

General Conditions of Purchase 1

1. INTRODUCTION

These General conditions of purchase 1 shall, unless otherwise agreed in writing, apply to all Odfjell Drilling's (Buyer's) purchasing of goods and services (the Work). The Work is an all including concept for Suppliers obligations. Supplier's quotations are non-binding upon Buyer until accepted by a purchase order (PO), issued by Buyer in compliance with these conditions which is acknowledged by Supplier.

2. PURCHASE ORDER AND ORDER CONFIRMATION – THE AGREEMENT

2.1 Supplier shall not commence the Work without a PO. If an emergency occurs, an e-mail or requisition issued by buyer shall be accepted by Supplier prior to receipt of PO. The written and numbered PO shall specify type of goods/services, quantity, place of delivery and total price. If Supplier discovers any errors or discrepancies in the PO, Supplier shall notify Buyer and initiate corrective actions. Supplier shall refer to the PO number in all correspondence with Buyer and when invoicing.

2.2 On receipt of PO from Buyer, Supplier shall deliver a signed order confirmation in writing if Supplier accepts to perform the Work in the PO. The PO and the order confirmation constitute the entire agreement (the Agreement) between the parties.

3. DELIVERY

3.1 Goods shall be delivered properly packed and marked, at the agreed place and time of delivery. Unless otherwise stated in the Agreement the freight conditions shall be interpreted in accordance with INCOTERMS latest version. Supplier shall submit all required documents for export and import of goods to place of delivery.

3.2 Applicable documentation shall always be part of the delivery. All documentation connected to delivery shall be filed by Supplier and be available for at least 10 years after delivery.

4. SUPPLIER'S OBLIGATIONS

The Agreement shall be fulfilled in accordance with generally accepted professional and ethical standards. Supplier undertakes to keep himself informed of and comply with laws, rules, regulations, provisions and practice in all matters applicable to the Agreement. Supplier shall obtain and maintain approvals and permissions which are necessary for the fulfilling of the Agreement.

5. BUSINESS CONDUCT

5.1 Supplier warrants that it has not made, promised or authorized, and will not make, promise or authorize, a prohibited payment or improper advantages to a government official.

5.2 Supplier warrants that it has not engaged, and will not, engage in any prohibited transaction.

5.3 Supplier warrants that it will promptly report to Buyer any prohibited payment, prohibited transaction or violation of, or conspiracy or attempt to violate, any of the applicable laws and regulations, or any allegations of such conduct, related to goods/services provided to Buyer, and agrees that it will cooperate fully and in good faith with any inquiry by Buyer.

5.4 Supplier accepts to comply with Odfjell Drilling's Code of Business Conduct. The Code can be downloaded at www.odfjelldrilling.com/en/About-us/Who-are-we/Code-of-Business-Conduct/

6. QUALITY, HEALTH, SAFETY AND ENVIRONMENT (QHSE)

Supplier shall satisfy all relevant obligations for quality, health, safety and environment (QHSE).

Buyer has a right to perform quality audit of Supplier or sub supplier with three -3- weeks written notice. This right applies to all matters connected with the Agreement. Supplier shall provide any necessary assistance in this respect.

7. PRICE AND PAYMENT

7.1 The price is fixed and firm and is not subject to escalation. All prices will be in NOK if not agreed otherwise.

7.2 Supplier shall invoice on delivery of goods or completion of services. Buyer shall pay per 45 days after receipt of a correct and complete invoice. Buyer has the right to return incorrect or incomplete invoices, including invoices with insufficient documentation. In such case the period of credit does not start to run before Buyer has received a correct invoice. Invoices must be addressed to the buying company, refer to the Agreement and must be clearly marked according to the instructions in the PO. Buyer can make deductions from invoiced amounts for advance payments, amounts Buyer may have credited Supplier and parts of invoice amounts which Buyer has notified are inadequately documented or in any other way disputed. Payment of an invoice does not entail acceptance of what was delivered, price or that Buyer waives rights according to the Agreement.

7.3 Invoices which are submitted later than 90 days after the delivery of goods or completion of services will not be paid.

8. AUDIT

Buyer has the right to perform audit of the Supplier. This right applies to all matters concerning the Agreement. Buyer shall have access to all relevant documentation connected with the Agreement. If the audit reveals non conformities, Supplier shall correct these accordingly. Buyer has a right to perform an audit for up to two years after the expiry of the year in which the Work was delivered.

9. VARIATION ORDER

9.1 Buyer is entitled to make any variations to the Work, or part thereof. Such variations may include increase or reduction of scope of work, character, quality, nature or design, as well as execution and change of delivery time, provided that such variations are within what the parties could reasonably expect when entering into the Agreement. The variation will be formalized by Buyer's issuance of a written variation order (VO). Supplier's obligations under this Agreement applies to all variations to the Work. The price in the VO shall reflect the price level of the original PO.

9.2 Prior to issuance of a VO, Supplier shall, within 7 days after receipt of an inquiry from Buyer, send to Buyer an estimate describing the variation work (VOR), and inform about possible effects on price and delivery time. If Supplier does not prepare an estimate as prescribed, Supplier has thereby confirmed that the variation does not increase the price or the delivery time.

9.3 Supplier is obliged to implement the VO without undue delay even if the parties do not agree on the effect on price and delivery time. If the parties disagree on the VO's impact on price, Buyer shall pay the amounts which are not disputed, as a provisional settlement. A VO which is due to Supplier shall not result in a change of price or delivery time in favour of the Supplier.

10. TEMPORARY STOPPAGE

Buyer can at any time notify Supplier that delivery shall be stopped temporarily. Such a temporary stoppage can be demanded for the whole part or parts of the Work. The notification of the temporary

General Conditions of Purchase 1

stoppage shall if possible specify the duration of the stoppage. Supplier shall resume the Work as soon as Buyer has given Supplier notification of this. Buyer shall compensate Supplier's documented and necessary costs which are a direct result of a temporary stoppage.

11. CANCELLATION

Buyer may, at its sole discretion, cancel the Agreement or part thereof by giving written notification to Supplier. Buyer shall pay Supplier for the documented costs for the part of the Work performed and necessary direct cost incurred by Supplier as a result of the cancellation.

12. GUARANTEE LIABILITY

12.1 Supplier guarantees that the Work is performed according to recognized standards of good workmanship. Supplier also guarantees that the Work complies with applicable laws and regulations, current technical standards and is in conformity with the PO, drawings and specifications, and that any design performed by Supplier is fit for the intended purpose. Supplier further guarantees that materials and equipment used are new and of high quality. A condition covered by the guarantee shall be rectified free of charge within reasonable time.

12.2 The guarantee period expires 24 months after the goods have been taken into use for its intended purpose, but not later than 36 months after delivery. The guarantee period for services is 12 months from the time the services was rendered.

12.3 If Supplier has performed rectification work during the guarantee period, a new 24 or 12 months guarantee period shall apply for the rectified parts of the Work from the date of completion of the rectification work.

13. RETURN OF GOODS

13.1 Unused, incorrectly delivered or standard goods made for stock, in new, resalable condition may be returned by Buyer for credit provided written request is issued by Buyer and received by Supplier within one year after the purchase date.

13.2 Requests for return of goods must show original PO number, description of goods and date of purchase. The credit given shall be based on the original price and will be issued following Supplier's receipt of the goods.

14. INDEMNIFICATION

14.1 Each of the parties shall indemnify the other party for any claim linked to personal injury or loss of human life among personnel and loss of or damage to property, and which arises in connection with the Work.

14.2 The parties shall also indemnify each other for damage and loss inflicted a third party which arises in connection with the Work.

14.3 Neither party shall be liable to the other for indirect or consequential losses which arises in connection with the Work.

15. DEFECTS AND DELAYS

15.1 Should the Work have any defects, Supplier shall immediately, or as otherwise instructed by Buyer, carry out the necessary repairs at no cost for Buyer. If Supplier does not remedy a defect within reasonable time, Buyer or a third party, having notified Supplier, can carry out the necessary repairs for account and risk of Supplier. In addition Buyer may claim compensation and/or damages according to applicable law.

15.2 If Supplier has reason to believe that the

progress is deviating from the Agreement, he shall immediately notify Buyer in writing. Supplier shall without undue delay, inform Buyer about the cause of the delay, estimated duration of the delay, assumed impact on the progress plan and proposed remedial actions to recover or limit the delay. Such notification does not exempt Supplier from his obligations in accordance with the PO. If Supplier's remedial actions are inadequate, Buyer can demand Supplier to effect extra remedial actions considered necessary. The costs of all remedial actions shall be borne by Supplier.

15.3 In case of delay Buyer is entitled to liquidated damages of 0,5 % of the price per calendar day commenced, limited to 15 % of the PO price. Buyer has the right to set off the damages against any claim which the Supplier may have against Buyer.

16. TERMINATION

Buyer is entitled to terminate the Agreement with immediate effect if Supplier commits a substantial breach of contract, after a written notification from Buyer. The following are examples of substantial breach of contract: Supplier opens liquidation, introduces closure, suspends payments etc., substantial delay, substantial defect, violation of article 5 Business conduct, or it is evident that Buyer will become entitled to claim maximum liquidated damages or if Supplier does not fulfil his obligations for insurance.

17. FORCE MAJEURE

If events occur which the parties could not reasonably foresee on entering into the Agreement, which lie outside their control, the effects of which they cannot reasonably avoid or overcome, and which prevent delivery, releases the parties temporarily from fulfilling the Agreement. The party who wishes to plead force majeure must notify the other party in writing of this without undue delay. Moreover, written notification must be given when the force majeure situation is ceased and the parties' obligations according to the Agreement shall be resumed. The parties have a right to terminate the Agreement in writing, with immediate effect, if the force majeure situation lasts more than 60 days. The parties bear their own costs due to force majeure.

18. INSURANCE

Supplier shall at his own expense provide and maintain insurance policies covering the liability possibly incurred as a result of the Agreement. The insurances shall not cease before delivery has taken place. If requested, Supplier shall submit original insurance certificates.

19. CONFIDENTIALITY

All information which the parties exchange shall be kept confidential. Each of the parties may use or transfer information to others to the extent necessary for fulfilling the Agreement. The parties shall not publish or advertise information in connection with the Agreement without the other party's written approval.

20. TRANSFER OF THE AGREEMENT

Buyer may transfer the Agreement to a third party.

21. NORWEGIAN LAW AND DISPUTES

21.1 The Agreement shall be subject to and interpreted in accordance with Norwegian law.

21.2 The parties shall seek to achieve an amicable settlement for disputes which may arise in connection with the Agreement. If an amicable settlement is not reached, disputes shall be settled in an ordinary court process with Bergen as the legal venue. Until the dispute is settled, Supplier shall continue to fulfil the Agreement.