



شركة محمد البرواني لخدمات النفط ش.م.م.
MB PETROLEUM SERVICES L.L.C.

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GENERAL PURCHASING CONDITIONS FOR SUPPLY

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

Article 1 - PREAMBLE

“MBPS” means MB PETROLEUM SERVICES L.L.C.

The present General Conditions govern the relationship between MBPS and its suppliers. They are intended to inform suppliers of MBPS of the essential principles the observance of which is of prime importance.

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

For the purpose of these General Purchasing Conditions, “P.O.” means “PURCHASE ORDER”.

Article 2 - DEFINITION OF THE SUPPLY

The studies, equipment, materials or products constituting the SUPPLY are defined in the P.O..

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

Article 3 – SUPPLIER'S SPECIAL OBLIGATIONS

3.1 Delivery .

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

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

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

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

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

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

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

For any delivery made after the date stated in the P.O., the SUPPLIER shall be liable by right for payment of penalties for delay. The amount of the said penalties, deducted from the payment due, shall be equal either to the costs incurred by MBPS due to the SUPPLIER' s default, or to a fixed lump sum per day of late delivery. The said lump sum is laid down in the P.O..

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

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

3.2 Guarantee.

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

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

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

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

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

Article 4 – PRICE – PAYMENT TERMS

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

4.2. Payment shall be made sixty (60) days (unless otherwise specified in the P.O.) from the end of the calendar month following the date of receipt of the invoice, by cheque or bank transfer.

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

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

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

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

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

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

Article 5 – QUALITY CONTROL AND ASSURANCE

It is understood that the SUPPLIER shall be fully responsible for the complete Supply Chain Management up to the delivery site designated by MBPS .

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

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

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

Article 6 – TERMINATION

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

- 6.1. In case of total or partial non-completion of the order, and of the obligations incumbent on the SUPPLIER under the present General Conditions, or of the conditions of the P.O.,
- 6.2. In case of incapacity or prohibition, or of cessation of operations, of the SUPPLIER for any reason whatsoever,
- 6.3. In case of judicial reorganisation or liquidation, if the receiver or the liquidator waives continuation of completion of the SUPPLY.





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6.4. In case of non-observance of the provisions of Omani legislation.

6.5. In case of SUPPLIER did not commit on delivery in full and or partial after placing the ORDER to the SUPPLIER.

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

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

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

6.8 Under any circumstance(s) that MBPS deems appropriate.

Article 7 – Penalty (Penalty against Late/Delayed Delivery):

Liquidated Damages Penalty (Penalty against Late/Delayed Delivery/Performance): charge 1% per delayed week and up to a maximum of 5% from the total line items order value. Thereafter, MBPS shall reserve the right of cancellation/termination of the Order. Notwithstanding the above, if the delay caused by the Vendor resulted in, in MBPS opinion, severe damage or business interruption, etc., then MBPS may at anytime after the agreed due delivery date cancel the Order, bearing no costs or charges.

Article 8 – TRANSFER OF OWNERSHIP

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

Article 9 - FORCE MAJEURE

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

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

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

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

Article 10 – LIABILITY – INSURANCE

10.1 Liability

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

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

10.2 Insurance .

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



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

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

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

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

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

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

10.2.6. The provisions of Articles 9.1. and 9.2. also apply to the SUPPLIER' s subcontractors, if any, involved in the performance of the SUPPLY. The SUPPLIER alone shall bear the consequences of any failure on the part of the said subcontractors to meet the obligations stipulated therein.

Article 11 - PATENTED DEVICES AND PROCESSES – REGISTERED TRADEMARKS

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

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

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

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

Article 12 - CONFIDENTIALITY

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

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

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

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

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

12.5 Any failure to comply with the provisions of the present article 11 shall be considered as a major violation by the SUPPLIER of its obligations to MBPS, and may cause immediate and irreparable prejudice to MBPS, in connection with which MBPS shall be entitled to take any necessary legal steps. The SUPPLIER indemnifies MBPS against the



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consequences of any shortcomings in meeting this obligation on the part of himself, his personnel, his subcontractors and their personnel with respect to the provisions of the present article.

Article 13 – APPLICABLE LAW – DISPUTE SETTLEMENT

13.1 Settlement of disputes

Any disputes which may derive from the validity, interpretation, application or termination of the P.O. shall be exclusively and finally settled according to the applicable laws of the Omani legislation.

The president of the arbitral tribunal shall be a lawyer licensed under English law.

The arbitration shall take place in Muscat (Sultanate of Oman). The language to be used for the arbitration proceedings will be the English.

Any of the Parties may at any time request provisional or protective measures from any court having jurisdiction over the party to which such measures would be applied.

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

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

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

13.2 P.O. law

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

13.3 Ruling language

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

Article 14 – MISCELLANEOUS

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

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

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

14.4. If any one whatsoever of the stipulations of the documents mentioned in Article 13.5 is void in the light of a rule of law, it shall be considered as non-existent, without entailing the nullity of the present General Conditions and of the P.O..

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

14.6. The documents mentioned in Article 13.5 constitute all of the commitments concluded between the Parties, and cancel and replace any prior commitments, oral or written, relative to the order.

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