect of the GOODS/SUPPLY shall be returned to CUSTOMER as soon as the SUPPLIER no longer needs them in order to meet his contractual obligations, and he shall not be entitled to make copies thereof.

The SUPPLIER undertakes not to carry out any publications (press article, conference, advertising ...) connected with performance of the GOODS/SUPPLY, without having obtained prior, explicit and written approval from CUSTOMER. CUSTOMER reserves the right to request or prohibit reference to itself in connection with the said publication.

The SUPPLIER agrees neither to refer to nor to use CUSTOMER's business name or trademarks for any reason whatsoever, without the prior, explicit and written authorization of CUSTOMER.

Any failure to comply with the provisions of the present Article 11 shall be considered as a major violation by the SUPPLIER of its obligations to CUSTOMER, and may cause immediate and irreparable prejudice to CUSTOMER, in connection with which CUSTOMER shall be entitled to take any necessary legal steps. The SUPPLIER indemnifies CUSTOMER against the consequences of any shortcomings in meeting this obligation on the part of himself, his personnel, his sub-suppliers and their personnel with respect to the provisions of the present article.

ARTICLE 12 – APPLICABLE LAW – DISPUTE SETTLEMENT

Settlement of disputes

The P.O. shall be construed and take effect in accordance with the laws of the Sultanate of Oman.

Any dispute arising from the P.O. shall be referred to a single arbitrator to be mutually agreed between the parties. If no single arbitrator is acceptable to both parties then each party shall nominate an arbitrator and these two arbitrators shall designate a third arbitrator. In the event that either party fails to nominate an arbitrator, as required above, within two months of that date then the other party may

apply to the President of the Omani Commercial Court who has the authority to nominate an arbitrator to represent the defaulting party. Where the two arbitrators cannot agree on a third arbitrator, either party shall ask the President of the Omani Primary Court to nominate the third arbitrator.

The findings of the single arbitrator or the panel of three arbitrators shall be accepted as final and binding upon the parties.

The venue of arbitration shall be Muscat, Sultanate of Oman. The rules for the arbitration shall be the OMAN Arbitration Rules in so far as they do not conflict with the provisions of this Article in which case the latter shall prevail.

The language to be used in the arbitration proceedings shall be English.

The Parties shall keep strictly confidential the contents of this arbitration proceeding.

The arbitral decision shall be final, binding and without the right of appeal. The Parties agree to abide by the decision and hereby waive any right to other recourse, to the maximum extent permitted by law.

The existence of an arbitration procedure during the performance of the P.O. shall not suspend the contractual obligations of the Parties.

Governing Law

This P.O. shall be governed by, construed, interpreted and applied in accordance with Omani law, excluding any choice of law rules that would refer the matter to the laws of another jurisdiction.

Ruling language

All documents produced by SUPPLIER in the execution of the P.O., as well as all written communications between CUSTOMER and SUPPLIER, shall be written in the English language which is hereby designated as the ruling language of the P.O.

ARTICLE 13

MISCELLANEOUS

At the time of expiration of the P.O., either due to the completion of the GOODS/SUPPLY or due to termination, the provisions of Articles 3.2., 9, 10, 11 and 12 of the present General Conditions shall remain in effect.

Any notifications (reports and other communications) relating to the P.O. to be issued from one Party to another shall be made in writing and are either handed over directly in exchange for a receipt or sent by registered mail with receipt to the addresses indicated in the P.O., at which the Parties elect domicile. They shall become effective after receipt at the said addresses (or any new address duly indicated by either Party).

Any non-observance by one of the Parties, not pointed out by the other Party, of any of its obligations whatsoever resulting from the P.O. including the present General Conditions shall not be considered, whatever the duration thereof may be, as a waiver of its rights and as absolving the said other Party from retroactively remedying and from carrying out, in the future, the obligation or obligations concerned under the terms and conditions of the P.O. including the present general conditions.

If anyone whatsoever of the stipulations of the documents mentioned in Article 13 is void in the light of a rule of law, it shall be considered as non-existent, without entailing the nullity of the present General Conditions and of the P.O.

CUSTOMER have the right at any time up to five(5) years after completion, termination, or cancellation of Purchase Order, to audit the SUPPLIER's books, records and data in any form to verify the compliance with terms and conditions and/or the correctness of invoices submitted to CUSTOMER by SUPPLIER.

In case of a conflict between (1) the P.O. (2), the documents attached thereto, if any, and (3) the present General Conditions, the contractual documents shall prevail in the order indicated above.

The documents mentioned in Article 13 constitute all of the commitments concluded between the Parties, and cancel and replace any prior commitments, oral or written, relative to the order.

No modification may be made to the present General Conditions, in the order and in the attached documents without the written approval of the authorized representatives of the SUPPLIER and of CUSTOMER.