GLOBAL TENDER No.
JPOCL/USRD/2012/0011 Dated 11.04.2012
For
ULTRA SHORT RADIUS DRILLING SERVICES FOR FOUR WELLS IN BLOCK XIB, GEORGIA

"JINDAL PETROLEUM OPERATING COMPANY" LLC

COVERING LETTER

Dear Sir,

SUBJECT: TENDER # JPOCL/USRD/2012/0011 FOR ULTRA SHORT RADIUS DRILLING SERVICES FOR FOUR WELLS IN BLOCK XIB, GEORGIA

1.0 Government of Georgia awarded Exploration Blocks VIIA, IX, X, XIB and XIIIA and signed five separate Production Sharing Contracts (PSCs) for Blocks VIIA, IX, X, XIB and XIIIA. "Jindal Petroleum Operating Company" LLC (JPOCL) is the operating company for Blocks VIIA, IX, X, XIB and XIIIA.

2.0 In connection with its planned and time bound Minimum Work Program, JPOCL now invite bids from companies having proven track record for providing Ultras Short Radius Drilling services along with crew to Oil & Gas companies by deploying competent & experienced personnel and requisite equipment/infrastructure etc.

2.1 One complete set of Tender Document for the subject work is being forwarded herewith. You are requested to send your most competitive bid on or before the scheduled Bid Due Date and Time. For your ready reference, few salient points (covered in detail in this Tender Document) are highlighted below:

(i)	Tender No.	: JPOCL/USRD/2012/0011
(ii)	Type of Bid	: Single Stage Two Bid system
(iii)	Bid Due Date and Time	: 1700 HRS (IST) on 21.04.2012
(iv)	Bids to be addressed to	: **Executive Director & Business Head** "Jindal Petroleum Operating Company" LLC Apt. 15, 5th Floor, Bldg No. 57, Iosebidze Str., Saburtalo Region/4 Tbilisi, Georgia Tel: +995-323384217
(v)	Bids to be submitted to	: **Executive Director & Business Head** Jindal Petroleum Limited 3rd Floor, DCM Building, Plot No. 94, Sector-32 Gurgaon - 122001, Haryana, INDIA
(vi)	Bid Validity	: Offer shall be valid for One Hundred and Twenty (120) days from the Bid Due Date & Time
(vii)	Amount of Performance Security	: 10% of the Total Estimated Contract Price

(viii) Acknowledgement : Please acknowledge receipt of this Tender Document by e-mail/ fax.

3.0 JPOCL now looks forward to your active participation in the Tender.

If you need any clarifications please feel free to contact Mr. Vipul Singh Rawat at Tel: +91-124-6689258, +91-9654956915; **Fax**: +91-124-6689176 & E-mail: vipul.rawat@jindalpetroleum.com.

Yours truly,

Tarun Krishna Majumder
Executive Director & Business Head
"Jindal Petroleum Operating Company" LLC

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SECTION-I

INSTRUCTIONS TO BIDDERS

1.0 GENERAL TENDER INFORMATION

1.1 "Jindal Petroleum Operating Company" LLC ("JPOCL") wishes to hire the services from experienced and capable bidders fulfilling the criteria laid down in this Tender Document, with their equipment/hardware, personnel, all kinds of materials and other supporting services with the objective of Ultra Short Radius Drilling ("USRD") of four wells in Block XIB, Georgia.

1.2 All activities will be measured and performed with safety to personnel and the public in general as a first and foremost consideration. Protection of the environment is equally important as it is JPOCL's policy that petroleum operations should not have detrimental effect on the environment.

1.3 Bidder shall bear all costs associated with the preparation and submission of bid including visit to Site, if felt necessary and JPOCL will in no case be responsible or liable for the costs associated.

1.4 Bidder is expected to and must comply with all the technical standards as practiced in sound international oil and gas industry.

1.5 Bidder must review the Technical Specifications and ensure that the equipment/materials being offered are as per the specifications prescribed in the Tender Document.

1.6 Information contained in these documents is proprietary and confidential in nature.

1.7 If any omission or discrepancy is found in the Tender Document or if any doubt as to their meaning arises, bidder should immediately forward a written request for clarification, which shall be responded within 4-5 Working days from receipt of such request.

1.8 Bidder's Eligibility Criteria

i. Bidder must have minimum 5 years of experience in USRD services.
ii. Bidder must have all requisites equipment and personnel necessary as per requirements of the Work under the Model Contract (Section-II).
iii. Bidder must have a valid IADC membership in its own name.
iv. Bidder must have experience of 3 years in providing USRD services in similar terrains as specified in Area and Geology details given in Annexure-1.
v. Bidder must have performed USRD of minimum 10 onshore exploratory wells in last 3 years.
vi. Bidder's personnel shall have a valid IWCF/Well Cap, First Aid and H_2S certification.
vii. Bidder must have performed USRD job having worth of minimum USD 10,000,000 in last 3 years.
viii. Bidder must have experience of providing USRD services for at least 5 wells.

1.9 JPOCL reserves the right to increase or decrease quantum of job up to 50%.

A TENDER DOCUMENT

2.0 The services required, bidding procedures and contract terms are prescribed in the Tender Document.

2.1 The bidder is expected to examine all instructions, forms, terms and specifications in the Tender Document. Failure to furnish all information required in the Tender Document or submission of a bid not substantially responsive to the Tender Document in every respect will be at the bidder's risk & responsibility and may result in the rejection of the bid.

3.0 AMENDMENT OF TENDER DOCUMENT

3.1 At any time prior to the deadline for submission of bids, **JPOCL** may, for any reason, whether at its own initiative or in response to a clarification requested by a prospective bidder, modify the Tender Document by the issuance of Addenda.

3.2 Addenda will be sent in writing through e-mail/fax or by post/courier to all prospective bidders to whom Company has sent the bid documents.

B. PREPARATION OF BIDS

4.0 LANGUAGE OF BIDS

4.1 The bid as well as all correspondences and documents relating to the bid exchanged between the bidder and the Company shall be in English language, except that any printed literature may be in another language provided it is accompanied by an English translated version, which shall govern for the purpose of bid interpretation.

5.0 DOCUMENTS COMPRISING THE BID: The bid submitted by the bidder shall comprise of the following components:

A. <u>TECHNO COMMERCIAL BID</u>

i) Bidder's General Information: As per **"PROFORMA-B"** together with copies of documents defining the constitution or legal status, place of registration and principal place of business of the bidder or if a joint venture, of each party thereto constituting the bidder.

ii) Documents showing Bidder's background/profile:

a) Company Brochure/ Profile
b) Management organization Chart
c) Customer Reference List
d) Information of subcontractors (if any)
e) Whether Member of any Associates, please give detail
f) QA/QC Manual
g) Training Policy
h) Inspection Certificate (inspection procedure and a copy of inspection report)
i) Corporate HSE Plan and procedures.
j) Operations Manual of USRD services.
k) Latest Technical and HSE Audit Report.

iii) Financial Capability: Reports on the financial standing of the bidder (or of each party to a joint venture) such as audited profit and loss statements, balance sheets and auditor's reports for the recent last 3 years and the detailed copy of contracts executed successfully in last 3 years.

iv) Relevant/Similar Experience/Technical Capability: As per **"PROFORMA-B"** a list showing details of the experience and performance for the past 5 years of the bidder on services of similar nature and details of current work in hand. Following information/details to be furnished to demonstrate the bidder's technical capabilities:

a) Equipment/Hardware and software configuration proposed to be utilised. The Bidder shall confirm that the equipment offered are in good working condition and shall furnish a Certificate from third party inspection agencies like MODU SPEC, DNV, SGS bringing out the condition and status of the equipment.
b) Previous experience and proven competence of the bidder with similar projects, in complex geological and geophysical areas. Location and size of the previous projects executed.
c) Bidders should provide information (copies of respective contracts, alongwith documentary evidence in respect of satisfactory execution of each of those contracts) to demonstrate that they have a minimum of 3 years experience in USRD of Oil & Gas wells.
d) List of clients for whom the bidder has successfully completed similar projects.
e) Latest HSE Performance and risk assessment & management report.

v) Bidder shall clearly mention the Equipment and Services to be furnished by them and by Company separately.

vi) Non-Compliance: Statement of Non-compliance as per "**PROFORMA-C"**. A "Model Contract", incorporating various terms and conditions of the Contract to be made with the successful bidder is provided in SECTION-II of this Tender Document. Bidders are requested to state their non-compliance, if any as per PROFORMA-C.

vii) Declaration of Cycle Time: Bidder shall furnish the time frame for completion of the activity as under:

For Mobilization

60 days from the date of LOI/FOI

For USRD

Till Completion of services in fourth well from Commencement Date.

For Demobilization:

Within 10 days from the date of completion of USRD services in fourth well.

B. PRICE BID

Price Bid: The Price Bid must be prepared as per format "**PROFORMA-A**" only. Price Bid in any other form, if submitted shall be liable for rejection.

6.0 BID PRICE

6.1 Unit prices must be quoted by the bidders in legible figures both in numerals and in words. Prices quoted in words shall prevail over numerals in case of discrepancy.

6.2 Price quoted by the successful bidder must remain firm during its performance of the Work and is not subject to variation on any account other than the provisions (if any) in the contract.

6.3 Prices shall be inclusive of all taxes, duties, Govt. Levies etc. including all obligations, costs and expenses necessary for successful performance of Work.

6.4 All duties and taxes including Corporate Income Taxes and other levies payable by the successful bidder under the Contract for which this Tender Document is being issued, shall be included in the rates, prices and total Bid Price submitted by the bidder and the evaluation and comparison of bids shall be made accordingly. For example, personal taxes and/or any corporate taxes arising out of the profits on the Contract as per rules of the country shall be borne by the bidder.

7.0 CURRENCIES OF BID AND PAYMENT

7.1 The bidders are to quote firm price. The bidder will bid in US$ (United States Dollars) only. Payment will be made accordingly. This quoted currency will not be allowed to be changed during the tenure of the Contract.

8.0 PERIOD OF VALIDITY OF BIDS

8.1 Bids shall remain valid for 120 days from the Bid Due Date & Time.

9.0 FORMAT AND SIGNING OF BID

9.1 The bidder shall prepare two (2) copies of the bid clearly marking "ORIGINAL BID" and "COPY OF BID". In the event of any discrepancy between them, the original shall govern.

9.2 The original and the copy of the bid shall be typed or written in indelible inks and shall be signed by the bidder or a person or persons duly authorized to bind the bidder to the contract. All pages of the bid, except for un-amended printed literature, shall be signed by the person preparing the bid.

9.3 Bidder shall clearly indicate their legal constitution and the person signing the Bid shall state his capacity and also source of his ability to bind the bidder.

9.4 The power of attorney or authorization, or any other document consisting of adequate proof of the ability of the signatory to bind the bidder, shall be annexed to the bid. JPOCL may reject outright any bid unsupported by the adequate proof of the signatory's authority.

9.5 The bid should contain no interlineations, white fluid erasures or overwriting except as necessary to correct errors made by the bidder, in which case such correction shall be signed by the person preparing the bid.

C. <u>SUBMISSION OF BIDS</u>

10.0 SEALING AND MARKING OF BIDS

10.1 The Tender is being processed according to a Two-bid procedure. Offers should be submitted in two parts i.e. Techno Commercial bid and Price bid each in duplicate (one Original and one copy).

10.2 The bidder shall seal the original and copy of the bid duly marking as "ORIGINAL" and "COPY" (refer clause 9.1).

10.3 The cover containing the Techno Commercial Bid (Original + copy) should be in one sealed cover bearing the following on the right hand top corner.

(i) Envelope No.1 Techno Commercial bid

(ii) Tender No. **JPOCL/USRD/2012/0011**
. (iii) Bid Due Date _____.
(iv) Bidder's name _____.

10.4 The cover containing the Price Bid (Original + copy) should be in a separate sealed cover bearing the following on the right hand top corner.

(i) Envelope No.2 Price bid
(ii) Tender No. **JPOCL/USRD/2012/0011**
(iii) Bid Due Date _____.
(iv) Bidder's name _____.

10.5 The above mentioned two separate covers containing the Techno Commercial bid and the Price bid should then be put together in another envelope bearing the following details on the top and the envelope should be addressed to Business Head – Oil & Gas

(i) Tender No. **JPOCL/USRD/2012/0011**
(ii) Bid Due Date_____.
(iii) Bidder's name_____.

10.6 The offer should contain complete specifications, details of services and equipment/ accessories offered together with other relevant literature/catalogues. **The Price Bid should not be put in the envelope containing the Techno Commercial Bid.**

10.7 Timely delivery of the bids is the responsibility of the bidder. Bidders should send their bids as far as possible by Speed Post or by Courier Services. Company shall not be responsible for any postal delay/ transit loss.

11.0 LATE BIDS

11.1 Bids must be received by the Company at the address not later than Bid Due Date mentioned in the "Covering Letter". Any Bid received by the Company after the deadline for submission of bids prescribed by the Company shall be liable for rejection.

12.0 MODIFICATION AND WITHDRAWAL OF BIDS

12.1 The bidder after submission of bid may modify or withdraw its bid by written notice prior to Bid Due Date and time. The bidder's modification or withdrawal notice shall be prepared sealed, marked and dispatched in accordance with the provisions of Article 10 above.

12.2 No bid can be modified subsequent to the deadline for submission of bids.

12.3 No bid may be withdrawn in the interval between the deadline for submission of bids and the expiry of the period of bid validity specified by the bidder on the Bid Form.

13.0 EVALUATION OF TECHNO COMMERCIAL BIDS

13.1 Company will open the Techno Commercial Bids first and evaluation of the same shall be made on the basis of experience, technical ability, quality of equipment & personnel, safety record, past performance record of the bidder or its affiliates, Work schedule, turnaround time to complete the project and Company may adopt other suitable criteria to ascertain the capability and technical competence of each responded bidder.

13.2 To assist in the examination, evaluation and comparison of bids, the Company may at its

discretion, ask the bidder for clarifications of its bid. The request for clarification and the response shall be in writing and no change in the price or substance of the bid shall be sought, offered or permitted.

14.0 EVALUATION OF PRICE BIDS

14.1 Company will open the Price bids of the techno commercially qualified bidders only after completion of techno commercial evaluation.

14.2 The Company will examine the price quoted by bidders to determine whether they are complete, any computational errors have been made, the documents have been properly signed and the bids are generally in order.

14.3 Comparison of Bids: The Company will evaluate and compare the bids as per prices quoted in the Price Bid in the **PROFORMA-A**.

15.0 CONTACTING THE COMPANY

15.1 Except as otherwise provided in Article 13 above, no bidder shall contact Company on any matter relating to its bid, from the time of the bid opening to the time the Contract is awarded except as required by Company vide clause 13.2 above.

15.2 Any effort by a bidder to influence the Company in the Company's bid evaluation, bid comparison or Contract award decisions may result in the rejection of their bid.

D. <u>AWARD OF CONTRACT</u>

16.0 NOTIFICATION OF AWARD

16.1 Company shall award the Contract to the successful bidder whose bid has been determined to be techno-commercially acceptable, provided further that the bidder is determined to be qualified to perform the Contract satisfactorily. Prior to the expiry of the bid validity, the Company will issue a Letter of Intent/Fax of Intent (LOI/FOI) to the successful bidder in writing by e-mail or fax that its bid has been accepted. The notification of award in the form of Letter of Intent/Fax of Intent (LOI/FOI) will constitute the formation of the Contract. The successful bidder should confirm acceptance of the LOI/FOI within 3 days from the date of receipt of such LOI/FOI.

17.0 SIGNING OF CONTRACT

17.1 Company and the successful bidder would enter into formal Contract within a period of 15 days from the date of LOI/FOI. The Company will either call the successful bidder for signing of the Contract or send the “Model Contract” consisting of General Conditions of Contract, Scope of Work and Schedule of Rates incorporating all agreements between the Parties.

18.0 PERFORMANCE SECURITY

18.1 Within 10 days from signing of Contract, the successful bidder shall furnish the performance security in the form of Bank Guarantee from any Nationalised scheduled bank or first class international bank for an amount equivalent to 10% of the Total Estimated Contract Price (TECP) as per the **PROFORMA-D** or in any other form acceptable to the Company. The performance bank guarantee (PBG) shall be payable to Company as compensation for any loss resulting from Contractor’s failure to fulfil its obligations under the Contract. Validity of the PBG should be up to 90 days beyond the Contract Period.

18.2 Failure of the successful bidder to comply with the requirements of Article 17 and clause 18.1 shall constitute sufficient grounds for annulment of the award. In such an event the Company

may award the contract to the next evaluated bidder or call for new bid or negotiate with other bidders as the case may be.

19.0 COMPANY'S RIGHT TO ACCEPT OR REJECT ANY BID

19.1 Company reserves the right to accept or reject any or all bids and to annul the bidding process and reject all bids for any reason whatsoever, at any time prior to award of Contract, without thereby incurring any liability to the affected bidder, or bidders or any obligation to inform the affected bidder of the grounds for Company's action.

E. GENERAL NOTES FOR THE BIDDERS:

20.0 CONFIDENTIALITY OF BID

20.1 Bidders are required to maintain secrecy of all information received by them during the submission of bid.

21.0 LOCAL GOODS & SERVICES

21.1 Work performed in the Georgia through Contractor/Sub Contractors shall be carried out on competitive basis.

22.0 CORRESPONDENCE

22.1 All correspondences from bidders except Bid submission & addressing shall be made to Mr. Vipul Singh Rawat only.

22.2 Interaction on Technical matters

The bidders may interact with the Company to know the technical details about the old existing Geological and Geophysical data (for quality as well as quantity).

END OF SECTION-I

SECTION-II

MODEL CONTRACT

CONTRACT NO. JPOCL/GEORGIA/BLOCK XIB/DD/2012/XXX
FOR
ULTRA SHORT RADIUS DRILLING SERVICES FOR FOUR WELLS IN BLOCK XIB, GEORGIA

BETWEEN

M/S. "Jindal Petroleum Operating Company" LLC
("**Company**")

AND

M/S. _____
("**Contractor**")

THIS CONTRACT NO. JPOCL/GEORGIA/BLOCK XIB/DD/2012/XXX
ULTRA SHORT RADIUS DRILLING SERVICES FOR FOUR WELLS IN BLOCK XIB, GEORGIA
MADE ON _____ DAY OF _____, 2012

BETWEEN

"Jindal Petroleum Operating Company" LLC), a company having its registered office at Apt. 15, 5th Floor, Bldg. No. 57, Iosebidze Str., Saburtalo Region/4, Tbilisi, Georgia hereinafter called "**Company**" or "**JPOCL**", (which expression, unless the context requires otherwise, shall include its successors and permitted assignees), on one part

AND

_____, a company registered in _____, having its office at _____, hereinafter referred to as the "**Contractor**", (which expression, unless the context requires otherwise, shall include its successors and permitted assignees), on the other part.

JPOCL and Contractor shall hereinafter individually be known as "Party" and collectively be known as "Parties". Contractor shall provide Ultra Short Radius Drilling services for four (4) onshore wells in **Block XIB**, Georgia.

NOW, THEREFORE, in consideration of the mutual terms and conditions set forth herein, the Parties hereby agree as follows:

WHEREAS: Government of Georgia, represented by the Agency for National Resources of Georgia (hereinafter referred to as "ANG"), formerly National Agency for Oil and Gas Georgia, has entered into Production Sharing Contract on 24-March-2009 for exploring and developing Block XIB in Georgia. "Jindal Petroleum operating Company LLC" is the operating company for Jindal Petroleum (Georgia) Limited for Block XIB.

Whereas, Company requires **Ultra Short Radius Drilling services for four (4) onshore wells in Block XIB, Georgia.** The Contractor has offered to perform these services I.

WHEREAS, the Company desires that **Ultra Short Radius Drilling** services for **four (4) onshore wells in** Block XIB, Georgia should be provided by the Contractor as detailed hereinafter or as Company may require.

WHEREAS, Contractor engaged themselves in the business of offering such services represents that they have adequate resources and equipment, material etc. in good working order and fully trained personnel capable of efficiently undertaking the operations and is ready, willing and able to carry out the said services for the Company as per **Schedule-B** attached herewith for this purpose.

WHEREAS, Company issued a firm Letter of Intent (LOI)/ Fax of Intent (FOI) No. _____ based on Offer No. _____ dated _____submitted by the Contractor against Company's Tender No. **JPOCL/USRD/2012/0011.**

All these aforesaid documents shall be deemed to form and be read and construed as part of this Contract. However, should there be any dispute arising out of interpretation of this Contract in regard to the terms and conditions with those mentioned in Company's Tender Document and

subsequent letters including the Letter of Intent/ Fax of Intent and Contractor's offer and their subsequent letters, the terms and conditions attached hereto shall prevail. Changes, additions or deletions to the terms of the Contract shall be authorized solely by an amendment to the Contract executed in the same manner as this Contract.

WHEREAS, Contractor has accepted Company's Letter of Intent/Fax of Intent vide their Acceptance letter dated _____.

NOW WHEREAS, in consideration of the mutual covenants and agreements hereinafter contained, it is hereby agreed as follows:

1. In this Contract words and expressions shall have the same meaning as are respectively assigned to them in the General Conditions of Contract referred to.

2. In addition to documents hereinabove, the following Schedules and Annexures attached herewith shall be deemed to form and be read and construed as part of this agreement viz:

a) Schedule-A: General Conditions of the Contract
b) Schedule-B: Scope of Work
c) Schedule-C: Schedule of Rates

Annexures

Annexure-1: Area and Geology Details of Block XIB, Georgia
Annexure-2: List of Equipment (shall be provided by the bidder in its Techno Commercial bid)
Annexure-3: List of Key Personnel

3. In the event of any inconsistency or discrepancy between any of the documents listed in para 2 above, then precedence shall be in descending order as listed.

4. The Contractor Items and Contractor Personnel shall be provided at least till completion of the Work required by the Company under the Contract **if not terminated by Company in accordance with the provisions of the Contract.**

5. In consideration of the payments to be made by the Company to the Contractor as hereinafter mentioned, the Contractor hereby covenants with the Company to provide the services and to remedy defects therein in conformity in all respect with the provisions of this Contract.

6. The Company hereby covenants to pay the Contractor in consideration of the provision of the services and the remedying of defects therein, the Contract Price or such other sum as may become payable under the provisions of this Contract at the times and in the manner prescribed by this Contract.

7. The estimated value of this Contract is limited to **USD …….** and any increase to this shall require a formal amendment from the Company. Further, the Contractor shall submit a monthly statement in the first week of every calendar month indicating the cumulative invoiced value under this Contract.

IN WITNESS thereof, each Party has executed this Contract at Gurgaon, India as of the date shown above.

Signed, Sealed and Delivered,

For and on behalf of Company	For and on behalf of Contractor
("**Jindal Petroleum Operating Company" LLC**) Name: _____	**( )** Name: _____
Designation:	Designation: _____
In presence of	In presence of
1. _____	1. _____
2. _____	2. _____

Schedule-A
General Conditions of Contract

1.0 DEFINITION

In this Contract, including the attached Schedules, unless the context otherwise stipulates, the following words and phrases shall have the following meaning:

a) "**Company**" or " **JPOCL**" shall mean "Jindal Petroleum Operating Company" LLC;
b) "**Company Field Representative(s)**" shall mean the person(s) designated by the Company and present at the Location/ Well Site who has the authority as allocated by Company to act on behalf of Company in all field operations and technical matters concerning the Work at the Location;
c) "**Company Personnel** " shall mean any person employed by or contracted in by Company for any purpose under the Contract;
d) "**Company Representative**" shall mean the person designated by the Company who has the authority to act on behalf of Company in all matters concerning the Work.
e) "**Contract**" shall mean agreement entered into between Company and Contractor, as recorded in the Contract Form signed by the Parties, including all attachments and annexure thereto and all documents incorporated by reference therein;
f) "**Contractor**" shall mean the individual or firm or body incorporated performing the Work under this Contract;
g) "**Contractor Items**" shall mean the all equipment, appliances, tools, spare parts, supplies and other items owned or contracted for by Contractor or any Sub Contractor in any way connected with the performance of the Work;
h) "**Contractor Representative"** shall mean the person as designated by the Contractor who has the authority to act on behalf of Contractor in all matters concerning the Work;
i) "**Contractor Personnel**" shall mean the personnel to be provided by the Contractor as mentioned in Annexure-3 to perform Work;
j) "**Contract Price**" shall mean the total amount payable to Contractor under the Contract based on the rates shown in **Schedule-C** for the full and proper performance of its Contractual obligations;
k) **"Day"** or **"Daily"** means twenty four (24) hour period starting from the time Contractor Items and Contractor Personnel arrive at the Location pursuant to a order issued by Company. A fraction of a day shall be rounded to the nearest half day.
l) **"Force Majeure"** shall be as defined in Article 19 below of this Schedule;
m) "**Government** " shall mean the Government of Georgia or any political subdivision or administrative agency thereof, as the case may be and/ or their respective representatives;
n) "**Government Agencies**" shall mean the National Agency for Oil and Gas of Georgia (NAOG), Georgian Oil & Gas Corporation (GOGC), Labour Department, any concerned Govt. body etc.;
o) "**Mobilization**" shall mean bringing to Location all the equipment and personnel, obtaining mandatory permits required for execution of Work in accordance with this Contract;
p) "**Operating Area** " shall mean primarily Block XIB, Georgia;
q) "**Location**" shall mean the land and other places, on, under, in or through which the Work is to be executed by the Contractor and any other land and place provided by the Company for working space or any other purpose as designated hereinafter as forming part of the Location;
r) **"Standby"** shall mean any time when Contractor Items are not in operation for Work after Commencement Date and excluding Inter Location Movement;
s) "**Sub Contractor**" shall mean any party engaged by Contractor (other than Contractor or Company) to a Sub Contract whether or not, approved by Company;

t) "**Work**" shall mean the Ultra Short Radius Drilling including all the activities and services to be performed and rendered by Contractor under this Contract or as may be advised by Company.

1.1 “Contract” shall wherever appearing include the Schedules attached hereto.

1.2 Except where repugnant to the context:
a) Words importing the singular shall include the plural and vice versa; and
b) Words importing any gender shall include every gender.

1.3 The headings contained in this Contract are inserted for convenience only and in no way define, construe or describe the scope or intent of the clauses of this Contract nor in any way affect this Contract.

1.4 None of the documents or information herein before mentioned shall be used by Contractor for any purpose other than for this Contract.

1.5 Unless otherwise specified by Company, any reference to time period shall be deemed to be based on calendar days.

1.6 All correspondence, documentation, and discussion with respect to the Contract and the Work are to be in the English Language.

1.7 Any review, approval, acknowledgment or certificate given by Company shall not in any way operate to release or relieve the Contractor from or limit in any way of Contractor’s duties, responsibilities, obligations or liabilities imposed upon him by or as a result of any of the provisions of the Contract.

1.8 A reference to a statute shall include a reference to any statute amending, consolidating or replacing the statute.

1.9 Effective Date: The Contract shall become effective from the date on which Company notifies the successful bidder in writing (through LOI/FOI) that Company has awarded them the Contract consequent upon acceptance of their offer. Such date of notification shall be the Effective Date of the Contract.

1.10 Commencement Date: The date on which the Contractor Items and Contractor Personnel are ready for commencement of Work at the first well designated by the Company shall be the Commencement Date for the Contract.

2.0 MOBILIZATION

2.1 The Mobilization should be completed by Contractor within 60 days from the Effective Date. Mobilization shall be deemed to be completed when i) Contractor Items and Contractor Personnel are in readiness to commence Work at the first Location designated by Company after all equipment are fully tested, calibrated ii) the on-site HSE audit carried out by Company, specifically with respect to base camp, communication facilities and emergency services followed by a bridging document, creating an interface between Company’s and Contractor’s HSE Management System, and iii) Contractor has obtained relevant mandatory permits.

The Contractor shall mobilize the Contractor Items and Contractor Personnel in the stipulated

Mobilization period.

3.0 COMPLETION PERIOD

3.1 The Contract shall remain in force till the completion of Demobilization following completion of Work in four (4) onshore wells unless terminated in accordance with the provisions of the Contract.

The breakup of Completion Period is mentioned herein below:

For Mobilization

60 days from the date of LOI/FOI.

For USRD

Till completion of services in four wells.

For Demobilization:

Within 10 days from the date of completion of USRD services in the fourth well.

However, the Contract will stand automatically extended at the same rates, terms and conditions to cover the time necessary to complete or abandon, to the satisfaction of Company, the Well-In-Progress or extension thereof, as the case may be.

4.0 SUSPENSION

4.1 Suspension due to Contractor's failure to fulfil obligations

Company shall give immediate notice to Contractor of alleged failure and allow Contractor for seven days to commence remedying of the alleged failure. If Contractor does not comply with this requirement, Company shall have the right and at its discretion to order Contractor to immediately suspend all or part of the Work which Company in its sole discretion considers necessary by giving Contractor a seven (7) days notice of suspension.

4.2 Suspension at Company's discretion

Company shall have the right at any time and at its discretion to order Contractor to immediately suspend all or part of the Work for a period not to exceed ninety (90) consecutive days in a manner which Company considers necessary by giving Contractor a three (3) days notice of Suspension. Such suspension time shall be charged at Standby fee for a maximum of three days. Contractor reserves the right to terminate the Contract if suspension period exceeds 90 consecutive days.

5.0 TERMINATION OF THE CONTRACT

5.1 Termination by Company

Notwithstanding anything contained herein to the contrary, Company shall have the right to terminate this Contract at any time, even though Contractor has not defaulted hereunder and in such event, Company shall be under no obligation, of any nature, except as provided hereunder and Contractor shall not be entitled to any other compensation or remuneration, of any nature, except for the duties carried till such time the Contract is terminated.

5.2 Termination due to default by Contractor

Company shall have the right to terminate this Contract upon default of Contractor. Default shall be deemed to have occurred upon the occurrence of any of the following events:

a) If Company becomes dissatisfied with Contractor's conduct of work hereunder, including, without limitation, slow progress, negligence, or insufficiently skilled Contractor Personnel and Contractor fails to commence to remedy and cure the same within seven (7) calendar days after receipt of written notice thereof by Company.
b) If Contractor becomes insolvent, or makes any transfer or assignment for the benefit of creditors, or files a voluntary bankruptcy proceedings or receivership proceedings are instituted against Contractor.
c) If Contractor commits a breach or default in any of its covenants or obligations under this Contract and fails to cure and remedy the breach or default within seven (7) calendar days after receipt of written notice thereof by Company, unless another time interval is provided herein for same;
d) If any Governmental agency fails or refuses to grant Contractor Personnel the required entry permits pertaining to the Location where the Work is to be performed and Contractor fails to remedy the same within ten (10) calendar days after receipt of written notice thereof by Company.
e) If any Governmental agency fails or refuses to approve the performance of the Work/ services by Contractor and/or Contractor Personnel and Contractor fails to remedy the same within ten (10) calendar days after receipt of written notice thereof by Company.
f) If Contractor and/ or Contractor Personnel commits an illegal act which: (i) is a violation of this Contract; or (ii) jeopardizes Company's relationship with the Government or any community where Company may conduct its operations, as determined by Company.
g) Termination for any of the aforesaid reasons shall be effective from the date of default. Termination under this clause shall be without prejudice to any claim, which Company may have against Contractor or Contractor may have against Company as a result of services performed hereunder prior to such termination.
h) In case of Termination of Contract due to the occurrence of above events, Company shall have the right to claim the additional cost from Contractor, if any, for completion of Work covered under this Contract.

5.3 Termination due to Force Majeure situation

Either Party shall have the right to terminate the Contract on account of Force Majeure as set forth in Article 17 of Schedule-A.

5.4 Termination on expiry of the Contract

This Contract shall automatically terminate on the expiry of duration of Contract on successful completion of the Work and contractual obligations of Parties in accordance with the Scope of Work.

6.0 SCOPE OF WORK

6.1 The Scope of Work of this Contract will be as specified in **Schedule-B**. Company will engage the Contractor in accordance with the terms and conditions of this Contract and Contractor will act in the capacity of Contractor as required by Company.

7.0 OBLIGATIONS OF CONTRACTOR

7.1 Contractor shall, in accordance with and subject to the terms and conditions of this Contract:

a) Perform the Work described in the Scope of Work vide Schedule-B of the Contract in accordance with the agreed time schedule in most economic and cost effective manner, accepted

in international oilfield practice.

b) Provide or supply all materials and equipment (including fuel, machinery, parts, tackle and tools) and all other apparatus necessary to operate Contractor Items at its own expense.

c) Arrange Visas and other approvals for Contractor Personnel for performance of Work under the Contract.

d) Mobilize the Contractor Items and Contractor Personnel to the Location no later than the period specified in Article 2 vide Schedule A and shall demobilize the same upon the completion of the Work as per the Contract.

e) Arrange the clearance of all equipment, spare parts, consumables etc. from customs and port authorities in **Georgia** at its cost and shall pay all requisite customs duty, clearance fees, charges, demurrages, port fees, clearing and forwarding agent fees, inland transport charges from port to place of work and back at the end of the work including payment of Entry tax, if any, for bringing their equipment etc. to place of work etc. Imports under this Contract are exempted from payment of customs duty as the proposed Work shall be carried out as per PSA signed with NAOG, Government. Company will provide all reasonable assistance but the responsibility for clearances will rest with the Contractor. Inland transportation of all equipment etc. from the port to the place of work and back at the end of the work shall be arranged by the Contractor at its own expense.

f) Arrange at its own cost all consumables and spares including fuel required for the Work and shall carry sufficient stocks of these for uninterrupted operations.

g) Return all documents, maps, and all other data supplied to them or generated by them in connection with the Work to the Company on completion of the Work by the Contractor as per the Contract or as per requirement of Company.

h) Ensure that the data when in its possession as well as during transport to Company is kept in a manner and at a location that protects them against loss, theft or fire and is not exposed to environment conditions that could possibly damage the data. Contractor shall be responsible and bear the cost for storage of data for the duration of Work.

i) Provide experienced manpower, as required to perform the Work, except as otherwise provided and as long thereafter as Company may consider necessary for the proper fulfilling of Contractor's obligations under the Contract.

j) Promptly report each accident to Company and notify all government agencies thereof as required by law.

k) Maintain Well Control Equipment in good condition at all times and shall take all reasonable and possible steps to control and prevent blowouts and fire, and to protect the well.

l) Perform all other obligations, Work which are required as per the terms of this Contract.

m) Be responsible for security of Contractor Personnel and all other aspects of the operation. Contractor shall take all precautions necessary to ensure the safety of Contractor Personnel and Sub Contractor's personnel and property and the personnel and property of any third parties.

n) Use latest version of all technical software packages and shall upgrade all software to the latest revision as soon as such upgrades have been released.

o) Keep its equipment in good working order and shall begin the Work with adequate supply of spares for the equipment.

p) Maintain the cleanliness and housekeeping of the work environment and shall also take care to conduct the down-hole operations with extreme care to ensure the best work quality.

q) Ensure for re-export of the equipment and all consumables and spares (except those consumed during the Contract Period) and complete all documentation required, in case the Contractor imports the equipment etc. on re-export basis. Company will issue necessary certificates etc. as required.

r) Carry out any other work required for efficient and successful execution of Work as per the Contract, except those enumerated under the obligations of the Company defined below.

s) Provide sound and competent personnel who deliver the Work as per international standards, failing which Company reserves the right to ask for removal of any Contractor Personnel with 24 hours notice.

t) Comply with Laws and Regulations of Government of Georgia but not limited to laws in respect of inland travel, use of communications equipment, maps and charts, entry regulations, security restrictions, foreign exchange, work permits, import of equipment, employment of Georgia nationals etc. Any other work required for the efficient and successful execution of Work shall be carried out by the Contractor except those enumerated under the Obligations of Company defined in Article 8 below.

u) Carry out operations under the Scope of Work with due diligence and in a safe and workman like manner according to good international oilfield practice. Contractor shall maintain discipline and good conduct among its personnel and Sub Contractor's personnel and shall abide by and conform to all rules and regulations promulgated by the Company.

v) The Contractor shall nominate a person prior to the commencement of the Work to act as the Contractor Representative. The Contractor Representative shall be constantly present at the location where the Work is being performed and shall be responsible for supervising the Work and shall have the full responsibility and authority to act on behalf of the Contractor concerning all matters arising out of or in connection with this Contract. Such representative shall receive on behalf of the Contractor, notice, directions and instructions from the Company Representative.

8.0 OBLIGATIONS OF COMPANY

a) Company shall pay Contractor in accordance with the terms and conditions of this Contract.
b) Allow the Contractor and its personnel access, subject to normal security and safety procedures to all areas as required for orderly performance of the Work.
c) The Company shall provide, if required, necessary documents for clearance of Contractor Items from Govt. of Georgia or their departments or undertakings and would extend assistance and necessary help to the Contractor.
d) Company shall provide the plan for USRD for each well prior to commencement of USRD in each well.
e) Company shall provide the layout of every Location where the well is to be drilled by

Contractor.

f) Company shall provide base to Contractor for the performance of Work.

g) Company shall arrange transport of Contractor Items and Contractor Personnel from one Location to another.

h) Company shall provide fooding, lodging accommodation and other housekeeping services for Contractor Personnel and Sub Contractor's personnel except during Mobilization and Demobilization.

i) Company shall ensure that Contractor has full rights of ingress and egress for its personnel and Contractor Items to and from the Location. In the event of any restrictions, conditions, or limitations in Company's permit, which would affect the free right of ingress, egress and possession to be exercised by Contractor hereunder, its employees or its Sub Contractors, Company shall promptly advise Contractor of any restrictions, conditions or limitations in Company's permits or authorizations affecting the right of entry or operation of Contractor, and Contractor shall comply with same.

9.0 EQUIPMENT, PERSONNEL AND PERFORMANCE

9.1 Contractor Equipment

9.1.1 Supply of Equipment

Contractor, at its own expense, shall provide or supply all materials and equipment (including machinery, parts, tackle and tools) and all other apparatus necessary to operate Contractor Items listed in **Annexure-2**. However, if any additional equipment and other accessories are required by the Contractor for performance of Work under the Contract, the Contractor shall arrange the same at their cost.

9.1.2 Quality of Materials and Equipment

All Contractor Items shall be of internationally recognized standards.

Company shall have the right to inspect all such Contractor Items and other goods on or before the arrival on Location to ensure compliance with Company's standards of quality and safety.

Contractor should keep its equipment in good working order and shall begin the Work with adequate supply of spares.

9.1.3 Rejection and Replacement of Contractor Items

i. Company reserves the right to inspect and approve Contractor Items and it may at any time before and during the duration of the Contract, reject any Contractor Items which are defective or are not in accordance with the Contract.

ii. Contractor shall comply with any instruction given on the rejection of any Contractor Items and carry out repairs or replacement as necessary at Contractor's cost.

9.1.4 Deficiencies

Contractor shall maintain Contractor Items in sound and efficient operating condition at time. Should the performance of Contractor Items becomes unsatisfactory or the general standard of performance of work hereunder be materially reduced because of defective drill pipe, drill collars, or other Contractor's furnished equipment or by reason of Contractor's incompetence or negligence, Company shall give Contractor a written notice specifying the causes of its dis-satisfaction to correct the specified deficiency within 15 days failing which Company shall have the right to terminate this Contract by giving thirty (30) days advance written notice to the Contractor, unless the specified deficiency is corrected within such thirty (30) days period. In this event no demobilization charges will be payable by the Company. Notwithstanding the provision contained

in the Contract, Company shall recover the mobilization charges, if any paid, in case the deficiency occurs during pendency of the Contract, on prorata basis for the period of performance, in addition to invoking of PBG due to failure of the Contractor in not executing the Contract faithfully.

9.2 Contractor Personnel

9.2.1 Employment

Contractor shall engage for its own account all Contractor Personnel necessary to carry out the Work. Such employees shall not be considered as Company's employees. Contractor shall be responsible for its employees for Statutory as well as other legal compliances such as Wages, Salaries etc.

9.2.2 Number of Personnel

As a minimum, Contractor shall provide the quantity and quality of its Personnel as required for safe, efficient operations within the statutory requirements of all regulations in force at the time and to ensure the completion of the Work within the specified time period.

Contractor must provide Key Personnel at minimum as designated in the List of Key Personnel (Annexure-3) herein along with their schedule of stay in the Location. An attendance of the Key Personnel has to be approved by the Company's Field Representative. Where any listed Personnel are not on Location when the responsibilities of their position would normally be required, Company will deduct from Contractor's invoices for each day of absence as confirmed by Company Field Representative the amount specified for additional personnel of the same designation as stated in the List of Key Personnel.

9.2.3 Competence of Personnel

Contractor is responsible and represents that its Personnel have the requisite experience, are competent and efficient and possess valid certificates and documentation.

Contractor Personnel shall carry out the obligations of Contractor as provided in this Contract, and shall be well versed in maintenance and operation of the Contractor's Equipment.

Contractor shall, prior to the commencement of Work, present to Company a final name list for all personnel planned to be employed in the performance of the Work. This list shall show, as a minimum, qualifications, each person's designated position, the time worked in similar position and the specified role, total experience in years in USRD operations, previous employment with dates and designation, training courses attended and passport details.

In addition, copies of the full curriculum vitae of all Contractor Personnel should be provided setting out, age, education, previous employment with dates, and experience in USRD of oil and gas wells including details of previous projects worked, training courses attended and any other relevant information.

All Key Personnel shall read, write and speak English fluently.

Company reserves the right to reject on the basis of work for proper reasons any Contractor Personnel. Contractor must obtain approval for any replacement of its Personnel from Company or Company Field Representative prior to making any such replacement.

When seeking such approval, the pre requisite details of the proposed replacement, as set out above must be provided by the Contractor.

9.2.4 Replacement of Personnel

Company shall be entitled, without prejudice to any other rights or remedies available to Company under Contract or otherwise in law, to object to, and require Contractor to remove from the work, any person who, in the reasonable opinion of Company is incompetent, misconduct himself, affect safety of personnel, cause damage to environment is negligent in the proper performance of his Duties or is otherwise considered to be undesirable. Company shall give such notice in writing. In such event, Contractor shall forthwith remove such person from the work and such person shall not be again employed upon the work without written permission of Company. Contractor shall forthwith replace, at Contractor's sole expense, any such discharged person with a suitably qualified and experienced person satisfactory to Company.

9.2.5 Working hours on Location

Contractor shall ensure that it has sufficient Personnel to perform the Work, normally on twenty four (24) working-hour period per day. However, depending on the operation on a particular day, if the circumstances warrant the working period would be reduced.

9.2.6 Compliance with Statutory Rules and Regulations

Contractor will be responsible to comply with the prevailing statutory rules and regulations in respect of the Contractor Personnel, more specifically those relating to labour, industrial, safety and environmental laws. Company shall have the right to seek necessary proof/evidence for such compliance which shall be promptly supplied by the Contractor.

9.2.7 Incidental costs of Personnel

The Contractor shall be solely responsible throughout the period of this Contract for providing all requirements of their personnel including but not limited to their transportation to and from to field site, en-route, local boarding, lodging, medical attention etc. Company shall have no liability or responsibility in this regard. Contractor shall arrange drinking water and its transportation to site/camp at their own cost.

9.3 Contractor's Performance

9.3.1 Performance of Contractor

Contractor represents that the Work hereunder shall be carried out diligently, efficiently, in a safe and workman like manner according to the standards and specifications contained in this Contract and generally accepted as per international oil field practice.

9.3.2 Performance Security

Contractor shall provide to the Company within 10 days from the date of signing of Contract an irrevocable and unconditional Performance Bank Guarantee (PBG) equivalent to 10% of Total Estimated Contract Price (TECP) from any Nationalised scheduled bank or first class international bank as per the format provided or in any other form acceptable to Company, which shall be valid up to 90 days beyond the Contract Period. The performance security shall be payable to Company as compensation for any loss resulting from Contractor's failure to fulfil their obligations under the Contract.

9.3.2.1 Should the expiry date of the Bank Guarantee required to be furnished pursuant to Article 9.3.2 occur before the expiry of the validity period mentioned in Article 9.3.2, Contractor shall re-furnish at least fourteen (14) days before the date of expiry, a fresh guarantee in the form similar to and in the amount of those previously provided, except for a revised date of expiry which shall

not be earlier than ninety (90) days after the end of duration of Contract and any extension thereof. Should Contractor fail to provide the fresh guarantee as required, JPOCL shall without prejudice to all its other rights under the Contract or the law, invoke the Bank Guarantee referred to in Article 9.3.2.

9.3.2.3 If the Bank Guarantee to be furnished pursuant to Article 9.3.2 and 9.3.2.1, is not duly furnished by Contractor to Company within the above prescribed period, Company may at its option and without prejudice to any rights or claims it may have against Contractor by reason of Contractor's noncompliance with any of the provisions of this Article, withhold an amount equivalent to the payment due or becoming due to the Contractor under this Contract until such time the Bank Guarantee is furnished by the Contractor whereupon Company will immediately release such sums withheld to Contractor, or terminate this Contract by notice in writing to Contractor. In the case of termination, Company shall thereupon not be liable for any claim or demand from Contractor under the provisions of this Contract in respect of anything then already done or furnished, or in respect of any matters or thing whatsoever in connection with or relating to this Contract, but JPOCL shall be entitled to be reimbursed by Contract for all out-of-pocket expenses incurred by Company in obtaining a new contractor to perform the Work.

9.3.2.4 Contractor shall revise the Bank Guarantee amount to correspond to any increase in the Contract Price. Failure to revise the Bank Guarantee value shall constitute a failure by Contractor to perform its contractual obligation, entitling JPOCL to make an immediate call on the Bank Guarantee.

9.3.2.5 Further, as a condition precedent to the award of this Contract, Contractor shall if requested by Company furnish Company with a Performance Guarantee duly executed by the principal, associate or parent company of the Contractor in the form as provided or any other form acceptable to Company.

9.3.3 Performance of the Contractor during the Contract Period

Company reserves the right at any time during the duration of the Contract to suspend or terminate the Contract if Contractor fails to comply with any of its obligations under the Contract.

9.3.4 Rejection of the Work

Company shall have the right to reject any part of the Work which is not performed in accordance with the Contract. Where Company desires to exercise this right Company shall so advise Contractor in writing. Upon receipt of such notification, Contractor shall correct the defects in its performance of the Work and shall be responsible for all its costs associated therewith.

9.3.5 Warranty and Remedy of Defects

a) Contractor warrants that it shall perform the Work in a first class, workman like professional manner and that all Duties shall be performed in accordance with the highest quality, efficiency and current state-of-the-art oil industry practices and in conformity with all specifications and standards, and guidance which Company may, from time to time, furnish to Contractor.

b) If Company discovers at any time during the term of the Contract or within 2 (two) months after termination of this Contract that the Work does not conform to the foregoing warranty, Contractor shall, after receipt of notice from Company, promptly perform any and all corrective work required to make the Work conform to the Warranty. Such corrective work shall be performed by the Contractor at its own expense. Company, at its opinion may have such remedial work performed by others and charge the cost thereof to Contractor. In case Contractor fails to perform remedial

work, the performance security shall be forfeited.

c) The rights and remedies of Company provided herein are in addition on any other rights and remedies provided by law or in equity or otherwise.

10.0 SAFETY RESPONSIBILITIES OF THE CONTRACTOR

Contractor shall exercise due care, skill and diligence and take all necessary measures and precautions to ensure that in the execution of the Work safe working practices are observed and that human life and property is not destroyed, injured or put in danger. Contractor shall have complete responsibility regarding the safety of operations of all systems and all personnel on board during the USRD.

Consequently, Contractor's responsibilities include:

i. Implementation of a management strategy directed at providing safe operations at the Location;
ii. Safety of its and Sub Contractor's personnel;
iii. Control of work and health conditions for their operations at the Location;
iv. Training of its personnel to ensure safe operations;
v. Ensuring that all their furnished machinery and equipment is maintained in safe running order and inspected regularly to ensure safe, continued operation;
vi. Compliance with safety guidelines, policies and procedures which are consistent with those of the Company;
vii. Observing all applicable laws and regulations;

10.1 Safety policy, management programme, manual and plan

10.1.1 Policy on health, safety and the environment

Contractor acknowledges the Company's strong commitment to preservation of health and safety of persons and protection of the environment and affirms that it has a health, safety and environment (HSE) policy which is of a high standard comparable to Company's policy and which has been signed and is actively supported and endorsed by the Contractor's management. Contractor further affirms that its HSE policy is understood, implemented and maintained at all levels in its organisation. The policy statement shall be in English and other appropriate languages.

10.1.2 HSE Manual

The Contractor shall have a manual which sets out its HSE policy, describe its HSE organisational structure and the individual HSE responsibilities of the Personnel and HSE advisers, basic rules on health safety and environmental protection, safe work practices and procedures for emergency response.

10.1.3 HSE Management Programme

Contractor shall have a documented programme which sets out the activities, resources and events serving to implement and maintain its HSE policies. The programme must address employee and Sub Contractor orientation, safety and emergency response training, hazard control, communication on HSE matters to and from Personnel, inspection and audit, accident and incident reporting and investigation, safety advisers.

HSE Compliance

All safety laws enforced by statutory agencies and by Company shall be applicable in the performance of this Contract and Contractor shall abide by these laws.

Contractor will comply with International Association of Drilling Contractors "Land HSE Case Guidelines". Copy of this document shall be provided to all senior personnel. Variations from these guidelines will be allowed only with the written approval of the Company Field Representative.

10.1.4 Safety plan

Contractor shall have a health safety and environmental plan derived from the HSE programme (extended if necessary) setting out the specific HSE practices, resources and activities relevant to this contract, together with any other issues it considers not adequately addressed by standard safety, health and environmental measures.
Contractor shall provide sufficient number of dedicated "Safety Manager" or "Safety Adviser" as one of the Key Personnel.

10.1.5 Right of Company to enforce safety

Contractor's obligation to observe the safety requirements of the Contract shall be considered an essential and basic obligation. If the Contractor operates in a manner which is not safe or contravenes any of the safety provisions under the Contract, Company may advise the Contractor accordingly and Contractor shall immediately correct the situation to the satisfaction of the Company. If the remedial action is not taken, Company may, either;

a) Suspend the Work in accordance with Article 4 until the remedial action required by the Contractor is taken; or;
b) Notwithstanding any other provisions, terminate the Contract with immediate effect. Such a termination shall be attributed to the fault of the Contractor and the provisions of Article 5.2 shall apply accordingly.

10.1.6 Safety meetings

Contractor must be responsible for maintaining and enhancing the safety awareness of its Personnel and Sub Contractor's personnel, including arranging daily workgroup safety meetings (toolbox meetings), weekly departmental management safety meetings and weekly crew management safety committee meetings or similar, arranging safety training and emergency drills and participating in Company training/emergency drills. Where Contractor has insufficient Personnel to justify holding its own safety meeting, Contractor Personnel shall participate in meetings conducted by Company or other contractors. The points discussed in the meeting shall be minuted and accordingly appropriate corrective actions shall be taken by the Contractor.

10.2 Safety Clothing and Equipment

10.2.1 Protective clothing and equipment

Contractor and Sub Contractor shall at their own expense and not at the expense of their personnel, supply and maintain their personnel at the Location with adequate protective clothing and equipment. This clothing and equipment shall conform to a recognised international standard to be stated by the Contractor in its offer or other national standard approved by the Company. This clothing and equipment shall include but not limited to those items listed in Provisions by the Contractor of the Contract. All personal protective clothing and equipment shall be maintained in good condition and shall be worn and used on all relevant occasions as indicated by notices, instructions and good practice.

10.2.2 Safety equipment

Contractor at its own expense shall provide adequate first aid equipment, fire extinguishers and other safety equipment of an approved type and quantity, as may be specified (or expected in

accordance with good working practice), in connection with this Contract and shall maintain this equipment in a professional manner as dictated by legal and industry standards. In addition, Contractor shall keep up-to-date records of all said equipment. Free access by all persons on site to all extinguishing and safety equipment shall be maintained at all times.

10.3 Hygiene, Medical and Welfare

All labour laws including PF regulation etc. enforced by statutory agencies and by Company shall be applicable in the performance of the Contract and Contractor shall abide by these laws.

10.3.1 Health and fitness

Contractor shall make all reasonable efforts to ensure that all its and Sub Contractor's personnel engaged in the Work are medically fit and healthy. Contractor, if requested by the Company, shall provide health certificates for the Contractors and Sub Contractor's personnel.

10.3.2 Medical Welfare

Contractor shall be responsible for the medical welfare of its own and Sub Contractor's personnel, servants or agents and their families and shall take care of periodical medical examination, arrangements for medical attendance, treatment or hospitalization if and when necessary and will arrange suitable insurance coverage for such contingencies.

Contractor shall provide a properly equipped medical clinic and doctor or highly trained paramedic at each base camp. Doctor/paramedic is to be included in the Key Personnel list.

10.3.3 Emergencies

In the event of severe injury or sudden illness to any of the Contractor Personnel or Sub Contractor's personnel while engaged in the work under the Contract, Company shall, where possible, provide medical assistance whatever available and where possible may arrange for emergency transportation or evacuation of the affected personnel of the Contractor to any place for medical treatment or emergency treatment which in the opinion of the Company is necessary in the interest of the health of the personnel concerned. Contractor shall remove and take over the injured person for further treatment through Contractor's own medical facilities /arrangements as soon as possible after any such incident. Company, however, reserves the right to charge the Contractor for all expenses incurred until the person is taken over by the Contractor.

Contractor will provide as part of clause 10.1.4 a Medical Emergency and Medical Evacuation Plans for the project.

10.3.4 Liability in medical emergency

Contractor shall indemnify Company in accordance with Article 16 for any liability whatsoever in connection with Company rendering medical assistance to the Contractor, its Personnel or any Sub Contractor's personnel, whether a claim is made by the Contractor, its Personnel, a Sub Contractor or its personnel to by any other person or persons lawfully claiming on behalf..

10.3.5 Hygiene

Contractor shall ensure that its Personnel and Sub Contractor's personnel shall maintain the highest standards of hygiene in connection with known or potential health hazards in the performance of this Contract.

10.4 Protection of the environment

i. Without prejudice to Article 16 Contractor shall take all reasonable precautions to protect the

environment during the performance of the Work. The responsibilities of Contractor shall include, but are not limited to, the prevention of nuisance to any third party and pollution caused by Contractor Items, as well as the protection of wild life, streams, rivers, roads, bridges and neighbouring property whether in the possession of Company or not.

ii. Contractor shall observe all Company's environmental regulations, guidelines.

iii. Company shall notify the Contractor of any known potential environmental hazards of anything provided by the Company which Contractor uses in performance of the Contract.

iv. Should the Contractor operate in a manner which contravenes the provisions of this clause 10.4, Company may advise the Contractor accordingly, and the Contractor shall immediately correct the situation to the satisfaction of the Company. If remedial action satisfactory to the Company is not taken, Company may either suspend the Work pursuant to Article 4 until remedial action required by Contractor is taken, or Terminate the Contract in accordance with clause 5.2 or attribute such a termination to the fault of the Contractor.

10.5 Packing, Transportation and Goods Handling

Contractor is responsible for safe packing, labelling and preparation for transportation of all materials, equipment etc. related to work and for the provision of appropriate certified lifting and handling equipment and appliances.

12.6 Cleanliness of site and Waste Disposal

During the execution of Work, Contractor shall keep the Location in which it is performing the Work, as well as any surrounding area, in a good state or order and cleanliness. Contractor shall dispose of any liquid and solid wastes in Contractor's care or custody in accordance with the Contract and the laws and regulations or any government, state or local authority.

10.7 Demobilization

Contractor agrees that all equipment imported and brought to the Location for the Work under this Contract shall be demobilised/re-exported from last Location immediately after completion of Work but not later than 10 days from date of completion of USRD in last well. Any penalty /fee levied and any increase in levies, taxes etc. after completion of Contract shall be paid by the Contractor.

10.8 International Guidelines

Contractor's HSE Management Systems, Management Plans and other systems to be based on or similar in principle to systems based on the guidelines published on the International Organisation of Oil and Gas Producers (OGP) website: http://info.ogp.org.uk/

11.0 PRICES AND PAYMENTS

11.1 Payments due

In consideration of Contractor's performance of the Work, Company shall pay the Contractor amounts based on the rates specified in Schedule of Rates vide Schedule-C of the Contract.

Except where it is expressly provided that the Company shall carry out an obligation under the Contract at its own cost, all things required to be supplied or performed by Contractor under the Contract shall be at Contractor's cost and deemed included in the Contract Price.

The Contractor shall be deemed to have made proper allowance in the Contract Price of its obligations under the Contract, and the Contract Price shall be deemed to cover all its obligations under the Contract and all matters necessary for the proper performance of the Work.

The Contractor shall remain liable to perform all of its obligations under the Contract,

notwithstanding that it did not foresee any matter that has affected or may affect the performance of the Work.

11.2 Applicability of rates and prices
The applicability of rates and prices are specified in the **Schedule-C.**

Maintenance, repairs or replacement of Contractor Items necessary to perform the Work shall be to the Contractor's expense except where such maintenance, repairs or replacements are expressly stated in the Contract to be for the Company's account. Contractor shall pay all costs including travel, transportation, accommodations, and service engineer fees associated with maintenance, repair and replacement.

11.3 Variation of Rates
All rates, prices or sums set out in this Contract have been fixed by the Parties prior to or on the Effective Date and shall not be altered except in accordance with the provisions (if any) stated in the Schedule of Rates in Schedule-C of the Contract.

11.4 Company's right to vary quantities during execution of the Contract
The Company reserves the right to increase or decrease up to **50%** of the quantum of Work specified in Scope of Work without any changes in rates or other terms and conditions.

11.5 Changes
11.5.1 During the performance of the Work, Company may make a change in the Work within the general scope of this Contract including, but not limited to, changes in methodology and minor additions to or deletions from the Work to be performed. Contractor shall perform the Work as changed. Changes of this nature will be effective by written order by the Company.

11.5.2 If any change result in an increase in compensation due to Contractor or in a credit due to Company, Contractor shall submit to Company an estimate of the amount of such compensation or credit in a form prescribed by Company. Upon review of Order Contractor's estimate, Company shall establish and set forth in the change the amount of the compensation or credit for the change or a basis for determining a reasonable compensation or credit for the change. If Contractor disagrees with compensation or credit set forth in the change order, Contractor shall nevertheless perform the work as changed and the Parties will resolve the dispute in accordance with clause 21.6 hereunder. Contractor's performance of the Work as changed will not prejudice Contractor's request for additional compensation for work performed under the Change Order.

Contractor shall not change, modify or alter any part(s) of the Work except as directed by the Company in writing.

11.6 Payments during special circumstances
Company shall pay the Contractor based on the rates as specified in Schedule of Rates vide Schedule-C of the Contract.

11.7 Liquidated damages
The Mobilization should be completed within 60 days from the Effective Date and Work should be commenced within next day thereafter.

In the event the Contractor fails to mobilize within the period stipulated in Article 2 of Schedule-A, liquidated damages at the rate of 0.5% of the Total Estimated Contract Price for delay of each

week or part thereof, subject to a maximum of 5% of the Total Estimated Contract Price shall be payable by the Contractor. Company shall have full liberty to terminate the Contract without any notice in case the Contractor fails to complete the Mobilization within **60 days** from the Effective Date of the Contract.

The Demobilization should be completed within 10 days from the completion of Work.

In the event the Contractor fails to demobilize within the period stipulated in Article 2 of Schedule-A, liquidated damages at the rate of 0.5% of the Total Demobilization charges for delay of each week or part thereof, subject to a maximum of 5% of the Total Demobilization charges shall be payable by the Contractor.

Note:
i. The liquidated damages/penalties shown above are agreed between the Parties to be genuine pre-ascertained damages which Company will suffer in case of delays in starting operations on Site by Company and do not in any way constitute a penalty.
ii. The Company may, without prejudice to any other method of recovery, deduct the amount of such liquidated damages from any monies due or which become due to the Contractor. The payment or deduction of such damages shall not relieve Contractor from its obligations and liabilities under this Contract, neither will it affect right of Company pursuant to other provisions of the Contract.

11.8 Terms of payments

11.8.1 Time for submitting invoices

Contractor shall render to Company for performing the Work an official invoice in triplicate (one original plus two copies) for such amount as is justified in accordance with Contract. Invoices shall be established as under:

a) Mobilization of Equipment & Personnel for USRD services: The Contractor shall raise invoice for the lump sum Mobilization charges when the equipment and personnel is ready at first Location for starting the Work.
b) For USRD: The Contractor shall raise well wise invoices after completion of USRD services in a well which shall be handed over to the Company at its Georgia office along with daily/ weekly reports and other relevant data.
c) For Demobilization: The Contractor shall raise invoice for Demobilization of crew & equipment only after completion of Demobilization of Contractor Items and Contractor Personnel.

All invoices shall be deemed to include all charges pertinent to the Work performed in the period covered.

11.8.2 Invoice details

11.8.2.1 For Mobilization

Invoice shall indicate:

(a) Date
(b) Invoice number (and for credit invoices the number of the related invoice)
(c) Contract Reference (Contract No. xxxxx)
(d) Project Reference (xxxx)
(e) Block No.

(f) Well name and No.
(g) Description of Work
(h) Period of Work
(i) Variation Order number if applicable
(j) Value of Invoice

Prior to submission of actual invoices, Company Representative shall verify the invoices for correctness of the invoice, content and applicability of support documentation.

11.8.2.2 For USRD
Invoice shall indicate:

(a) Date
(b) Invoice number (and for credit invoices the number of the related invoice)
(c) Contract Reference (Contract No. xxxxx)
(d) Project Reference (xxxx)
(e) Block No.
(f) Well name and No.
(g) Description of Work
(h) Period of Work
(i) Variation Order number if applicable
(j) Value of Invoice

Invoice, shall be accompanied by original vouchers, records, receipts or other supporting evidence for the work performed or the expenses incurred during each month and shall be supported by documentation (such as Time sheet/ Log Sheet/ DPRs with summary showing non-operating period, operating period, Rig move period, breakdown of equipment, non deployment/ short deployment etc (if any) and reasons thereof, meter drilled signed by Company Representative Attendance Sheet/ short deployment etc. (if any) and reasons thereof, Fuel charges (Daily consumption report of fuel), statement of material/ consumption if applicable, Catering Bill (Log Sheet), or other supporting evidence for the Work performed or the expenses incurred in the previous month) as per international practices evidencing jobs performed and should be signed by the Company Representative at Location.

Prior to submission of actual invoices, Company Representative shall verify the invoices for correctness of the invoice, content and applicability of support documentation.

11.8.2.3 For Demobilization
Invoice shall indicate:

(a) Date
(b) Invoice number (and for credit invoices the number of the related invoice)
(c) Contract Reference (Contract No. xxxxx)
(d) Project Reference (xxxx)
(e) Block No.
(f) Well name and No.
(g) Description of Work
(h) Period of Work
(i) Variation Order number if applicable
(j) Value of Invoice

Prior to submission of actual invoices, Company Representative shall verify the invoices for correctness of the invoice, content and applicability of support documentation.

Invoices shall be raised in favour of:

"JINDAL PETROLEUM OPERATING COMPANY" LLC
Apt. 15, 5th Floor, Bldg. No. 57, Iosebidze Str.,
Saburtalo Region/4, Tbilisi, Georgia
Attn: **Mr. Pradeep Mehta**

Each invoice, as appropriate, shall be supported by documentation as per international practices evidencing jobs performed and should be signed by the Company Representative and thereafter delivered to the address shown below:

JINDAL PETROLEUM LIMITED
IIIrd Floor, DCM Building
Plot No. 94, Sector 32
Gurgaon 122001
Haryana, INDIA

11.8.2.4 Right to Reimbursement

For items specified as reimbursable in this Contract, if applicable and approved by Company Representative, Company shall reimburse the Contractor at cost plus 5% upon the presentation of authenticated invoices subject to the following:

- Costs are authenticated by original invoices.
- The Contractor's invoice is well prepared and reimbursable costs receipts are identifiable to the invoice gross amounts.

Reimbursable items:

a. Goods that may be provided by Contractor on specific request by Company.
b. Services not included in the Contract and requested by Company.

11.8.2.5 General Notes:

a. Each invoice, as appropriate, shall be supported by evidencing jobs performed and should be signed by the Company Representative and thereafter submitted to the attention of **Mr. Pradeep Mehta, Sr. DGM (F&A).**
b. Invoices shall be accompanied with adequate supporting documentation.
c. Contractor shall categorize items to be invoiced into the categories indicated by Articles and clauses of this Schedule, and shall submit separate invoices for each category.
d. Final format of invoice shall be mutually agreed by Contractor and Company.
e. Invoices shall clearly indicate separate entries for value added taxes, service tax if applicable. Contractor shall compute invoice amounts in currency as shown in the Schedule of Rates with all computations shown on the invoice.
f. No invoices involving more than one currency shall be submitted.
g. **Payment of invoices, if undisputed, shall be made within 30 days following the date of receipt of invoice by Company.**
h. Final and last work bill shall be paid with adjustments, if any after Company fully satisfied that Contractor completed all his obligations under the Contract.

i. Payments shall be made after deduction of applicable taxes, if any.

11.8.3 Currency of Payments

Invoice shall be submitted in the currency as specified in the Schedule of Rates.

Payments shall be made after deduction of applicable taxes.

11.8.4 Payment period

a) Mobilization of Equipment & Personnel: Payment of Mobilization charges shall be made within 30 days following the date of receipt of invoices by Company as referred to in clause 11.8.1 above.

b) For USRD, if undisputed, shall be made within 30 days following the date of receipt of invoice by Company.

c) For Demobilization: Payment of demobilization charges shall be made within 30 days following the date of receipt of invoices by Company as referred to in clause 11.8.1 above. The Invoice for Demobilization shall be accompanied by the documentary proof of re-export of all items (excluding consumables and spares consumed during the Contract Period) in case items are imported into Georgia for execution of the Contract.

11.8.5 Disputed items

In the event of Company disputing any item of any invoice submitted by Contractor, Company shall within fifteen (15) days of receipt of the invoice, notify to Contractor the item in dispute and shall specify the reason for dispute.

Payments in respect of such items in dispute shall be withheld until settlement of the dispute but all undisputed items shall be paid in accordance with clause 11.8.4.

Further, the acceptance by the Contractor of part payment on any billing not paid on or before the due date shall not be deemed a waiver of Contractor's rights in respect of any other billing, the payment which may then or thereafter be due.

11.8.6 Withholding

The Company may with-hold or nullify the whole or any part of the amount due to Contractor on account of subsequently discovered evidence in order to protect the Company from loss on account of:

a) For non-completion of Contracted Work to Company's satisfaction.

b) Contractor's indebtedness arising out of execution of the Contract.

c) Defective work not remedied by Contractor.

d) Claims by Sub Contractor of Contractor or others field or on the basis of reasonable evidence indicating probable filing of such claims against Contractor.

e) Failure of Contractor to pay the cost of removal of unnecessary debris, materials, tools or machinery.

f) Damage to another Contractor of the Company.

g) All claims against Contractor for damages and injuries and / or for non-payment of bills etc.

h) Any failure by Contractor to fully reimburse the Company under any of the indemnification provisions of this Contract. If, during the process of the Work Contractor shall allow any indebtedness to accrue for which Company may be primarily or contingently liable or ultimately responsible and Contractor shall, within five days after demand is made by the Company, fail to

pay and discharge such indebtedness, then Company may during the period for which indebtedness shall remain unpaid, with-hold from the amounts due to Contractor, a sum equal to the amount of such unpaid indebtedness. When all the above grounds for with-holding payments shall be removed, payment shall thereafter be made for amounts so with-held from the amounts due to Contractor, a sum equal to the amount of such unpaid indebtedness. When all the above grounds for with-holding payments shall be removed, payment shall thereafter be made for amounts so with-held. With-holding will also be effected on account of the following:

i. Order issued by a Court of Law in Georgia.
ii. Income-tax deductible at source according to law prevalent from time to time in the country.
iii. Any obligation of Contractor which by any law prevalent from time to time to be discharged by the Company in the event of Contractor's failure to adhere to such laws.
iv. Any payment due from Contractor in respect of unauthorised imports.

When all the above grounds for withholding payments shall be removed payment shall thereafter be made for amounts so withheld.

Notwithstanding the foregoing, the right of the Company to withhold shall be limited to damages, claims and failure on the part of the Contractor which is directly / indirectly related to some negligent act or omission on the part of the Contractor.

12.0. TAXES AND DUTIES

12.1 Contractor's liability towards taxes

Contractor shall assume full and exclusive liability for payment of all taxes in Georgia or any other country if there is any, duties, levies, fiscal contributions and other charges including customs duties where applicable, as may be imposed on Contractor, it's Personnel or its Sub Contractors in Georgia or any other country in connection with the Work.

12.2 Company's rights to withhold taxes

Company shall have the right to withhold taxes on income, excess profits, royalty and other taxes from payments due to Contractor under this Contract to the extent that such withholding may be required by the Government or any relevant authority thereof of any other country, and payment by Company to the respective Governmental office of the amount of money so withheld will relieve Company from any further obligation to Contractor with respect to the amount so withheld. Company shall furnish, on a timely basis, to Contractor receipts and/or other evidence of payment of tax paid.

12.3 Customs Duties

As per the relevant customs notifications of the Government of Georgia, no customs duties are payable in respect of essential oilfield equipment, spares and consumables imported solely for the purposes of this Contract. The Contractor should familiarize themselves with the same. Any additional duties, if payable are to the Contractor's account. However, Company may provide a letter of recommendation through NAOG, which would enable the Contractor to import the equipment, spares and consumables only for use in the operations performed while carrying out the Scope of Work as defined in the Contract. If such import of equipment, spares and consumables are on the basis of a recommendation by the Company, then the Contractor would need to provide an appropriate undertaking as required in order to re-export such equipment, spares and consumables at the end of its use for the operations undertaken on behalf of the Company.

12.4 Corporate Taxes

The Contractor shall bear all Corporate Taxes, levied or imposed on the Contractor on account of payment received by it from the Company for Work done under this Contract. It shall be the responsibility of the Contractor to submit to the concerned Georgian Authorities, the returns and all other connected documents required for this purpose and to comply in all respects with the requirements of the laws in this regard in time. Should the Contractor fail to provide such information and/or returns to the tax authority in Georgia in time and consequently any penalties interest and/or other levies are imposed on the Contractor/ Company such amounts shall be payable by Contractor.

12.5 Personnel Taxes

The Contractor shall bear all taxes as applicable in Georgia, including taxes levied or imposed on its personnel, on account of payment received under this Contract. It shall be the responsibility of the Contractor to submit to the concerned Georgian authorities the return and all other connected documents required for this purpose and to comply in all respects with the requirements of the laws in this regard in time. Contractor agrees to protect and hold harmless Company from any taxes levied, imposed or assessed on Sub Contractor and/or its third party's and/or their personnel.

Contractor shall be responsible for all taxes and duties including personnel taxes of its personnel, its Sub Contractor/ Contractor's third party and their personnel, levied or imposed on it on account of payment received under this Contract. It shall be the responsibility of the Contractor to submit to the concerned authorities documents required for this purpose and to comply in all respects with the requirements of the laws in this regard in time.

If it is so required by the applicable laws in force at the time of the payment, the Company shall withhold from the amount due to the Contractor and pay to the Georgia tax authorities directly any tax levied or assessed on account of the Contractor's operations pursuant to this Contract.

For clarity and not for limiting the generality of the foregoing, it is agreed that the Contractor shall pay (and the Contractor's compensation provided for hereunder includes allowance) for any and all liabilities or claims for taxes, which may be assessed as levied by taxing authority (including any political sub-division thereof) claiming jurisdiction over this Contract against the Contractor on account of or resulting from the Contractor's operations pursuant to this Contract. Including but not limited to all income, excess profit, or other taxes, Contractor earnings, all taxes assessed or levied against or on account of salaries or other benefits paid to the Contractor's employees, all taxes assessed or levied against or on account of any property or equipment (including materials and consumable supplies) or the Contractor including customs duties and import and re-export taxes, all taxes assessed, levied against or on account of the value of the services performed by the Contractor under this Contract.

The Contractor shall indemnify the Company against any and all liabilities or claims for such taxes including interest and penalty, which any such taxing authority may asses or levy against the Company/Contractor.

12.6 Other Taxes

Contractor shall give notices and pay all fees and taxes at their own cost required to be given or paid under any National or State Statute, Ordinance, or other law or any regulation, or by law of any local or other duly constituted authority as may be in force from time to time in Georgia, in relation to the performance of the Work and by the rules and regulations of all public bodies and

companies whose property or rights are affected in any way by the Work. Further, the Contractor shall keep the Company indemnified against all penalties and liability of every kind for breach of any such Statute, Ordinance or law, regulation or by law.

12.7 Others

The Contractor shall furnish to the Company, if and when called upon to do so, relevant statement of accounts or any other information pertaining to Work done under this Contract for submitting the same to the Tax authorities, on specific request from them. Contractor shall be responsible for preparing and filing the return of income etc. within the stipulated time limit to the appropriate authority.

12.8 VAT

Company's oil and gas operations in Georgia are exempted from VAT. Company shall provide copy of the notification (with regard to available VAT exemption to Company) to Contractor and Contractor shall make all efforts for getting exemption on VAT from Georgian Authorities. Even after making all efforts in liaison with Company officials, Contractor fails to get exemption and has to pay VAT on purchase/hiring of consumable goods/ services in connection to this Contract, such paid VAT need to be claimed as per formal procedure under VAT laws of the country.

12.9 Contractor shall indemnify and hold Company harmless from and against any and all taxes, duties, surcharges, fines or penalties of whatsoever nature for which Company shall be or become liable as a result of Contractor's failure to comply with the directions and procedural requirements of Company with respect to the removal of equipment imported in Company's name or as a result of Contractor's act in selling, transferring, disposing or otherwise dealing with such equipment prior to its removal from Georgia or otherwise or as a result of Contractor's failure to furnish proper and accurate information for import of such Contractor Items.

12.10 Contractor shall protect and indemnify Company and hold Company safe and harmless from any and all claims or liability for income, excess profits, royalty and other taxes assessed or levied by the Government of Georgia or by any relevant authority thereof or by the government of any other country against Contractor or its Sub Contractor(s) or against Company for or on account of any payment made to or earned by Contractor or its Sub Contractor(s) hereunder. Contractor further agrees to protect and hold Company harmless from all taxes assessed or levied against or on account of wages, salaries or other benefits paid to Contractor's employees, and all taxes assessed or levied against, on or for account of any property or equipment of Contractor or its Sub Contractor(s).

12.11 Contractor shall indemnify Company against all claims, demands and causes of action based on any actual or alleged failure by Contractor or its Sub Contractor(s) to make timely payment of any taxes or duties for which they are liable or any actual or alleged failure by Contractor or its Sub Contractor(s) to comply with applicable reporting, return, or other procedural requirement with respect to their payment. This indemnity shall include without limitation all penalties, awards, and judgments; court and arbitration costs; attorney' fees; and other reasonable expenses associated with such claims, demands and causes of action.

12.12 Contractor shall give prompt notice to Company of all matters pertaining to nonpayment, claims of immunity, or exemption from any taxes or duties.

12.13 Any registration shall be completed by Contractor for the above referred various statutory

tax laws etc.

13.0 COMPANY'S RIGHTS

13.1 Company shall have the right at any time within the duration of the Contract to order any changes in the Work and Contractor's items by additions, deletions, or revisions thereto. Company shall advise the Contractor of such changes by issuing written instructions. Contractor shall advise the change in Contract Price and estimated Completion Date resulting from the change in Work under mutual agreement.

14.0 AUDIT RIGHTS

14.1 Company or its authorized representatives shall have the right to access at all reasonable time records, correspondence and the like, whether stored on paper, tape or electronically, which may have to do with the performance of this Contract.

Company or its representatives shall have sufficient access to such data to satisfy themselves of the validity and proper representation of invoices/rates as reimbursable costs. If any costs are in dispute and such free access refused, such costs shall be deemed to be included in the Contractor's rates and shall not be reimbursable.

The above rights to audit shall continue for a period of three (3) years after the termination of this Contract. Contractor shall cause its Sub Contractor(s) to give the Company the audit rights set out in this Article 14.

15.0 INDEMNITIES AND LIABILITIES

15.1 General

i. For the purpose of this Article the word 'claim' shall always mean collectively all claims, demands, causes of action, judgements (and shall be deemed to include legal costs and fees) which are brought or may be instituted or rendered during the duration of the Contract or any time thereafter.

ii. It is the intention of the Parties hereto that the provisions of this Article 15 shall exclusively govern the allocation of risks and liabilities and the undertaking of indemnification's of Parties to the Contract with respect to the matters defined in the Article 10 of the Contract.

iii. In construing the provisions of this Article 15, the Parties agree that the reasonableness of any provision shall not be considered in isolation but rather that all the provisions of Article 15 should be construed together and in conjunction with the insurance provisions of this Contract in the light of the Parties' desire to obtain a clear cut delineation of risks to each Party.

iv. For the purpose of this Article 15, the benefit of any indemnity given in favour of "Company" and "Contractor" shall always be deemed to include their respective Personnel, Co-Ventures and Affiliates and Co-Ventures' and Affiliates' respective personnel.

v. For the purpose of this Article 15 only, a visitor introduced to the well site by either Party, shall be deemed to be such Party's Personnel.

vi. The provisions of Article 15 concerning loss of or damage to Company items (clause 15.2), Contractor Items (clause 15.3) and their respective other property and concerning third party liability (clause 15.4) apply only to occurrences and incidents at the Site (whether or not the effects are limited to the Site).

15.2 Company shall defend and indemnify Contractor/ Sub Contractor(s)

Except as provided hereof the Company agrees to protect, defend, indemnify and hold the Contractor harmless from and against all claims, suits, demands and causes of action, liabilities, expenses, costs, liens and judgment of every kind and character, without limit which may arise in

favour of Company's employees, agents, contractors and sub contractors or their employees on account of bodily injury or death, or damage to personnel / property as a result of the operations contemplated hereby, regardless of whether or not the said claims, demands or causes of action arise out of negligence or otherwise, in whole or in part, unseaworthiness or other faults including pre-existing conditions of Company, its contractors other than Contractor, subcontractor or, partners, Joint Venture, employees or Agents.

15.3 Contractor shall defend and indemnify Company

Except as provided hereof the Contractor agrees to protect, defend, indemnify and hold the Company harmless from and against all claims, suits, demands and causes of action, liabilities, expenses, costs, liens and judgment of every kind and character, without limit which may arise in favour of Contractor's employees, agents, Sub Contractor(s) or their employees on account of bodily injury or death, or damage to personnel / property as a result of the operations contemplated hereby, regardless of whether or not the said claims, demands or causes of action arise out of negligence or otherwise, in whole or in part unseaworthiness or other faults including pre-existing conditions of Contractor, Sub Contractor(s), partners, Joint Venture, employees or Agents.

15.4 Third Party Liability

15.4.1 Except as may otherwise be provided in this Contract, Contractor shall protect, indemnify, defend and save Company and its respective directors, officers, employees, agents and representatives harmless from and against all costs, expenses, claims, demands and causes of action, of every kind and character, without limitation, arising in favor of or made by third parties, on account of bodily injury, death, or damage to, destruction of or loss of their property resulting from any negligent act or omission or willful misconduct of Contractor Personnel.

15.4.2 For the purposes hereof, "third party" shall mean any party other than Company, Company Personnel, Contractor, Contractor Personnel, and their respective employees, representatives and agents.

15.5 Downhole Equipment

Except as otherwise specifically provided in the Contract, any damage to or loss, of the subsurface tools/ equipment regardless of the cause or reason for said loss, shall be the loss of the Contractor, its underwriters or insurers. The Contractor indemnifies Company, its Co-licensees and its and their affiliates, agents, employees, invitees, servants, their underwriters or insurers (other than Contractor's) and their employees, agent any claim whatsoever or responsibility for any damage to or loss of any equipment or property of the Contractor or Contractor's subcontractors furnished or intended for use in the operations herein undertaken.

15.6 USRD Equipment

15.6.1 Contractor shall be responsible for damage to or loss of Contractor Items, subject to the provisions of clause 15.5, without regard to the cause of such damage or loss or the negligence of any Party, including without limitation, Company or Company Personnel.

15.6.2 Company shall not be responsible for any damage to or loss of Contractor Items unless loss or damage is caused by the gross negligence or willful misconduct of Company or Company Personnel.

15.7 Loss of or Damage to the Hole

The Company shall be liable for the cost of regaining control of any wild Well, blowout as well as

the cost of removal of debris, and indemnify Contractor.

In the event, any hole is lost or damaged by reason of willful acts or Contractor's Gross Negligence or other legal fault, Contractor liability shall be limited either to drilling a new hole in the same location or vicinity to the depth at which the old hole was abandoned or at the selection of Company to re-drill the section of the hole to the reasonable satisfaction of Company at Contractor's cost.

15.8 Blowout or Crater

In the event any well being drilled hereunder shall blowout or crater due to negligence of the Contractor, the Contractor will bear the entire cost and expenses of killing the well or otherwise bringing the well under control and shall indemnify and hold Company harmless in this regard. This provision is not to be interpreted as the Company assuming any liability for loss of property, damages, loss of life or injuries caused by such a blowout, except as otherwise provided under the terms and conditions of the Contract.

15.9 Reservoir Liability

Notwithstanding anything in this Contract to the contrary, Company assumes liability for and shall indemnify, defend and hold Contractor, its affiliated companies, Contractor Personnel and-their respective officers, directors, employees and agents harmless from and against the loss or injury to, damage to or impairment of any geological formation, strata, or property right in or to any oil or gas reservoir beneath the surface of the earth, which shall also include the loss of such oil and/or gas which escapes above or below the surface, regardless of the cause or causes thereof or the negligence of any Party including without limitation, Contractor or Contractor Personnel.

15.10 Pollution or Contamination

15.10.1 Contractor assumes liability for and shall defend, indemnify and hold Company and its directors, officers, and employees harmless from loss or damage arising from pollution or contamination which originates above the surface of the sea from spills of materials under Contractor's control, including, but not limited to, fuels, lubricants, motor oils, pipe dope, paints and garbage; and Contractor shall control and remove such pollution or contamination as reasonably requested by Company.

15.10.2 Notwithstanding anything in this Contract to the contrary, Company assumes liability for and shall defend, indemnify and hold Contractor, its affiliated companies, Contractor Personnel and their respective officers, directors and employees harmless from and against loss or damage arising from all pollution or contamination (other than the pollution and contamination described in clause 15.10.1) including that which results from blowout, fire, cratering, seepage or any other uncontrolled flow of oil, gas or water during the conduct of the Work, and from the use or disposition of oil emulsion, oil base, or chemically treated drilling fluids, well cuttings and carvings, lost circulation and fish recovery material and fluids, as well as the furnishing of transportation for and disposition of such materials when required, regardless of the cause or causes thereof or negligence of Contractor, Contractor Personnel or any other Party.

15.11 Patent Infringement

15.11.1 Contractor shall defend and hold Company harmless against any and all claims, actions and liabilities for violation of any patent or patents brought against Company and/ or use of any patented processes, compositions, machines or articles of manufacture. Company shall at all times have the right to be represented by its own counsel and participate in the defence of any action in which Company is a party defendant.

15.11.2 Company shall defend and hold Contractor harmless against any and all claims, actions and liabilities for violation of any patent or patents brought against Contractor and /or Company by any third party as a result of Company's use of any patented process, composition, machines or articles or manufacture. Contractor shall at all times have the right to be represented by its own counsel and to participate in the defence of any action in which Contractor is a party defendant.

15.12 Consequential damages.
Subject to any express provisions of this Contract, Company and Contractor agree that they and their other contractors and subcontractors shall in no event be liable one to the other for their respective indirect losses and loss of revenue profit or anticipated profits whether or not due in whole or in part to the negligence of either Party except to the extent of any liquidated damages provided for in Contract or in Law.

15.13 Certain Restrictions on Indemnities
All defense, hold harmless and indemnity obligations and/or liabilities assumed by Contractor and Company, respectively, under the terms of this Contract, unless expressly limited or otherwise qualified in this Contract, shall be without limit (except there is no liability for special, indirect, consequential or punitive damages) and without regard to the cause or causes of any incident giving rise to any such obligation and/or liabilities, including the sole, joint or concurrent negligence or fault of any Party; provided that no indemnity or hold harmless provision of this Contract shall apply in favor of a Party who shall have caused loss or damage to or loss of use of property, or injury to or death of persons, through gross negligence or willful misconduct.

In the interpretation of this Contract, indemnities provided herein shall take precedence over the remaining provisions hereof.

15.14 Survival
All indemnity and hold harmless provisions of this Article 15 shall survive the termination or expiration of this Contract, without limit in time, except time limits imposed by applicable statutes of limitation or prescriptive periods.

16.0 INSURANCE
16.1 Contractor's required insurance
Without limitation to its obligations and responsibilities under the Contract and for the purpose of insuring risks assumed by the Contractor under the Contract. Contractor shall at its own cost obtain and maintain in full force and effect throughout the duration of the Contract with insurers and on a basis acceptable to the Company all insurance cover statutorily required and at least equal to statutory requirements of insurance limits, if any, to cover the risks set forth in this Article 16, which are to be considered as a minimum only, the Contractor having the obligation to procure such additional limits as the Contractor may think necessary to cover its liabilities under the contract. Any amendment to such insurance covers shall be made only after prior written consent of Company.

16.2 Employer's liability insurance / Workmen's Compensation
Employer's liability insurance/ workmen's Compensation liability and as may be required by statute or similar regulations covering injury to or death of the personnel of Contractor. Contractor shall insure that its Sub Contractor(s) maintain such insurance in respect for their personnel.

16.3 Third party liability insurance.

General Third Party liability insurance covering, contractual liability, personal injury (including death) and property damage with sufficient cover as per applicable Georgia Law. This insurance must cover all operations of Contractor required to fulfil the provisions under this Contract. Contractor shall insure that its Sub Contractor(s) maintain such insurance in respect of their personnel and property.

16.4 Automobile liability insurance.
Third party and Passenger liability for motor vehicles used, whether owned, leased or hired by Contractor in connection with performance of the Work, with bodily injury as applicable Georgia law. Contractor shall insure that its Sub Contractor(s) maintain such insurance in respect of their personnel and vehicles.

16.5 Pollution liability insurance.
Pollution liability insurance adequately covering the Contractor's liabilities under Article 16 hereof must be maintained.

16.6 Public Liability Insurance
Contractor shall at all times during the Contract Period provide, pay for and maintain Public Liability insurance as required under the Public Liability Insurance.

16.7 Insurance by Sub Contractor(s)
Contractor shall require all of their Sub Contractor(s) to provide such of the foregoing insurance coverage as Contractor is obliged to provide under this Contract and inform the Company about the coverage prior to the commencement of agreements with their Sub Contractor(s).

16.8 All risks insurance.
All risks insurance against all risks of physical loss or damage covering all property of the Contractor whether owned hired or leased (exclusive of those risks assumed by Company pursuant to the provisions of Article 15) in the amount of any outstanding lien thereof.

16.9 Certificates of Insurance
Prior to commencement of Work, Contractor shall furnish to Company certificates of Insurance or certified copies giving evidence of the types, scope and duration of each insurance and a statement from the insurers that no insurance will be cancelled or materially changed for the duration of the Contract without thirty (30) days prior written notice from the insurers to the Company. Contractor shall promptly inform Company of receipt of such notice.

16.10 Deductibles
All deductibles for the insurance required in the Article 16 shall be for the account of the Contractor.

16.11 Company's right to obtain Contractor Insurance
Should Contractor at any time neglect or refuse to provide or renew any insurance required herein, or should any insurance be cancelled, Company shall have the right to procure such insurance and, in such event, any sum so paid shall immediately become payable to Company by Contractor and Company shall be entitled to recover such sums from any monies due or which may become due to Contractor.

16.12 Benefit by Company
All liability insurance taken out by the Contractor

i. Shall include Company, its Co-Venturers and Affiliates as additional insured to the extent Contractor has given an indemnity under this Contract. but shall not include Company as additional insured to the extent Company causes loss, damage, contamination or pollution by improper use of Contractor Items by Company in the case of Contract suspension, and
ii. Shall be endorsed to provide that the underwriters waive their rights of recourse including subrogation against Company, it Co-Venturers, Affiliates, Other Contractors or any person for whom Company is responsible during Company's operations related to the performance of the Contract, or with whom Company has entered into a hold harmless agreement but only with respect to Contractor's liabilities under this Contract.

Contractor's insurance shall remain in force during the circumstances provided for in
i. Article 4 (Suspension)
ii. Clause 10.3.3 (Emergencies) and Article 17.0 (Force Majeure).

17.0 FORCE MAJEURE
Neither the Company nor the Contractor shall be liable one to the other for any delay in completion of the Work where and to the extent such delay is caused by the inability of either Party to fulfil its obligation under this Contract due to Force Majeure as defined herein.

17.1 Definition
Force Majeure shall mean any occurrence affecting the rights and obligations of either Party under the Contract which is beyond the control of the Party claiming Force Majeure and could not have been foreseen or prevented by that Party when exercising reasonable diligence.

17.2 Inclusions
Force Majeure shall include but not limited to Acts of God, wars (declared or not), fires, rebellion, Insurrection, acts of terrorist, acts of governments, strikes, boycotts, blockades, lockouts, unusually severe weather or any similar matters beyond the control of the Party affected by same.

17.3 Exclusions
Notwithstanding Article 17, a Force Majeure occurrence shall not include:

i. A strike affecting the Work restricted solely to Contractor Personnel or Sub Contractor's personnel.
ii. Breakdown of any equipment used by Contractor or its Sub Contractor(s) unless caused by a Force Majeure event.
iii. Inclement weather typical for the Operating Area.

17.4 Outstanding payments
Force Majeure occurrence other than Government instructions not to pay shall not be just cause for non-payment of monies due under the Contract for work satisfactorily performed.

17.5 Notification
In the event of any such Force Majeure occurrence, the Party claiming to be affected shall notify the other Party in writing within Seventy Two (72) hours hours giving the full particulars and satisfactory evidence of the Force Majeure, the estimated duration and obligation affected.

17.6 Should `Force Majeure' condition as stated above occur and should the same be notified within seventy two (72) hours after its occurrence. Either Party will have the right to terminate the

Contract, if such `Force Majeure' condition continues beyond Thirty (30) days, with prior written notice.

18.0 SUBCONTRACTING

18.1 The Contractor shall not subcontract or sublet any part of the Work to a subcontractor or without prior consent of Company in writing, which consent shall not be unreasonably withheld.

Where Company agrees that part of the Work may be sub contracted, such consent shall not relieve the Contractor from any liability or obligation under the Contract or from responsibility to ensure that all of the Work is carried out in accordance with the Contract.

19.0 LOCAL GOODS AND SERVICES

This clause is applicable for Work in Georgia. In the conduct of Work the Contractor shall

i. Give preference to the purchase and use of goods manufactured, produced or supplied in Georgia provided that such goods are available on terms equal to or better than imported goods with respect to timing of delivery, quality and delivery required, price and other terms.
ii. Employ Georgian subcontractors having the required skills or expertise, to the maximum extent possible, insofar as their services are available on comparable standards with those obtained elsewhere and at competitive prices and on competitive terms, provided that where no such subcontractors are available, preference shall be given to Non-Georgian subcontractors.
iii. Cooperate with domestic companies in Georgia to enable them to develop skills and technology to service the petroleum industry.
iv. Establish appropriate procedures, including tendering procedures for acquisition of goods and services, which shall ensure that suppliers and subcontractors in Georgia are given adequate opportunity to compete for the supply of goods and services.

19.1 Contractor to report on utilization of Georgian Resources

Within thirty (30) days of termination, the Contractor shall provide Company with a report outlining its achievements in utilizing Georgian resources during that year.

19.2 Definition of “Goods”

In this Article “goods” means equipment, materials and supplies including Safety items.

20.0 SEVERABILITY

20.1 In case any one or more of the provisions contained in this Contract shall be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby. Neither Contractor nor Company shall be responsible for failure to perform under this Contract where such performance is hindered or prevented by strikes, lockouts, war or acts of war, riots or civil commotions, fire, interference by any governmental authority, Acts of God, or other causes beyond its control.

21.0 GENERAL PROVISIONS

21.1 Company Representative

The Company Representative when performing his duties under the Contract shall commit Company.

Company shall have the right to change the Company Representative at any time at its sole discretion and shall notify Contractor accordingly.

21.2 Contractor Representative

The Contractor Representative when performing his Duties under the Contract shall commit Contractor. The Contractor Representative shall not be replaced except with the prior agreement of the Company as to the choice of the successor.

21.3 Confidential Information

The Contractor shall both during the Contract and at any time thereafter:

i. Preserve and cause Contractors personnel to preserve the secrecy of any confidential information, which shall include but shall not be limited to any information concerning the award of the Contract, Company, its affiliates, and not divulge any of their dealings, transactions or affairs, which may come to their knowledge during the Contract.

ii. Not to exploit any material supplied by the Company

iii. Or any purpose, other than the performance of the Work, not reproduces in any manner, copy or uses any Confidential Information, except with the prior written consent of the Company.

21.4 Observance of laws and regulations

Contractor shall in carrying out the work observe all the applicable laws and regulations in force within the jurisdiction where the Work is being performed.

21.5 Notices

All instructions, notifications, agreements, authorizations, approvals or acknowledgements given by Company or Contractor to the other Party shall be in writing in English which shall take the form of a letter, fax, e-mail addressed to the other Party at its address specified in clause 22.1. The date of any notice shall be the date it is first received at the office of the addressee.

21.6 Arbitration

The Parties shall use their best efforts to settle amicably all disputes, differences or claims arising out of or in connection with any of the terms and conditions of this Contract or concerning the interpretation or performance thereof.

21.6.1 Reference to Sole Expert

Matters which by the terms of this Contract, the Parties have agreed to refer to a sole expert and any other matters which the Parties may agree to so refer, may be referred to an independent and impartial person of international standing with relevant qualifications and experience appointed by written agreement between the Parties. Any sole expert appointed shall be acting as an expert and not as an arbitrator and the decision of the sole expert on matters referred to him shall be final and binding on the Parties and not subject to arbitration. If the Parties are unable to agree on a sole expert, the matter may be referred to arbitration.

21.6.2 Unresolved Disputes

Subject to the provisions of this Contract, the Parties hereby agree that any unresolved dispute, difference or claim which cannot be agreed or settled amicably within thirty (30) days or otherwise agreed may be submitted to a Sole Expert (where clause 21.6.1.2 applies) or otherwise be referred for arbitration and submitted to an arbitral tribunal for final decision as provided in clause 21.6.3.

The arbitral tribunal shall consist of three arbitrators. Each Party to the dispute shall appoint one arbitrator and the Party shall so advise the other Party. The two arbitrators appointed by the Parties shall appoint the third arbitrator.

Any Party may, after appointing an arbitrator, request the other Party(ies) in writing to appoint the second arbitrator. If such other Party fails to appoint an arbitrator within thirty (30) days of receipt of the written request to do so, such arbitrator may, at the request of the first Party, be appointed in accordance with Indian Arbitration and Conciliation Act, 1996.

If the two arbitrators appointed by or on behalf of the Parties fail to agree on the appointment of the third arbitrator within thirty (30) days of the appointment of second arbitrator and if the Parties do not otherwise agree, at the request of either Party, the third arbitrator shall be appointed in accordance with the Indian Arbitration and Conciliation Act, 1996.

If any of the arbitrators fails or is unable to act, his successor shall be appointed by the Party or person who originally appointed such in the manner set out in this Article as if he was the first appointment.

The decision of the arbitral tribunal, and, in the case of difference among the arbitrators, the decision of the majority shall be final and binding upon the Parties.

The arbitration agreement contained in this Article 21 shall be governed by the Indian Arbitration & Conciliation Act, 1996. Arbitration proceedings shall be conducted in accordance with the rules for arbitration provided in the Indian Arbitration & Conciliation Act, 1996.

The right to arbitrate disputes under this Contract shall survive expiry or the termination of the Contract.

Prior to submitting a dispute to arbitration, the Parties may by mutual agreement submit the matter for conciliation in accordance with Part III of the Indian Arbitration & Conciliation Act, 1996. No arbitration proceedings shall be instituted while conciliation proceedings are pending provided that a Party may initiate arbitration in the event that dispute has not been resolved by conciliation within sixty (60) days of the date of agreement by the Parties to submit such dispute to conciliation.

The venue of the sole expert, conciliation or arbitration proceedings pursuant to this Article, unless the Parties agree or otherwise shall be New Delhi, India and shall be conducted in English language. Insofar as practicable, the Parties shall continue to implement the terms of this Contract notwithstanding the initiation of arbitral proceeding before a sole expert, conciliator or arbitral tribunal and any pending claim or dispute. It is imperative that Dispute settlement process may have no effect or as little as possible effect on the Work under this Contract.

The fees and expenses of a sole expert or conciliator appointed by the Parties shall be borne equally by the Parties. The cost and expenses of arbitrator appointed by a Party in accordance with the provision of this Article shall be borne by the respective Party and the cost and the expenses of the third arbitrator and liability thereof shall be at the discretion of the arbitrators.

The decision of the arbitral tribunal shall be pronounced within three (3) months unless otherwise extended by the Parties, and, in case of difference among the arbitrators the decision of majority shall be final and binding on the Parties.

21.7 Governing Law

The Contract shall be exclusively governed and interpreted in accordance with the law of India and

shall be subject to the jurisdiction of courts situated in Delhi, India.

Contract shall, at Contractor's cost, obtain all necessary licenses for Contractor to do business in the country or countries and relevant authority thereof wherein any part of the Work is performed and shall obtain all permits and authorizations required by law that must be obtained in Contractor's name and shall give all required notices.

21.8 Assignment

i. Assignment by Contractor: Contractor agrees not to sublet or assign this Contract without first obtaining written consent of the Company for which the Company shall communicate its decision without unreasonable delay.

ii. Assignment by Company: Company shall have the right at any time to assign all or any part of its/their rights hereunder to another assignee in accordance with the Production Sharing Contract, provided such successor shall remain fully liable and responsible to Contractor for all obligations imposed by this Contract.

21.9 Laws of India and Georgia not to be contravened

Nothing in this Contract shall entitle the Contractor to exercise the rights, privileges and powers conferred upon it by this Contract in a manner which will contravene the laws of India and Georgia.

21.10 Entire Agreement, Amendments, Waiver and Miscellaneous

21.10.1 Supersedes Previous Agreement

This Contract supersedes and replaces any previous agreement or understanding between the Parties, whether oral or written on the subject matter hereof, prior to the Effective Date of this Contract.

21.10.2 Amendment

This Contract shall not be amended, modified, varied or supplemented in any respect except by an instrument in writing signed by all the Parties, which shall state the date upon which the amendment or modification shall become effective.

21.10.3 Waiver

No term or condition shall be deemed waived/amended unless such waiver/amendment is mutually agreed to by both the Parties and is executed in writing by the duly authorised agents or representatives of the Parties.

No waiver by any Party of any one or more obligations or defaults by any other Party in the performance of this Contact shall operate or be construed as a waiver of any other obligations or defaults whether of a like or of a different character.

21.10.4 Successors and Assigns

The provisions of this Contract shall inure to the benefit of and be binding upon the Parties and their permitted assigns and successors in interest.

21.10.5 Conflict between Contract and Appendices

In the event of any conflict between any provisions in the main body of this Contract and any provision in the Annexures, the provisions in the main body shall prevail.

22.0 ADDRESSES OF CONTRACT

22.1 Company:

Company's address in relation with the Contract:

Company Name: **"Jindal Petroleum Operating Company" LLC**
Company's Office: Apt. 15, 5th Floor, Bldg No. 57,
Iosebidze Str., Saburtalo Region/4
Tbilisi, Georgia
Tel: +91-124-6689280 **Mobile**: +91-9717297840
Fax: +91-124-6689176
E-mail: tarun.majumder@jindalpetroleum.com

Name of Representative : Mr. Tarun Krishna Majumder
Position of Representative : Business Head

22.2 Contractor:
Contractor's address in relation with the Contract:

Contractor's Name :
Contractor's Office :

Name of Representative :
Position of Representative :
Tel:
Mobile:
E-mail:
Contractor's Bank Name :
Address :

Telephone No. :
Fax No. :
Account No.
IBAN Code :
Swift Code :

End of Schedule-A

Schedule-B

Scope of Work

Location: Block XIB, Georgia

Fields: Patardzeuli, Samgori, South Dome and Teleti; All are mature Oil & Gas Fields

Target Reservoir: Middle Eocene

Geology and Reservoir of the Target zone:

Tectonically it belongs to Achara – Trialeti faulted system and reservoir are located in the horst type uplift zone separated by tectonic faulting from adjacent syncline zones

Middle Eocene is composed of volcanogenic sedimentary rocks, volcanic tuff, altered / mineralized tuff deposited in a turbidite environment. Vertical layering is also seen in surface exposure having the thicker unit in the bottom and thin unit lying at the top. Pyroclastic material is represented by poorly sorted fragments of volcanic rocks and volcanic glassy material and also plagioclase crystals. The rock is deeply transformed through secondary mineralization (chloritization, seritization, zeolitization, carbonization). Content of pyroclastic materials amounts to 90-95% in tuff, 50% in tuffite and 10-35% in tuff sandstones. Pyrite is also developed. Sub-vertical fractures are well developed in ME and vertical variation of fracture intensity seen as per grain size and thickness variation of the units within ME reservoir. Core data shows that the primary porosity in Samgori – Patardzeuli fields range 4-8%. High porosity factors are caused in some part due to presence of dissolution pores, zeolitization and fractures. Commercial oil volumes are mainly from fractures.

Fluid movement in the reservoir is due to active water drive and pressure stabilization was caused by this during the history of oil recovery.

During drilling of Middle Eocene, severe mud loss occurred and therefore only water has been used as drilling fluid in almost all the wells drilled through / upto ME.

Depth of Middle Eocene layer various between 2200 – 2500 m in Samgori, Patardzeuli and South Dome fields and 500-1000m in Teleti field.

Company is planning to take up Ultra Short Radius Drain hole drilling in 4 existing wells completed in Middle Eocene Reservoir. All the four wells, the target reservoir are completed as open hole. The detail of the wells is given at Table – 1. Any further data required shall be provided prior to the commencement of the job.

The prerogative to substitute any of the candidate wells with another well with similar objective and well construction lies with the Company.

A. The Company's Obligation:

a) The rig for USR drilling, mud, Pump, Storage Tank, completion services & necessary manpower for operation at rig as per job requirement will be provided by the Company. Potential bidder shall indicate in detail the technical specification of rig including (i) hook

load capacity (ii) Engine capacity (iii) Mast height (iv) Mud pump capacity and number of mud pumps (v) Drill bit etc.

b) Wells for USR drilling will be handed over to the contractor after putting a cement plug against the zone of kick-off as per the plan decided between Company and the contractor.

B. The Contractor's Obligation:

Well Design and Planning:

a) Designing and planning of the directional trajectory for all the wells for USRD including installation of cement plug, pilot hole drilling, kick-off Point suitably adjusted as per specified 'sweet zone', in consultation with the Company.
b) Preparation of job wise time schedule for each well.
c) Well wise cement plug program.
d) Well wise proper selection of bit and bottom hole assembly design
e) Well wise hydraulic design during drilling.
f) Well wise design and planning of drilling fluid (non-damaging).
g) Well wise sub-surface completion design including equipments
h) Detailed requirement of tools and inventory to undertake the job.

Actual Job Execution:

The Contractor shall undertake drilling pilot hole, drilling of all the drain holes as per the planned trajectory, well completion including lowering of liner if required in the drain hole and other related services of ultra short radius drilling with 8-15m of radius of curvature.

Details of Contractor's Scope of Work:

a) Carry out pilot hole drilling operation as per plan agreed by the Contractor.
b) Prior to kick off a Gyro Survey is to be recorded.
c) Kick off and drill 4 ¾" / 4½" hole by USRD technology using non-damaging drilling fluid.
d) Drilling and survey of drain hole from kick off to target length within the defined top and bottom of the 'sweet zone' in the desired Azimuth (tolerance-±10°) by USRD technology with non-damaging drilling fluid. Surveys in drain hole section to be taken as per requirement.
e) Completed with slotted liner / sand screen in the drain hole section if required. In case of the wells where KOP is in the shaly part above the pay section, suitable corrective measures to be taken by contractor for successful completion of the drilling.
f) Clean the hole up to target length.
g) Provide the experienced & knowledgeable personnel to supervise & carry out the USR Drilling.

Table - 1

Data of Four Wells selected for USRD															
Sl. No.	FIELD	Well No.	Well profile	KB+VS (m)	Pay Horizon	Pay top in MD (m)	DD (m)	Current CP top (m)	Rock type above depth section in MD	Target Reservoir zone		Azimuth Deg.	Inclination deg	Horizontal Drift (m)	Existing Completion of Casing Size / Shoe
										Top in MD	Bottom in MD				
1	Teleti	WN #1	Vertical	489	Middle Eocene	660	725	688	Composed of marly clay along with thin interlayer of siltstone, fine-grained sand-stone, argillite and tuff-argillite. Stratigraphically named as Navtulegi Fm. representing bottom of Upper Eocene.	660	675	270º	90º - 95º	100	245mm upto 100m 168mm from 642m
2	Patardzeuli	WN #2	Incline	714.6 + 1	Middle Eocene	2223	2797	2274		2223	2262	0º	90º	200	324mm upto 372m 245mm upto 1392m 219mm upto 8m; 168mm from 8m to 2223m
3	South Dome	WN #3	Incline	745.6 + 5	Middle Eocene	2228	2550	2268.5		2228	2260	270º	90º	150	273mm upto 176m 219mm upto 604m; 168mm from 604m to 2236m
4	Samgori	WN #4	Incline	806.7 + 1	Middle Eocene	2568	2650	2584		2568	2596	288º	90º	120	324mm upto 156m 168mm upto 2530m

End of Schedule-B

Schedule-C

Schedule of Rates

A. Schedule of Rates:

The rates and charges applicable to Contract shall be as hereunder:

ULTRA SHORT RADIUS DRILLING			
S. No.	**ITEM**	**UNIT**	**RATE (in US$)**
1	Mobilization charges	Lump-sum	
2	Operating Rate for Contractor Items	Per Day	
3	Operating Rate for Contractor Personnel	Per Day	
4	Demobilization charges	Lump-sum	
Total Estimated Contract Price		**USD**	
ADDITIONAL ITEMS			
S. No.	**ITEM**	**UNIT**	**RATE (in US$)**
5	Force Majeure Charges	Per Day	
6	Standby rate for Contractor Items	Per Day	
7	Standby rate for Contractor Personnel	Per Day	

NOTE:

i. Rates and charges shown above are inclusive of all the costs for the equipment/ accessories, bulldozing (if required) for access to the location, spares, consumables, charges of Contractor Personnel, data collection, tests, deliverables, office space for Company Representative(s), to and fro air-fare of Contractor Personnel etc.

ii. The above prices are inclusive of all taxes & duties, if any applicable to perform the Work described under the Scope of Work.

iii. The price shall be inclusive of all obligations, costs and expenses necessary to perform and to complete the Scope of Work.

iv. Expenses incurred in performing work not included in the Scope of Work but are carried out at the direction and approval of the Company shall be reimbursed at cost as agreed.

The bidders must quote their rates as per the format provided in PROFORMA-A above considering the following:

1.0 MOBILIZATION CHARGES (ONE TIME LUMP SUM CHARGES)

i. Mobilization charges should include mobilization of all the Contractor Items and Contractor Personnel.

ii. Mobilization charges should cover all costs to be incurred by the Contractors to mobilize the complete USRD material to the first Location as specified by the Company and shall include all taxes and duties.

iii. Mobilization charges shall be paid once.

2.0 DEMOBILIZATION CHARGES (ONE TIME LUMP SUM CHARGES)

Demobilization charges shall be quoted on lumpsum basis and shall include all charges for demobilization of all the Contractor Items (except those consumed/ utilized for Work under the

Contract) and Contractor Personnel. All charges connected with demobilization including all fees, taxes, insurance, freight shall be on Contractor's account. Demobilization charges shall be paid only once after completion of the contractual period and demobilization of all Contractor Items and Contractor Personnel, by Contractor. All **Day Rate charges** of the USRD shall cease to exist with effect from the day, the Contractor is issued demobilization notice by Company. No charges whatsoever will be payable with effect from the date, the notice is served.

3.0 OPERATING RATE FOR USRD services

3.1 The Operating Rate for USRD services shall become payable from the time the operation start till the job is completed based on 'Below Rotary Table' and 'Above Rotary Table'

Hourly rates shall be payable based on the nearest half-an hour.

4.0 STANDBY DAY RATE

4.1 The Standby Rate for USRD of onshore Oil & Gas wells will become applicable from the time the operation start till the job is completed based on 'Above Rotary Table' hours. However, no Standby rates shall apply prior Commencement Date and during Inter Location Movement of Contractor Items and Contractor Personnel.

Hourly rates shall be payable based on the nearest half-an hour.

5.0 FORCE MAJEURE CHARGES

5.1 The Force Majeure charges shall be applicable during Force Majeure period subject to Article 17 of Schedule-A. Force Majeure Charges under no circumstances shall exceed for 7 days for each well during the Contract Period.

During Mobilization Period: Force Majeure charges/rates will be payable only if 90% of the mobilization is completed.

No charges are payable if Force Majeure is less than 6 hours in a day.

Force Majeure charges include cost for all Contractor Items and Contractor Personnel under the Contract during the Force Majeure period.

6.0 TOTAL ESTIMATED CONTRACT PRICE:

6.1 Total Estimated Contract Price (TECP) will determine Liquidated Damages etc. in case applicable. Payment shall be made for the actual quantity of Work done as certified by the Company Representative in line with the provisions of this Contract.

TECP will be determined by the following method:

TECP = A + B + C

where, A= Mobilization Charges
B= Operating Day Rates for 40 days (assuming 10 Operating Days for USRD services in one welll)
C= Demobilization Charges

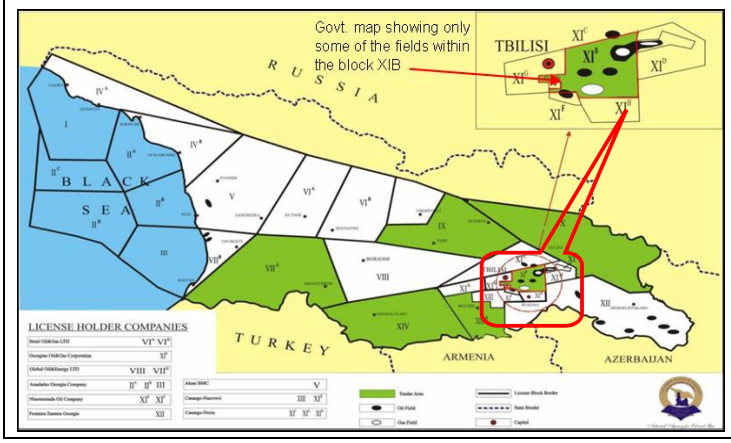
End of Schedule-C

Annexure-1

Area and Geology Details of Block XIB

1.0 Location of the Block

Block XIB covering an area of 636.0 sq. km, located in the Eastern part of Georgia is as shown below:



	Latitude (N)	Longitude (E)
45	41° 48´ 11″	45° 14´ 28″
46	41° 46´ 00″	45° 13´ 50″
46A	41° 35´ 00″	45° 14´ 40″
49A	41° 35´ 00″	44° 57´ 14″
50(K3)	41° 36´ 04″	44° 56´ 35″
51(K4)	41° 36´ 12″	44° 49´ 34″
53 (K1)	41° 37´ 29″	44° 49´ 15″
54	41° 37´ 29″	44° 52´ 36″
55	41° 38´ 38″	44° 52´ 36″
44D	41° 38´ 21″	44° 46´ 36″
44C	41° 40´ 04″	44° 46´ 36″
44B	41° 40´ 04″	44° 54´ 30″
44A	41° 45´ 04″	44° 54´ 30″

Fig 1. Detail Map of Block XIB

2.0 Geology of the Block

Oil and Gas Exploration in Georgia has been carried out for more than 40 years till date. The Republic of Georgia lies within the Alpine-Himalayan fold belt system. Major Tectonic systems in Georgia are:

- The central system of uplift of the Big Caucasus anticlinorium
- Folded system of the Big Caucasus south bank
- Georgian intermountain zone of subsidence
- Folded system of the Small Caucasus (Anticaucasus)

The Block-XIB area falls in the Kura part of the Rioni-Kura intermountain trough. The Adjara-Trialeti fold-belt lies to the west and southwest of the area.

The discovery of oil in Mid Eocene reservoir of Samgori Field during 70's had created a history in the E & P sector in Georgia and this led to further discoveries like Paterdzeuli, Samgori South Dome, Teleti etc. Till date Samgori Oil Field is the only largest producer of Block XIB. Almost all the wells had been drilled on the structures based on the surface geological study only. In due course of time 2D seismic surveys were conducted in various parts of the block. Those 2D seismic surveys were conducted during 80s, 90s and for the last time in 2001.

2001 seismic were with an objective to explore the saddle part between the Samgori & Paterdzeuli oil field and the South-eastern part of the block. This seismic survey revealed prominent structures in the southern boundary of the Samgori-Paterdzeuli oil field as well as in the unexplored

southeastern part of the block.

The data quality of the older seismic surveys is not very much encouraging except 2001 seismic. It was required to conduct 3D seismic survey at least over the discovered & producing structures for the proper delineation of these structures.

In the past most of the wells had been drilled mainly based on the surface geological features and in due course of time structures had been delineated with the help of expanding well data base. Considering this it is utmost important to delineate the structures properly by using modern technologies. As a part of this Company has started to carry out 3D Seismic Data acquisition over the existing structures to help in delineating the structures in precise manner and also to understand the present status of OWC in the producing fields and hydrocarbon distribution as well as firming out new development & step-out exploratory wells for existing structures and exploratory wells on newly discovered structures (if discovered).

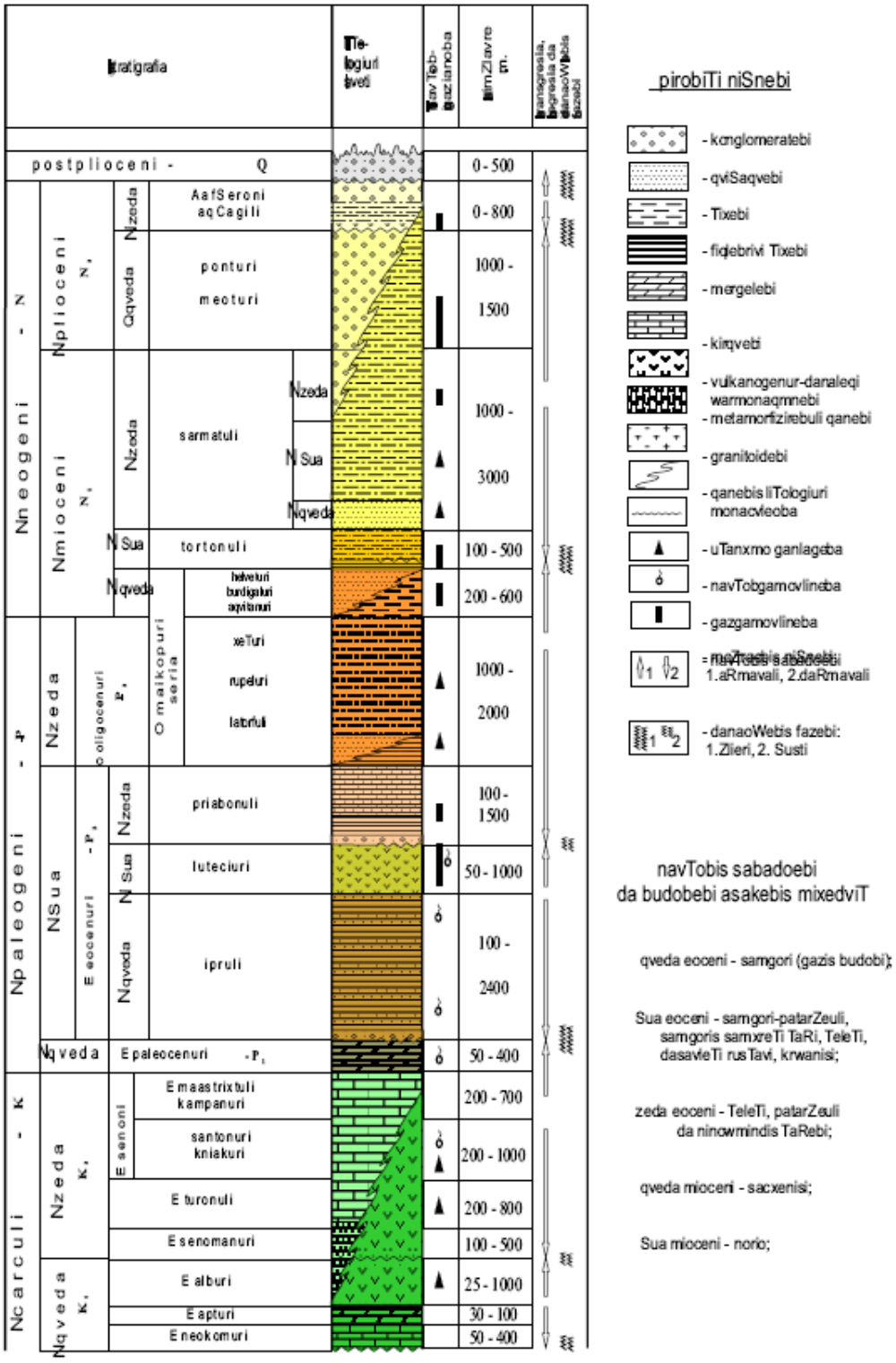


Fig 2: General Stratigraphy of Block XIB

Annexure-2

List of Equipment to Be Deployed by Contractor for Work

Bidder shall enclose the following: -

1. List of all equipment proposed for performance of Work under this Contract;

Annexure-3

Particulars of Key Personnel to be Deployed for Work

The Bidder shall provide the details of manpower to be deployed to carry out the required operations in the format provided as follows:

S. No.	Name	Position	Actual Experience in USRD

Note: Curriculum Vitae (CVs) of the technical manpower that we propose to engage to execute the Work under this Contract.

The CV shall include but not be limited to following:

a) Educational Qualification;
b) Detailed experience with the period, name & address of employers and references if any;
c) Proposed category to which the individual has been proposed;
d) Training Details
e) Copy of certificates in proof of individual's previous experience.

PROFORMA-A

PRICE BID FORMAT

ULTRA SHORT RADIUS DRILLING			
S. No.	**ITEM**	**UNIT**	**RATE (in US$)**
1	Mobilization charges	Lump-sum	
2	Operating Rate for Contractor Items	Per Day	
3	Operating Rate for Contractor Personnel	Per Day	
4	Demobilization charges	Lump-sum	
Total Estimated Contract Price		**USD**	
ADDITIONAL ITEMS			
S. No.	**ITEM**	**UNIT**	**RATE (in US$)**
5	Force Majeure Charges	Per Day	
6	Standby rate for Contractor Items	Per Day	
7	Standby rate for Contractor Personnel	Per Day	

General:

1. Bidder should quote the rates/prices both in figures and words and in case of discrepancy between figures and words, the amount given in words shall be considered for evaluation by Company.
2. The above mentioned rates are inclusive of all taxes and duties.
3. Any additional services/ equipment required shall be quoted by the bidder separately.

BIDDERS SHOULD NOTE THAT COMPANY MAY EVALUATE ALL THE ACTIVITIES SEPARATELY AND CONTRACT MAY BE AWARDED ACCORDINGLY.

Authorized Person's Signature: _____
Name: _____
Designation:_____

Seal of the Bidder:

PROFORMA-B

BIDDER'S GENERAL INFORMATION

Bidders shall furnish their particulars as under.

1-1	Bidder's Name:	
1-2	Number of years in the Business :	
1-3	Registered Address :	
1-4	Work Address If different from above :	
1-5	Telephone Number :	
1-6	E-mail address & Web site :	
1-7	Fax Number :	
1-8	Service : Non Office Hours Communication :	
1-9	Parent Company (if any) :	
1-10	Bidder Officials (include management organisational chart)	
	(a) Chief Executive Officer :	
	(b) Head of Processing / Interpretation:	
	(c) Head of QA/ QC :	
	(d) Head of HSE	
1-11	Bidders Registration Number (if any)	
1-12	Details of Joint Ventures (if any)	
1-13	Bankers detail	
1-14	Auditors	
1-15	Insurance	

1-16 **SUMMARY OF PREVIOUS EXPERIENCE**: A statement in the following format showing list of contracts successfully executed for similar services by the Bidder during the last three (3) years:

LIST OF USRD PROJECTS:

Name of Customer	Type of Well (along with hole size)	QTY in METERS	Period		Remarks (Please mention any specialized acquisition technique used)
			From	To	

1-17 **OTHER COMMITMENTS**

Name of Customer	Details of Goods	Qty (in meters)	Period		Value of contract/ purchase order
			From	To	

1-18 Please enclose a copy of recent last 3 years financial statements including Balance Sheet & Profit and Loss Account & Auditor's report

Authorized Person's Signature: _____

Name: _____
Designation:_____
Seal of the Bidder: _____

PROFORMA-C

STATEMENT OF NON-COMPLIANCE
(Only exceptions/deviations to be rendered)

1.0 The Bidder shall furnish detailed statement of exceptions/deviations, if any, to the tender stipulations, terms and conditions in respect of each Section of Bid Document in the following format:

S. No.	Non-Compliance	Ref No. of Tender / Model Contract	Reasons	Implication on rates quoted
1				
2				
3				

Authorized Person's Signature:

Name:

Designation:

Name & Address of the Bidder:

Seal of the Bidder:

NOTE: Company expects that the Bidders to fully accept the terms and conditions of the bid document. However, should the Bidders still envisage some exceptions/ deviations to the terms and conditions of the bid document, the same should be indicated as per above format and submit along with their bids. If the "**STATEMENT OF NON-COMPLIANCE**" in the above PROFORMA is left blank (or not submitted along with the technical bid), then it would be construed that the Bidder has not taken any exception/deviation to the Tender requirements.

PROFORMA-D

FORMAT FOR PERFORMANCE BANK GUARANTEE
(Should be in the name of issuing bank)

Bank Guarantee No.: Date:

"Jindal Petroleum Operating Company" LLC
Apt. 15, 5th Floor, Bldg No. 57,
Iosebidze Str., Saburtalo Region/4,
Tbilisi, Georgia

Dear Sirs,

In consideration of **"Jindal Petroleum Operating Company" LLC** having its registered office at 5th Floor, Apt. 15, Bldg. 57, Iosebidze Str., Saburtalo Region/4, Tbilisi, Georgia (hereinafter referred to as 'the JPOCL' or 'Company', which expression shall unless repugnant to the context or meaning thereof, include all its successors, administrators, executors and assigns) and having entered into Contract No. …… dated …….. valued at **US$…**……. (**in figure**) for ……..……. (**Scope of Work**) (hereinafter called 'the Contract', which expression shall include all the amendments thereto) with M/s. _____, having its Head/registered office at ……. (hereinafter referred to as 'the Contractor, which expression shall unless repugnant to the context or meaning thereof, include all its successors, administrators, executors and assigns) and the Contract having been unequivocally accepted by the Contractor and agreed to furnish to the JPOCL, a Performance Guarantee for the faithful performance of the entire Contract to the extent of **US$ ……..**

AND WHEREAS we have agreed to give the Contractor such a Bank Guarantee; NOW THEREFORE we hereby affirm that we are Guarantors on behalf of the Contractor, up to a total of (Amount of Guarantee in figures) _____ in words) (_____), such amount being payable in the types and proportions of currencies in which the Contract Price is payable and we undertake to pay you, upon your first written demand and without cavil or argument, any sum or sums within the limits of guarantee sum as aforesaid without your needing to prove or to show grounds or reasons for your demand for the sum specified therein. We hereby waive the necessity of your demanding the said debt from the Contractor before presenting us with the demand.

We further agree that no change or addition to or other modification of the terms of the Contract or the work to be performed there under or of any of the Contract documents which may be made between you and the Contractor shall in any way cease us from any liability under this guarantee and we hereby waive notice of such change, addition or modification.

Notwithstanding anything contained hereinabove, our liability under this Guarantee is limited to US$ …….. in aggregate and it shall remain in full force upto and including …… (Indicate the date of expiry of Bank Guarantee) calculated at 90 days after Contract Completion Date) unless extended further. Any claim under this Guarantee must be received by us before the expiry of this Guarantee.

The Bank confirms that this Guarantee has been issued in conformity of the applicable laws of the country. We also agree that, this guarantee shall be governed by and construed in accordance

with ..... Laws and subject to the exclusive jurisdiction of ..... Courts.

SIGNATURE AND SEAL OF THE GUARANTORS _____
(Designation with Bank Stamp)

Name of Bank _____
Address _____

Date ..... Place _____

PROFORMA -E

BID FORM

To,
"Jindal Petroleum Operating Company" LLC

Sub: Tender No.: **JPOCL/USRD/2012/0011**

Sir,

Having examined the General Conditions of Contract and Scope of Work including all attachments thereto, the receipt of which is hereby duly acknowledged, we the undersigned offer to perform the Work in conformity with the said conditions of Contract and Technical Specifications and Scope of Work for the sum of _____ (Total Bid Amount in words and figures) or such other sums as may be ascertained in accordance with the Schedule of Rates attached herewith and made part of this Bid.

We undertake, if our Bid is accepted, to commence the work within ( ) days calculated from the date of award of Contract.

If our Bid is accepted, we will obtain the guarantee of a bank in a sum not exceeding _____ for the due performance of the Contract.

We agree to abide by this Bid for a period of 120 days from the Bid Due date and it shall remain binding upon us and may be accepted at any time before the expiration of that period.

Until a formal Contract is prepared and executed, this Bid, together with your written acceptance thereof in your notification of award shall constitute a binding contract between us.

We understand that you are not bound to accept the lowest or any Bid you may receive.

Dated this _____ day of _____ 2012.

Signature

_____
(In the capacity of)