

TASMAN OIL TOOLS STANDARD TERMS AND CONDITIONS OF RENTAL

For the purpose of this document "Customer" means Purchaser, Customer Group, and all Customer's personnel including officers, directors, commissioners, employees, servants, agents, invitees of Customer and Customer Subcontractors or any and all affiliates thereof.

- 1 A written purchase or rental order is required from the Customer before any rental equipment is dispatched from Tasman Oil Tools Pty Ltd's storage facility (Rental Point). On receipt of this order it is understood that the Customer fully accepts and agrees to the Terms and Conditions of Rental contained herein.
- 2 The Rental Period commences when Rental Equipment is collected/ dispatched from the Rental Point.
- 3 Unless otherwise specified, a standby rental rate is applied to Rental Equipment that is put on 'hold' at Tasman Oil Tools's storage facility for the priority use of the Customer. The standby rental rate will apply as of the date agreed between Tasman Oil Tools Pty Ltd and the Customer. The operating rental rate is applicable once the Rental Equipment has been dispatched from the Rental Point.
- 4 The Rental Period ceases when all Rental Equipment is returned to the original Rental Point.
- 5 The Customer is solely responsible for the cost and responsibility of storing and transporting Rental Equipment during the Rental Period.
- 6 All Customs Duties, Government Taxes, Import / Export Permits and Documentation Fees levied or pertaining to Rental Equipment during the Rental Period are to the sole account of the Customer. GST shall be added if the Australian Taxation Office determines that Rental is subject to GST.
- 7 Any other charges not mentioned above that are levied upon Tasman Oil Tools Pty Ltd or its equipment during the Rental Period, are to the sole account of the Customer.
- 8 In the event that Tasman Oil Tools Pty Ltd organises mobilisation and/or transportation of rental equipment on behalf of the Customer, all freight charges, customs clearance, etc. will be recharged to the Customer at cost plus fifteen (15) per cent handling fee.
- 9 The Customer will fully indemnify Tasman Oil Tools Pty Ltd, and its stakeholders against any claims that may be made against Tasman Oil Tools Pty Ltd or its stakeholders arising from any accidents, failures etc., caused partially or solely by equipment rented to the Customer.
- 10 All equipment returned by the Customer to Tasman Oil Tools Pty Ltd in a non-original condition will be repaired at Tasman Oil Tools Pty Ltd's nominated engineering facility. All charges for this work will be recharged to the Customer at cost plus fifteen (15) per cent handling fee. A standard transport fee of \$100 per tool will be charged to cover transport to and from the engineering facility. Normal fair wear and tear will be accepted by Tasman Oil Tools Pty Ltd.

Prices for thread recuts per connection are as follows:
2.3/8" Pin: \$345.00, 2.3/8" Box: \$368.00
2.7/8" Pin: \$395.00, 2.7/8" Box: \$395.00
3.1/2" Pin: \$505.00, 3.1/2" IF Box: \$565.00
4" or 4.1/2" Pin: \$520.00, 4" or 4.1/2" Box: \$585.00
5.1/2" Pin: \$565.00, 5.1/2" Box: \$645.00
6.5/8" Pin: \$630.00, 6.5/8" Box: \$710.00
7.5/8" Pin: \$695.00, 7.5/8" Box: \$825.00
8.5/8" Pin: \$725.00, 8.5/8" Box: \$855.00
- 11 The Customer must not disassemble, reassemble or modify tools rented from Tasman Oil Tools Pty Ltd in any way during the Rental Period. In the event that the Customer disassembles, reassembles and/or modifies tools as described, Tasman Oil Tools Pty Ltd does not accept responsibility for any malfunctions that occur during operational usage of the tool.
- 12 It should be noted that depletion of hardbanding during the course of a continuous Rental Period to the Customer is not considered normal fair wear and tear. All costs associated with re-hardbanding will be charged to the Customer at cost plus fifteen (15) per cent handling fee. Reports will be provided upon request.
- 13 Tasman Oil Tools Pty Ltd offers stabilizers with blade diameters gauged at specified / quoted hole sizes with a tolerance of + 0" and/or -1/32". The "run redress charge" included on the quotation covers wear of 0" to 1/8" of hard facing material. Wear in excess of this will be calculated upon assessment by Tasman Oil Tools Pty Ltd and will be charged to the Customer accordingly.
- 14 Tasman Oil Tools Pty Ltd shall not be liable or responsible for loss, damage or injury to any well for which Rental Equipment is used during the Rental Period.
- 15 **Lost or Lost-in-Hole (LIH)**: for any Rental Equipment that has been declared lost or lost-in-hole by the Customer, the "lost or replacement value" of the Rental Equipment as stated on the original quotation will be charged to the Customer. Tasman Oil Tools Pty Ltd requires confirmation in the form of a completed and signed 'Statutory Declaration' that tool/s have been genuinely lost or lost-in-hole. This form should be requested from Tasman Oil Tools and returned within fourteen (14) days of reported loss. It should be noted

that rental will not cease until the signed Statutory Declaration is received. In the event that the quotation for such tool/s is over twelve (12) months old, Tasman Oil Tools Pty Ltd reserves the right to adjust the "lost or replacement value" to reflect current market value/s. Where the "lost or replacement value" is not stated on the quotation, the value will be determined as the landed replacement cost, free into store (FIS) Tasman Oil Tools Pty Ltd, Perth, Western Australia. Unless otherwise specifically stated and agreed to in writing, Tasman Oil Tools Pty Ltd will not pass on any depreciation to the Customer in the event that the rental equipment is lost, lost-in-hole or damaged beyond repair.

Please note: in the event that tools which have been declared lost or lost-in-hole are later found or recovered, they remain the property of Tasman Oil Tools Pty Ltd and must be returned immediately.

- 16 **Damaged Beyond Repair: (DBR):** for any Rental Equipment returned by the Customer to Tasman Oil Tools Pty Ltd that is deemed damaged beyond repair upon post rental inspection, the "lost or replacement value" of the Rental Equipment as stated in the original quotation will be charged to the Customer. In the event that the quotation for such tool/s is over twelve (12) months old, Tasman Oil Tools Pty Ltd reserves the right to adjust the "lost or replacement value" to reflect current market value/s. Where the "lost or replacement value" is not stated on the quotation, the value will be determined as the landed replacement cost, free into store (FIS) Tasman Oil Tools Pty Ltd, Perth, Western Australia. Unless otherwise specifically stated and agreed to in writing, Tasman Oil Tools Pty Ltd will not pass on any depreciation to the Customer in the event that the Rental Equipment is lost, lost-in-hole or damaged beyond repair.

All drill pipe rented will be of "New" or "Premium Class" condition as per API RP 7G, 10th Edition, January 1981, or as quoted. Any pipe that is down graded to "Class II" or below, upon return from rental, will be considered to be damaged beyond repair and the "lost or replacement value", as stated on the original quotation, will be charged to the Customer. Similarly, in the event that any item is exposed to and becomes contaminated by H₂s gas and/or corrosion caused by air drilling operations, down-hole fires or by any other means, such Rental Equipment will be considered damaged beyond repair and the "lost or replacement value", as stated in the original quotation, will be charged to the Customer.

- 17 All expendable items e.g. ring gaskets, junk catchers, balls, mud bucket seals, clamps, etc., all rubber &/or elastomer components, e.g. ram rubbers, packers, packing elements etc., are considered "consumable items" and will be invoiced to the Customer at the commencement of the Rental Period and are not considered Rental Equipment.
- 18 All expendable items supplied or consigned with the Rental Equipment and returned unused, undamaged and in original packing, will be restocked at ten (10) per cent of the quoted price.
- 19 All invoices are payable within thirty (30) days of issue of invoice. Invoices not paid within thirty (30) days will be liable for a surcharge of two (2) per cent per month per invoice.
- 20 All quotations issued by Tasman Oil Tools Pty Ltd are made on the basis that equipment is available for delivery subject to prior rental or commitment. Location and availability will be advised upon receipt of confirmed order in writing.
- 21 Quotations shall remain valid for a period of thirty (30) days, unless otherwise specifically stated and authorised by Tasman Oil Tools Pty Ltd.
- 22 All repair, post repair inspection and third party charges relating to rental equipment, and levied on Tasman Oil Tools Pty Ltd, will be recharged to the Customer at cost plus fifteen (15) per cent handling fee, plus any Government Taxes or levies which may be applicable.
- 23 In countries not governed by the Australian Tax System, or which do not have a double tax agreement with Australia, any taxes applicable on rental equipment invoices, will be to the account of the Customer. Our quoted prices are nett of all taxes in this instance.
- 24 All Tasman Oil Tools Pty Ltd Rental Equipment that has rotary shouldered connections, is dispatched with thread protectors. When Rental Equipment is returned without original or equivalent original thread protectors in tact, the Customer will be invoiced for missing thread protectors as per prices indicated below:
- \$50.00 each: 2.3/8" HSH, 2.3/8" reg, 2.3/8" IF, 2.7/8" reg, 2.7/8" IF, 3.1/2" reg, 3.1/2" IF, 4" IF, 4.1/2" reg, 4.1/2" IF or 5.1/2" FH pressed steel thread protector (pin or box)
 - \$25.00 each: 2.3/8" HSH, 2.3/8" reg, 2.3/8" IF, 2.7/8" reg, 2.7/8" IF, 2.7/8" EUE, 3.1/2" reg, 3.1/2" IF, 4" IF, 4.1/2" reg, 4.1/2" IF or 5.1/2" FH plastic thread protectors (pin or box)
 - \$50.00 each: 2.1/16" CS Hydriil, 2.7/8" EUE, 2.7/8" PH6, 3.1/2" EUE or 3.1/2" PH6 plastic thread protectors (pin or box)
 - \$125.00 each: 6.5/8" reg, 7.5/8" reg or XT57 pressed steel thread protectors (pin or box)
 - \$50.00 each: 6.5/8" reg, 7.5/8" reg or XT57 plastic thread protectors (pin or box)

Thread protectors which are not included in the above list will be charged at cost plus fifteen (15) per cent handling fee.

- 25 The Rental Equipment supplied to the Customer is the sole property of Tasman Oil Tools Pty Ltd and shall not be lent, given, sub let, modified, changed, sold or disposed of to any third party whatsoever without the written permission of Tasman Oil Tools Pty Ltd.

- 26 **After Hours Call Out Fees:** "after hours" is deemed to be any hour outside normal business hours that being 8.00am – 5.00pm Monday to Friday. Charges are \$300.00 (AUD) call out for the first hour (any part of an hour is considered 1 hour) and \$80.00 (AUD) per hour/ per man thereafter. Any work involving the operation/ use of mobile plant (forklifts) will require two (2) men on the premises.
- 27 **Return of Tubulars:** All tubular equipment should be returned to the Rental Point stacked facing the same direction on the truck, i.e. all pins facing one end and all boxes the other, as is the case when they leave the Rental Point. If they are not returned in this manner, the client will be charged \$150 per hour for the number of hours taken to re-arrange for cleaning inspection, logging and coating. This charge includes two (2) men plus forklift usage. This amount shall be charged on the final rental invoice.
- 28 **Tasman Oil Tools's Inspection and Testing Policy** is as follows:
- All pressure equipment is pressure tested to industry standards at Tasman Oil Tools Pty Ltd's premise, using a NATA certified Martin Decker Chart Recorder.
 - Our bottom-hole assembly equipment is inspected by a certified third party inspector to DS1 Cat 5, with the exception of drill pipe which is inspected to DS1 Cat 4 and tubing which is inspected to API with a Magnetic Particle Inspection of the tool joints.
 - A Magnetic Particle Inspection is carried out on all relevant equipment after each use and reports are considered valid up to 24 months prior to the rental commencement date. In addition visual thread inspections are required to be dated within 12 months of the rental commencement date (i.e. where MPI report is older than 12 months from the rental commencement date).
 - All offshore lifted equipment is manufactured and tested to comply with EN-12079. A valid Certificate of Conformance for Lifted Equipment (CCLE) is provided with the delivery ticket.
 - All safety clamps undergo a Magnetic Particle Inspection immediately prior to the commencement of rental. This inspection is billed on the first rental invoice. In the event that a client cancels an order following standard pre-rental inspection, the client will still be billed for the inspection of the safety clamp.

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