

WAHA OIL COMPANY

WAHA'S GENERAL CONDITIONS

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WAHA'S GENERAL CONDITIONS

1. STANDARD OF PERFORMANCE

CONTRACTOR shall devote its best efforts and experience to performance of the work or services to be provided under this Agreement. CONTRACTOR warrants that all such work or services shall be performed with due diligence in a good and workmanlike manner.

2. CONTRACTOR TO PROVIDE ALL PERSONNEL AND EQUIPMENT

Unless otherwise expressly provided herein, CONTRACTOR shall furnish all personnel and equipment required to perform the work or render the services to be provided under this Agreement.

3. CONTRACTOR RESPONSIBLE FOR ALL COSTS

CONTRACTOR shall be responsible for all wages, salaries and expenses of whatsoever nature arising from the employment, work, support and maintenance of such personnel and equipment. All expenses and charges for benefits of any kind which accrue to any employee of CONTRACTOR shall be for the sole account of CONTRACTOR and shall include, but not be limited to, rest days, holidays, overtime, vacation, severance pay, sickness, health, accident and disability benefits of whatsoever nature.

4. SAFETY

In performing the work or services to be provided hereunder, CONTRACTOR shall adhere to pertinent safety practices and shall comply with all applicable safety regulations, including those established by WAHA as set forth in the current edition of the WAHA Safety Manual, which is available for CONTRACTOR'S inspection. Such practices and regulations shall be regarded as minimum requirements and CONTRACTOR shall institute such additional safety precautions as circumstances and/or Governing/Applicable Laws demand.

5. LEGAL STATUS OF CONTRACTOR - PERMITS AND LICENCES

CONTRACTOR warrants that CONTRACTOR is fully qualified and registered to do all things necessary under this Agreement anywhere in the LIBYA, and further that CONTRACTOR has obtained all permits and licences required of it by law to perform the work or services herein contemplated. Any fees, costs and expenses imposed or incurred in connection with this obligation shall be for the sole account of CONTRACTOR.

6. GOVERNING LAW/APPLICABLE LAW

CONTRACTOR agrees that all of the LIBYA statutes, laws, rules and regulations and ordinances concerning the operation of the CONTRACTOR hereunder shall apply to this Agreement. All disputes not resolved amicably between the Parties shall be submitted by either party to any Libyan Court having competence to decide such dispute.

7. TAXES

CONTRACTOR, at its own expense, shall pay:

- A. All stamp taxes imposed on CONTRACTOR by Stamp Duty Law No. 65 of 1973, and all amendments and executory regulations issued pursuant thereto; and*
- B. All other taxes imposed by reason of the work or services to be performed by CONTRACTOR hereunder, including, but not limited to, all licences, fees, income, franchise and personal property taxes; and*
- C. All employment taxes or contributions imposed by law or regulations with respect to, or measured by, the compensation (wage, salary or other) paid to employees of CONTRACTOR for the work or services to be provided under this Agreement, including, but not limited to, taxes or contributions for unemployment compensation insurance, old age benefits, welfare funds, pension and annuities and disability insurance.*

CONTRACTOR shall defend, indemnify and hold WAHA harmless from any liability for any and all such taxes or contributions or interest or penalties for failure to timely pay the same.

8. SOCIAL INSURANCE LAW OF LIBYA

CONTRACTOR shall comply with the Social Insurance Law of LIBYA and all regulations pertaining thereto. CONTRACTOR shall pay, or cause to be paid, all compensation, social security, unemployment compensation, medical and surgical, or hospital benefits which may become due or payable thereunder. CONTRACTOR shall furnish WAHA with a photocopy of appropriate certificates obtained from the Secretariat of Social Insurance evidencing CONTRACTOR'S compliance with the Social Insurance Law in connection with its employees.

9. INSURANCE

Commencing not later than ten (10) days following execution of the Agreement and continuing thereafter until completion of all work, CONTRACTOR shall maintain, in full force and effect, and at its sole expense and cost, the following insurance:

A. Comprehensive General Liability Insurance

Comprehensive General Liability, including Contractual Liability Insurance, with Bodily Injury limits of not less than \$100,000 for one person and \$300,000 for more than one person in one accident, and with Property Damage limits of not less than \$100,000 for one accident and \$300,000 aggregate. This insurance will be issued by an insurance company established and doing business in the LIBYA.

Policy must be endorsed to cover the indemnity agreement set out in Clause 11 (Save Harmless) of these GENERAL CONDITIONS and a true copy of such endorsement is to be furnished to WAHA.

B. Automobile Liability Insurance

Automobile Liability Insurance covering all owned, rented and non-owned automotive equipment used by CONTRACTOR in connection with the work, with Bodily Injury limits of not less than \$100,000 for one person and \$300,000 for more than one person in one accident, and with Property Damage limits of not less than \$100,000 for any one accident. This insurance will be issued by an insurance company established and doing business in the LIBYA.

C. *In all instances where CONTRACTOR is a Libyan organized company, or establishment, the figures LD20,000 and LD40,000 shall be substituted, respectively, for the figures of \$100,000 and \$300,000 appearing in paragraphs A and B of this Section.*

D. *Prior to the commencement of any work pursuant to this Agreement, CONTRACTOR shall furnish WAHA with:*

- i) Certificates of Insurance signed by an authorized representative of the insurance company and containing a statement that the said insurance will not be materially changed or cancelled without 30 days prior written notice to the Insurance Specialist of WAHA. The insurance coverages to be provided shall be written on policy forms and by insurance companies approved by WAHA and, if requested to do so by WAHA, CONTRACTOR shall promptly furnish certified or photostatic copies of its insurance policies. Every policy of insurance required under this Article (including insurance to be furnished by CONTRACTOR'S sub-contractors) shall contain an endorsement waiving the Insurers' right of subrogation against WAHA, its affiliated and parent companies including, but not limited to the National Oil Corporation and the Directors, Officers, Employees and Agents of each.*
- ii) A true copy of the endorsement covering liabilities assumed by CONTRACTOR under these GENERAL CONDITIONS.*

- E. No payment will be due from WAHA to CONTRACTOR until Certificates of Insurance provided for hereinabove are delivered to WAHA.*
- F. CONTRACTOR shall require each sub-contractor employed by CONTRACTOR to carry and pay for insurance in amounts deemed necessary by CONTRACTOR to cover the work of the particular sub-contractor. When required by WAHA, CONTRACTOR shall furnish or cause to be furnished to WAHA, Certificates of Insurance or certified or photostatic copies of insurance policies for each sub-contractor.*
- G. CONTRACTOR'S failure to comply, partially or fully, with any and all of the insurance provisions of this Agreement shall in no way act to relieve CONTRACTOR from holding WAHA harmless in compliance with Clause 11 of these GENERAL CONDITIONS. CONTRACTOR'S obligations under Clause 11 being independent of its obligations under this Section.*

10. INDEPENDENT CONTRACTOR

It is expressly agreed that CONTRACTOR is an independent CONTRACTOR and that neither CONTRACTOR nor its employees nor its sub-contractors, nor their employees, are or shall be considered servants, agents or employees of WAHA.

11. CONTRACTOR TO INDEMNIFY AND SAVE WAHA HARMLESS

CONTRACTOR shall indemnify and save WAHA harmless from any and all claims, losses, damages, costs and expenses of whatsoever nature (including liability for sickness, bodily injury or death of any employee by whomever employed) which are related to the work or services provided or to be provided under this Agreement, including but not limited to those attributable to any negligent act or omission of CONTRACTOR, its agents or invitees, or any person employed by CONTRACTOR or by one or more of CONTRACTOR'S sub-contractors, unless such claim, loss damage, cost or expense is a consequence of the sole negligence of WAHA its employees or agents. In case of any claim which is judicially determined to have been caused by the joint negligence of WAHA and CONTRACTOR, whether originally asserted against CONTRACTOR or WAHA or both, WAHA and CONTRACTOR shall share the burden of the damages (and expenses arising therefrom) in proportion to the degree of negligence legally attributable to each. Pursuant to its obligations under this Article 11, CONTRACTOR shall defend WAHA in any litigation related to the work or services provided or to be provided by this Agreement, shall not utilize Attorneys unacceptable to WAHA for such defense, shall keep WAHA fully and timely informed as to every development in any such litigation, and if WAHA so requests, shall permit WAHA to join in and shall co-operate with WAHA'S Attorneys in such defense.

12. INVOICES AND PAYMENTS

On or before the tenth day of the month following the performance of work or services for WAHA, CONTRACTOR shall submit invoices therefor in duplicate, prepared in accordance with the requirements of WAHA'S Accounting Department, specifying thereon all amounts due to CONTRACTOR with requisite details concerning location, date and description of the services rendered or the work performed, together with such further substantiation as WAHA may require. Each invoice must contain evidence of payment of all LIBYA stamp taxes levied thereon. Such amounts as are due to CONTRACTOR shall be payable within 30 days after receipt of such invoices by WAHA'S Accounting Department. Payment shall be made by cheque posted to CONTRACTOR from Tripoli. WAHA reserves the right:

- a) to question any invoice of CONTRACTOR following payment thereof; and*
- b) to withhold payment of such portion of any invoice as may be questioned before payment.*

13. FORCE MAJEURE

If either party to this Agreement is unable to comply with the terms hereof by reason of force majeure, namely, any cause or event not reasonably within the control of either party hereto, then such party shall be excused from complying with this Agreement. The party relying on force majeure for suspending performance hereunder shall give to the other party immediate actual notice, and as soon thereafter as possible shall give formal written notice specifying in detail the force majeure relied upon, and the effective date of suspension. Either party shall have the right to terminate this Agreement with immediate effect, immediately upon serving or receiving notice of force majeure.

14. WAIVER OR DELAY IN EXERCISING RIGHTS BY WAHA

The waiver by WAHA of a breach or default in any of the provisions of this Agreement by CONTRACTOR shall not constitute a waiver by WAHA of any succeeding breach of the same or other provisions; nor shall any delay or omission on the part of WAHA to exercise or avail itself of any right, power, or privilege that it has or may have hereunder, constitute a waiver of any breach or default by CONTRACTOR.

15. AGREEMENT NOT EXCLUSIVE

WAHA reserves the right to employ other contractors or persons to provide similar services, in which event CONTRACTOR shall reasonably co-ordinate its services and co-operate with such other contractors or persons when directed by WAHA to do so.

16. ASSIGNMENT AND SUB-CONTRACTING

- A. *CONTRACTOR shall not assign this Agreement or any part thereof and shall not sub-contract all, or any part of the work, or services to be provided hereunder without the prior written consent of WAHA.*
- B. *Notwithstanding WAHA'S consent to any such sub-contract by CONTRACTOR, CONTRACTOR shall not be relieved of responsibility for proper performance of the work or services so sub-contracted.*
- C. *WAHA shall have the right to assign this Agreement or any part thereof without CONTRACTOR'S consent, but WAHA shall not be relieved of any obligation to CONTRACTOR hereunder in result of such assignment unless CONTRACTOR consents to such assignment in writing.*

17. CONFLICT OF INTERESTS - WARRANTY

CONTRACTOR warrants that it is not aware of any conflict of interests situation with respect to this Agreement.

18. PRESENT TEXT IS THE ENTIRE AGREEMENT

The Agreement, including these GENERAL CONDITIONS and all other attachments and Exhibits to this Agreement, embodies the entire Agreement between the Parties. Neither party shall assert that it had any understanding inconsistent with, or that goes beyond, or falls short of any provision herein. No change in the terms of this Agreement shall be effective as to either party hereto unless accepted in writing by the Parties hereto.

19. RESCISSION (FASKH) OR TERMINATION OF AGREEMENT

- A. *Unless otherwise specifically provided, either party shall have the right at any time to rescind this Agreement for any omission, default or failure by the other party which amounts to a material breach thereof, provided that written notice reciting therein the reason for such rescission is given to the other party.*
- B. *It is expressly agreed and a condition hereof that a party may exercise the foregoing right of rescission or may terminate this Agreement in any manner authorized by its terms without complying with any judicial formality with respect thereto, including specifically, without service of the formal summons mentioned in Article 159 and 160 of the Civil Code of LIBYA and without obtaining a Court Order ratifying or decreeing rescission or termination of the Agreement, but nothing herein contained shall relieve a party of the duty to give notice of rescission or termination, as appropriate, to the other party.*

20. INTERPRETATION

Should any provision of these GENERAL CONDITIONS conflict with any provision in any other attachment, exhibit, or schedule attached hereto, the provision as written in such other attachment, exhibit or schedule shall control. Should any provision in these GENERAL CONDITIONS conflict with a provision of the basic Agreement to which these GENERAL CONDITIONS are attached, the provision in the basic Agreement shall control.

21. NOTICES

- A. *Unless otherwise specifically provided, all notices required or permitted by this Agreement shall be in writing and may be delivered personally, or may be sent by fax, telex or mail, to the address of the party to be notified as set forth in the Agreement of which these GENERAL CONDITIONS are an attached part. If sent by fax or telex, a confirmation copy of such fax or telex notice shall be sent by mail to said party.*

- B. *Nothing contained herein shall justify or excuse failure to give oral notice prior to written notice in case prior oral notice is possible and appropriate, or necessary to avoid or minimize risk of loss, damage or needless expense, but such oral notice shall not discharge the requirement of written notice.*