

FIELD EQUIPMENT WORDING

1. INSURING AGREEMENT

In the event that any of the Property Insured be lost or damaged by the perils insured against, the Insurer will indemnify the Insured against the direct loss so caused to an amount not exceeding whichever is the least of:

- a. The cost of repairing the damaged property; or
- b. The limit of insurance specified on the Schedule of Insured Equipment in respect of the property lost or damaged; or
- c. The interest of the Insured in respect of the property lost or damaged.

Claims for partial loss recoverable hereunder shall not be subject to depreciation.

2. PROPERTY INSURED

The property as described on the Declarations and/or the Schedule of Insured Equipment attached to the Policy.

3. DEDUCTIBLE

The Insurer is liable for the amount by which the loss or damage caused by any of the perils insured against exceeds the amount of the deductible specified on the Declarations in any one occurrence. Should one occurrence give rise to the application of more than one deductible, only the largest individual deductible amount shall apply.

4. LIMIT OF LIABILITY

The Insurer shall not be liable in any one occurrence for more than the total limit of insurance shown on the Declarations, subject to any applicable limit or sub-Limit of Insurance. Each item of property included as Property Insured is deemed to be a separate interest and separately insured in all respects as if a separate policy had been issued for each item and the policy is to be read and applied accordingly.

The insurance coverage and insured value on one item is not applicable to any other.

5. TERRITORY

This Policy provides coverage on the Property Insured anywhere in the world subject to Clause 6. Sanctions.

6. SANCTIONS

This insurance does not provide cover and Insurers shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose them to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the United Kingdom, European Union or United States of America.

7. INSURING CONDITIONS

This Policy insures against all risks of direct physical loss of or damage to the Property Insured caused by anything not otherwise excluded in the Policy and subject to the Institute clauses below as far as applicable.

7.1 INSTITUTE CLAUSES (as far as applicable)

Institute Cargo Clause (A)	CL 382	1/1/09
Institute Cargo Clauses (Air) Excluding Sendings by Post	CL 387	1/1/09
Institute War Clauses (Cargo)	CL 385	1/1/09
Institute War Clauses (Air Cargo) Excluding Sendings by Post	CL388	1/1/09
Institute War Clauses (Sendings by Post)	CL390	1/3/09
Institute Strike Clauses (Cargo)	CL386	1/1/09
Institute Strikes Clauses (Air Cargo)	CL389	1/1/09
Termination of Transit Clause (Terrorism)	JC2009/056	1/1/09
Institute Classification Clause	CL354	1/1/09
Institute Cyber Attack Exclusion Clause	CL380	10/11/03
Institute Radioactive Contamination Chemical Biological Biochemical and Electromagnetic Weapons Exclusion Clause	CL370	10/11/03

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7.2 CONTINGENT INSURANCE

This Policy is extended to cover equipment while on hire, rent or loan by the Insured to a third party on a contingent basis. Liability under this Policy is contingent only and the Insured's customer shall assume full responsibility for any loss or damage to such equipment, from the point of acceptance by the customer until return to the Insured.

Should the Insured for any reason fail to obtain payment for equipment lost or damaged these Insurers agree to indemnify the Insured for such loss or damage provided such loss or damage is insured under this Policy.

In consideration of the above the Insured agrees:

- a. That this extension is for the benefit of the Insured only and nobody else but the Insured. Any assignment or disclosure of its existence will render the coverage as provided by this extension null and void.
- b. That any rights and benefits that the Insured may possess against the hirers are to be subrogated to the Insurers.
- c. To make every effort to obtain payment for the equipment lost or damaged.

7.3 CARGO ISM

In no case shall this insurance cover loss, damage or expense where the Property Insured is carried by a vessel that is not ISM Code certified or whose owners or operators do not hold an ISM Code Document of Compliance when, at the time of loading of the Property Insured on board the vessel, the Insured was aware, or in the ordinary course of business should have been aware:

- a. Either that such vessel was not certified in accordance with ISM code;
- b. Or that a current Document of Compliance was not held by her owners or operators.

As required under SOLAS convention 1974 as amended.

The exclusion shall not apply where this insurance has been assigned to the party claiming hereunder who has bought or agreed to buy the Property Insured in good faith under a binding contract.

7.4 DEBRIS REMOVAL

This insurance is extended to cover, in addition to any other amount recoverable hereunder, extra expenses reasonably incurred by the Insured for the removal and disposal of debris of the Property Insured, or part thereof, by reason of damage thereto caused by an insured peril.

In respects to Property Insured in Transit the following exclusions shall apply:

- a. Any expenses incurred in consequence of or to prevent or mitigate pollution or contamination or any threat thereof or liability thereof; or
- b. The cost of removal of cargo from any vessel or craft

In no event shall Insurers pay more than the limit stated on the Declarations for Debris Removal.

7.5 DUTY

This insurance includes the additional or increased value of the Property Insured, whether such is insured herein or otherwise, by reason of payment of duty and/or levy and/or freight and/or charges and/or VAT at the port or place of destination or during storage.

Including the Insured's liability for the payment of duty and/or levy imposed by duly appointed authority of any country through which the Property Insured may transit, including the country of origin or destination, prior to delivery to the consignee.

Subject to the same clauses and conditions as the insurance on the Property Insured and to pay the same percentage of loss as may be paid thereon.

In ascertaining the amount of claim recoverable hereunder, credit shall be given for any rebates or refunds that may become allowable.

Insurers shall reimburse any expense incurred by the Insured occasioned by circumstances outside their control to substantiate any claim for rebate of duty.

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7.6 EMPLOYEES TOOLS and EQUIPMENT

This insurance is extended to cover loss or damage to tools and equipment owned by the Insured's employees while in transit, in storage, during use, at exhibition or demonstration site or in the employees private residence or temporary residences such as but not limited to hotel or motel rooms or cabins.

EXCLUDING loss or damage due to

- a. Wear and tear or gradual deterioration;
- b. Mechanical, electrical or manual operation of the tool and equipment or whilst undergoing any process;
- c. Theft or attempted theft from unattended place of storage which does evidence forcible or violent entry, exit or removal;
- d. While being used for social, domestic or pleasure purposes.

In no event shall Insurers pay for more than the limit stated on the Declarations for Employee Tools and Equipment.

7.7 EXHIBITIONS and DEMONSTRATIONS

This insurance includes coverage while the Property Insured is attending an exhibition or taking part in a demonstration therefore the Policy is extended to include a sub-limit for display stands and other property forming part of the exhibition or demonstration including advertising and promotional items, owned by the Insured or for which they are responsible, whilst in transit to and from and whilst at exhibition or demonstration site for a maximum of 30 days within the domiciled country of the Insured unless endorsed otherwise on the Policy. This extension includes coverage during the unpacking, assembly, dismantling and repacking of the Property Insured, display stands and other property as described in this extension.

In the event that the Property Insured under this extension is lost or damaged in transit to an exhibition and the Insured's attendance is cancelled as a result this insurance is extended to cover exhibition fees that are not refundable.

In addition to the exclusions listed in Clause 9 this extension excludes loss or damage due to:

- a. Faulty assembly or construction;
- b. Theft from the exhibition or demonstration site unless there is evidence of forcible or violent entry, exit or removal.
- c. Scratching, bruising, chipping, denting and subsequent cost of repainting;
- d. Rust, oxidation and discolouration
- e. Twisting, bending and distortion

Exclusions c., d. And e. do not apply if caused by a peril insured against.

In no event will Insurers pay more than the limit as specified on the Declarations for Exhibitions and Demonstrations.

7.8 HIRING CHARGES

Where the policy includes equipment hired in by the Insured this policy extends to include continuing hiring charges that the Insured may be subject to, following a claim under the Policy.

In no event will Insurers pay more than the limit as specified on the Declarations for Hiring Charges.

7.9 INCREASED COSTS

It is agreed that if the Property Insured is lost or damaged beyond commercial use then the Insurers will pay the Insured the hire costs of an equivalent item of equipment. In the event that no item of equipment is readily available, Insurers will pay an amount equal to the cost of hiring a similar item.

In no event shall Insurers pay more than the limit specified on the Declarations for Increased costs.

7.10 NEWLY ACQUIRED PROPERTY

This Policy is extended to cover newly acquired property of a nature and quality similar to those insured hereunder rented, chartered, purchased or acquired by the Insured during the term of this Policy provided an itemized list of such additional property, together with the amount of insurance required for each item, is furnished in writing to Insurers within sixty (60) days from the date such additional property was rented, chartered, purchased or acquired by the Insured.

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This policy shall cease to insure such newly acquired property if not reported to Insurers within the sixty (60) days reporting period.

The premium for the coverage granted by this endorsement shall be calculated at pro rata of the rate charged for property of a similar nature and quality currently insured under this Policy effective from the date of acquisition.

In respect of newly acquired property added under this endorsement the Limit of Insurance for any one item shall be limited to the amount declared on the Declarations for Newly Acquired Property.

7.11 LEASED EQUIPMENT

This Policy provides a sub-limit of insurance, as shown on the Declarations, for equipment that is leased, rented or loaned temporarily by the Insured subject to the insured submitting at policy expiry a list of all such leased, rented or loaned equipment showing values, dates rented or leased and paying an additional premium. Such premium will be calculated at pro rata of current policy rates for the period of insurance.

In no event will Insurers pay more than the limit as specified on the Declarations for Leased Equipment.

7.12 REPLACEMENT BY AIR

This insurance is extended to reimburse the Insured for the costs of air freighting replacement or damaged goods to or from suppliers, customers or repairers, even though the insured goods were not originally dispatched by airfreight.

7.13 REMOVAL of WRECK

Insurers will indemnify the Insured for the reasonable costs or expenses of, or incidental to, the removal of the wreck of the property insured under this extension provided however that:

- i. such removal is compulsory by law; and
- ii. the value of all stores and materials saved as well as the value of the wreck itself, will first be deducted from such costs or expenses and only the balance thereof, if any, will be recoverable from the Insurer.

In no event shall Insurers pay more than the limit specified on the Declarations for Removal of Wreck any one accident or occurrence.

7.14 SUE and LABOUR (including search and recovery costs)

This insurance covers all charges properly and reasonably incurred by the Insured or their servants or agents, in respect of any loss recoverable under this Policy in pursuance of their duties to:

- a. Take such measures as may be reasonable for the purpose of averting or minimising such loss; and/or
- b. Ensure that all rights against carriers, bailees or other third parties are properly observed and exercised.

In no event will Insurers pay more than the limit as specified on the Declarations for Sue and Labour.

7.15 WAIVER of SUBROGATION

Where the Insured is required by contract to waive rights of subrogation against their principals and/or their contractors and/or any other parties interested in the contract or operation, this insurance extends to include such waivers in so far as the contract may require.

All other rights of subrogation against third parties must be protected by the Insured in accordance with the Claims procedures.

It is a requirement of this insurance that the Insured must not waive any rights of subrogation where there is no contractual requirement to do so.

7.16 SPECIAL CONDITIONS FOR UNDERWATER EQUIPMENT and WATERCRAFT

This insurance is extended to include loss of or damage to underwater equipment, watercraft and vehicles such as ROVs, AUVs and similar equipment caused by:

- a. Latent defect(s) in the equipment but excluding any costs of correcting the latent defect;
- b. Negligence of Masters, Officers, Crew, Pilots or equipment operators;

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- c. Negligence of repairers, charterers or hirers provided that such repairers or charterers are not an Insured under this Policy.

Provided always that such loss or damage has not resulted from want of due diligence by the Insured, Owners or Managers. Masters, Officers, Crew, Pilots or Equipment Operators are not to be considered Owners within the definition of the Insured for the purposes of this clause.

Charles Taylor Energy, Standard Conditions Precedent to Liability for underwater equipment, as applicable:

1. Equipment is only to be operated by and under the supervision of suitably trained and authorised personnel.
2. Pilots and/or equipment operators should not operate the equipment for more than six hours within a 24 hour period.
3. Equipment should not be launched or recovered when weather limitations or other external factors exceed the limits for prudent operations or make it unsafe to do so in the opinion of the equipment's site Supervisor.
4. Equipment is not to be operated in conditions which exceed the manufacturer's specified operating parameters.
5. Special precautions to be taken when operating from dynamically positioned vessels to ensure that vehicles are kept clear of thrusters, down lines or other subsea obstructions around the hull.
6. Underwater vehicles not to be operated in poor through water visibility (less than 3 metres) unless sonar is in use.
7. Prior approval of Insurers is required when operating declared equipment in unusually hazardous circumstances.
 - e.g. Blowouts.
 - When using explosives.
 - Non routine operations within confined structures of wreckage.
 - Operations within wave surge zones or in the proximity of heaving moorings and/or objects.
8. Suitable precautions and preservation/maintenance measures to be adopted when storing, handling, transporting and operating declared equipment
9. Direct communications to be maintained between the pilot, equipment operator, supervisor, winch operator and bridge or other centre of operation of the support vessel. The support vessel crew to be fully briefed on the underwater operations and tasks including emergency situations which may affect the integrity of the declared equipment and/or that of the support vessel/platform.
10. Vehicles to be fitted with an acoustic beacon and support vessel fitted with a compatible acoustic sensing system when the vehicle is negatively or neutrally buoyant. A flashing light with no daylight sensor cut off is to be fitted to the vehicle if it is positively buoyant.

7.17 SPECIAL CONDITIONS FOR STORAGE RISKS

Whilst the Property Insured is at the premises owned or occupied by the Insured as stated on the Declarations the following additional EXCLUSIONS apply:

- a. Mysterious or unexplained disappearance or inventory shortage, misfiling or misplacing of information.
- b. At premises owned and/or operated by the Insured:
 - i. Theft or attempted theft of the Property Insured in the open **unless** protected by a perimeter fence or wall of substantial construction and adequate security with all points of access secured during any non working period.
 - ii. Theft or attempt thereof which does not involve entry to or exit from an unoccupied building or an unoccupied locked and enclosed compound, site or yard by forcible and violent means and/or actual or threatened assault or violence.

When the Property Insured is away from the Insured's premise at the operational site all reasonable safety and security precautions must be taken and all security devices available to the Insured must be operational when the operational site is unattended.

8. WARRANTIES

Whenever used in this Policy the term Warranty **or** Warranted means a promise made by the Insured to the Insurers that specific facts or conditions are true and will remain true or that a certain condition or condition(s) will become true within a specified period of time agreed to between the Insured and the Insurers and will remain true for whatever period of time agreed to by the Insured and the Insurers

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Breach of a policy Warranty can void insurance coverage and affect the Insured's ability to collect in the event of a claim.

LOCKED VEHICLE WARRANTY

It is WARRANTED that vehicles owned, operated or under the control of the Insured or the Insured's employees shall comply with the following safety measures whenever carrying Property Insured and left unattended during normal working hours:

- a. All doors, windows, trunks, boots and other openings are closed, properly fastened and securely locked wherever possible; and
- b. Any security devices fitted to the vehicle are to be activated; and
- c. All contents are removed from view where possible; and
- d. The keys are removed and stored in a secure place separate from the vehicle.

Unattended for the purposes of this extension shall mean whenever the vehicle is not at a worksite and is left unsupervised and the Insured and/or employees are unable to directly observe the vehicle.

WAREHOUSE WARRANTY

It is WARRANTED that all Property Insured will be stored a minimum of 10 cm (four inches) above floor level and that written instructions to this effect will be given to all third party warehouse operators whenever possible.

8.1 SAFETY EQUIPMENT WARRANTY

It is WARRANTED that any protection provided for the safety of the Property Insured will be maintained in good order throughout the currency of this Policy. All equipment must be maintained in accordance with the manufacturer's recommendations and requirements.

9. EXCLUSIONS

This Policy does not insure:

1. Electrical, mechanical, electromagnetic breakdown or derangement of equipment insured, unless caused by accidental and external means;
2. Any consequential loss except where specified;
3. Loss of data and any costs associated with such loss or any consequential loss resulting from loss of data
4. Mysterious or unexplained disappearance or inventory shortage, misfiling or misplacing of dongles and software licenses;
5. Any equipment while being used down hole, being the wellhead below the rotary table;
6. Any equipment while being used in a pipe or pipeline;
7. Moth, vermin, insects, inherent vice, latent defect, faulty assembly or process, wear, tear, gradual deterioration, contamination, rust, wet or dry rot, mould, dampness of atmosphere or extremes of temperature unless caused by accidental and external means;
8. Loss of use, delay and/or loss of markets
9. Cash, banknotes, cheques and other negotiable instructions, credit or debit cards, securities for money, vouchers and stamps
10. Vehicles, except when specified on the Declarations and while used as a tool of trade and while not on any road or place where they are subject to the compulsory insurance requirements of Road Traffic Act legislation provided always that this insurance shall not respond to any loss or damage covered by any motor vehicle insurance.
11. Rust, oxidation and discolouration in respect of unpacked and/or partially protected goods, unless proven to have been caused by a peril insured against
12. Equipment stored below ground;
13. Equipment in a commercial retail premises if being held for the purpose of sale or resale unless specifically agreed to in writing by the Insurers;
14. Waterborne vessels or craft except when specified on the Declarations
15. Oil rigs and aircraft.
16. Equipment while being towed behind an aircraft.
17. Loss or damage directly or indirectly occasioned by, happening through or in consequence of confiscation or nationalisation or requisition or destruction of or damage to the Property Insured by or under the order of any Government or Public or Local Authority.

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10. ADDITIONAL CONDITIONS

10.1 DUTY OF THE INSURED

In the event of loss of or damage to the Property Insured, it is the duty of the Insured (and their servants or agents) to take all reasonable steps to avert or minimise such loss or damage and to ensure that all rights against third parties (for example shipping lines, carriers, warehouse keepers, other bailees and suppliers) are properly preserved and exercised.

In particular, the Insured is required:

- a. In no circumstances, except under written protest, to give clean receipts where goods are in doubtful condition.
- b. When delivery is made by container, to ensure that the container and its seals are examined immediately by a responsible official. If the container is delivered damaged or with seals broken or missing, or with seals other than as stated in the shipping documents, to clause the delivery receipt accordingly and retain all defective or irregular seals for subsequent identification.
- c. To claim immediately on the relevant third party(ies) for any loss or damage and to give them the opportunity to arrange their own survey.
- d. To give notice in writing to third parties within 3 days of delivery if the loss or damage was not apparent at the time of taking delivery.
- e. If loss or damage be occasioned by theft or by malicious persons, to notify the Police and to take all reasonable steps for discovering the identity of those responsible.

Any claim under this insurance should be submitted without delay, accompanied by all correspondence with carriers and other parties regarding their alleged liability.

10.2 SUBROGATION

The Insured shall at the request and at the expense of Insurers do and concur in doing and permit to be done all such acts and things as may be necessary or reasonably required by Insurers for the purpose of enforcing any rights and remedies or of obtaining relief or indemnity from other parties to which Insurers shall be or would become entitled or subrogated upon paying for or making good any loss or damage under this insurance, whether such acts and things shall be or become necessary or required before or after indemnification.

The Insured shall not be entitled to abandon any property to Insurers.

10.3 CLAIMS CONDITION

It is a Condition Precedent to Liability that Insurers receive the benefit of any sums recovered from carriers or other third parties.

10.4 FRAUD

If any claim under this insurance be in any respect fraudulent, or if any fraudulent means or devices be used by the Insured or anyone acting on their behalf to obtain any benefit under this insurance, or if any loss, destruction or damage covered by this insurance be occasioned by the wilful act or with the connivance of the Insured, then all benefit under this insurance shall be forfeited.

10.4 MISREPRESENTATION

This insurance shall be voidable by Insurers in the event of misrepresentation, misdescription or non-disclosure in any material particular.

10.5 MATERIAL CHANGE

Any change material to the risk and within the control and knowledge of the Insured must be reported in writing to Insurers or their local agent. Insurers reserve the right to amend the rates, terms and conditions based on the material change advised.

10.6 TERMINATION

This insurance may be cancelled:

- a. By Insurers giving to the Insured written notice of termination at least:
 - i. fifteen days before the effective date of termination if the Policy is terminated by registered mail for nonpayment of premium; or

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- ii. thirty days before the effective date of termination if the Policy is terminated by registered mail for any other reason;

However, notice is not required to be by registered mail and is reduced to 7 days in respect of War, Strikes, Riots and Civil Commotion risks and to 48 hours in respect of Strikes, Riots and Civil Commotions risks on shipments to or from the United States of America.

- b. By the Insured at any time on written request.

10.6 CONTRIBUTION

If on the happening of any loss or damage to property in consequence of which a claim is or may be made under this Policy there is in force more than one contract covering the same interest, the liability of the Insurer hereunder shall be limited to its rateable proportion of such claim.

10.7 LAW AND JURISDICTION

This Policy is to be governed and construed in accordance with English Law as modified by Canadian Law and the Marine Insurance Act S.C. 1993 c.22. This clause shall be paramount and over ride any other Law and Jurisdiction clause contained in this Policy which conflicts with it including any clauses or conditions contained within the Institute Clauses attached to the Policy.

10.8 COMPLAINTS

Catlin Canada Inc. is dedicated to providing a high quality service and wants to ensure that it maintains this at all times. If the Insured feels that Catlin has not offered a first class service or if the Insured has any questions or concerns about the Policy or the handling of a Claim, the Insured should, in the first instance, contact its insurance broker through whom this insurance was placed.

If the Insured is unable to resolve the situation and wishes to make a complaint, the Insured can do so at any time by referring the matter to:

Complaints Department
Catlin Canada Inc.
36 Toronto Street, Suite 1210
Toronto, Ontario M5C 2C5

Tel No: +1 416 644 3312

In any action to enforce the obligations of the Insurer liable hereunder they can be designated or named as "the Lloyds General Representative in his quality as Attorney In Fact in Canada, for Lloyd's Underwriters, Members of Lloyd's, London, England" and such designation shall be binding on the Insurer liable hereunder as if they had each been individually named as Defendant. Service of such proceedings may validly be made upon the Lloyds General Representative at the Lloyds office address in Canada.

Cargo ISM certification applies to the following vessels:

The ISM Certification applies to three types of vessels which must comply with the International Safety Management (ISM) Code:

- Passenger ships including passenger high speed craft on international voyages
- Oil tankers, chemical tankers, gas carriers, bulk carriers and cargo high-speed craft of 500 gross tonnage and upwards on international voyages
- Other cargo ships and mobile offshore drilling units of 500 gross tonnage and upwards.

Certification is required on the above vessels regardless of the age of construction so in other words, even new vessels are subject to compliance with these standards.

For more information about Cargo ISM codes and requirements please refer to the following website:

www.tc.bc.ca/eng/marinesafety

For information and updates regarding cargo sanctions please refer to the following website:

<http://www.international.gc.ca/sanctions>