

HALLIBURTON

Halliburton Energy Services, Inc.

CONTRACTOR GUIDELINES

Introduction

This pamphlet contains the minimum expectations you and your company must comply with while performing services for Halliburton Energy Services, Inc. (hereinafter referred to as Halliburton). We recognize and appreciate that you must also use good judgment and experience, because these guidelines are general and cannot cover every working condition. Always talk to your supervisor and/or the local Halliburton representative if you have any questions about the scope of work you are being contracted to perform.

Contractors working for Halliburton Energy Services, Inc. are expected to maintain an effective safety program that includes:

- 1) Accountability for safety by management.
- 2) Safety orientation and training for new or inexperienced employees.
- 3) Documentation of safety training and safety awareness efforts.
- 4) Documented Safety performance reporting and monitoring.
- 5) Assigned safety support responsibilities.
- 6) Incident investigation and reporting to determine the "Root Cause".
- 7) Implementation and re-enforcement of appropriate consequences to support the safety program.
- 8) Compliance with all applicable laws, ordinances, rules and regulations.
- 9) A written and enforced drug and alcohol policy.

and which complies with the Halliburton Company Health, Safety and Environmental Policy and Guiding Principles (Section 1.0 Below).

The use of the word "contractor" in the context of this pamphlet means all individual contract employees of Halliburton and all Primary Contractors and Subcontractors performing work for Halliburton and their employees. However, when a prime contractor subcontracts a part of his work to a subcontractor on a project, the safety compliance of the subcontractor is the responsibility of the primary contractor.

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SECTION 1.0 HEALTH, SAFETY AND ENVIRONMENTAL POLICY

HALLIBURTON COMPANY AND SUBSIDIARY COMPANIES CORPORATE POLICY

PURPOSE: This policy establishes and communicates the Company's policy concerning the protection of the health and safety of the Company's employees and other persons affected by the Company's business activities and protection of the environment with respect to the Company's business activities and operations.

POLICY:

1. The Company will comply with all applicable Laws and relevant industry standards of practice concerning protection of health and safety of its employees in the work place, and other persons affected by its business activities and the protection of the environment. Protection of health, safety, and the environment is a primary goal of the Company and the management of the Company shall take such actions as are reasonable and necessary to achieve such goal and carry out this policy.
2. All employees of the Company will conduct their duties and responsibilities in a manner that is compatible with achieving these goals and carrying out this policy.
3. The Company will work with its employees, clients, contractors, suppliers, partners and customers and with the communities in which it operates in order to achieve these goals and carry out these policies.

PROCEDURES:

1. This Company Policy shall be implemented by the Company under the oversight of the Health, Safety and Environment Committee of the Board of Directors ("HSE Committee"). The HSE Committee may establish such procedures and guiding principles as it deems necessary to carry out this policy.
2. The Company shall establish and maintain self-assessment and audit programs sufficient to provide management of the Company and the HSE Committee with reports and other information concerning the Company's compliance with this policy.
3. The Chief Executive Officer of the Company shall designate a senior officer of the Company as its Chief Health, Safety and Environment Officer ("Chief HSE Officer").
4. The Chief HSE Officer shall oversee the administration of this Corporate Policy and shall make such recommendations to the HSE Committee as he/she shall deem appropriate to carry out such policy and achieve its goals. The Chief HSE Officer shall report to the HSE Committee at least once each year concerning the Company's compliance with this Corporate Policy and the activities administered by the Chief HSE Officer.
5. The full text of the Company's Guiding Principles for health, safety and environment, as it may exist from time to time, shall be attached as Exhibit A hereto.

Approved as revised: Board of Directors, February 20, 1997

EXHIBIT A

Halliburton Company Health, Safety, & Environment Guiding Principles

Halliburton Company, its divisions and subsidiaries (the "Company"), will protect the health and safety of all persons affected by our business activities, and protect the environment in all of our operations. Health, safety and environmental excellence is a primary management objective and the responsibility of every Halliburton employee. The Company is dedicated to continuous efforts to make its operations compatible with protecting people, property, and the environment. The Company is committed, on a global basis, to achieving health, safety, and environmental excellence in all of our business practices and operations. The Company's policy is implemented through the following ten guiding principles with the oversight of the Health Safety and Environmental Committee of the Board of Directors and in conjunction with the Company's Code of Business Conduct.

1. Commitment

Management at all levels of the Company will be actively committed to the achievement of health, safety, and environmental excellence in the conduct of our business. Every manager shall demonstrate commitment to this goal and shall strive to provide adequate resources to achieve this goal and follow these principles. Through communication with our employees, it is our goal to ensure that the Company's commitment to health, safety, and environmental excellence is reflected in day to day operations.

2. Organization

We will maintain and enhance a Company wide organizational structure and culture that recognizes and encourages the full and active participation of all employees in the systematic management of health, safety, and environmental issues. We will also enhance a culture that allows for the transfer of information and best practices across all levels of the Company.

3. Accountability

Achievement of health, safety, and environmental excellence depends heavily on the continuing participation and accountability of management. Responsibility for health and safety and the protection of the environment is a matter of corporate policy and is a matter of law, with potentially severe consequences for failure to comply. Management at all levels is responsible for ensuring that operations are conducted in accordance with this policy and that appropriate health, safety, and environmental programs, procedures and systems of work have been developed and implemented for each facility and operation under their supervision.

4. Management Systems and Standards

We will develop, implement and continuously improve effective health, safety, and environmental management systems and develop standards that reflect best industry practices. We will extend our knowledge by conducting or supporting research where practicable on the health, safety, and environmental effects of our products, work practices, processes, services, and waste materials.

5. Risk Management

We will ensure that potential health, safety, and environmental risks associated with all our activities are assessed as early as is practicable in order to minimize and manage adverse effects and to identify opportunities for improvement. The Company will strive to eliminate or manage any foreseeable hazards that may endanger health, safety, or the environment.

6. Legislative Compliance

We will operate to standards that will comply with the requirements of appropriate national and international legislation and codes of practice and will strive beyond compliance and recognize these principles as a valued way of life. We will participate with governments and others in creating responsible laws, regulations, and standards to help safeguard the workplace, community, and environment. Where no regulatory controls exist, we shall adopt and impose our own health, safety, and environmental standards in accordance with relevant industry standards of practice.

7. Training

Training is an essential element of HSE excellence. Health, safety, and environmental managers and staff will be qualified by reason of education or experience to discharge their responsibilities and will participate in a program of continuing professional development. In addition, the Company is committed to provide training and development on health, safety, and environmental matters that is appropriate to each employee's job duties and responsibilities. The management of each of the operating groups shall take steps to assure that appropriate training is conducted on a regular basis.

8. Emissions to Land, Air and Water

We will comply with applicable legal requirements and where the Company's standards are more stringent apply those standards to minimize the environmental impact of our activities including emissions to land, air, and water.

9. Continuous Improvement

The Company believes that effective HSE management is good business. As in other areas of our business, the Company is committed to continuous improvement of HSE management practices. We believe that adherence to these ten principles will assist us in achieving our objectives of HSE excellence. Each year we will identify specific goals against which we will measure our progress toward HSE excellence.

10. Monitor, Audit and Review

Effective management requires on-going assessment and review to determine whether the health, safety, and environmental policy is being appropriately implemented. Accordingly, an on-going assessment, self-evaluation, and audit program shall be implemented and maintained for operations throughout the Company. The objective of this program is to provide management and the Board of Directors with verification that operations are in compliance with laws, regulations, company policies, and standards, and to facilitate the spread of best practices throughout the Company's operations.

SECTION 2.0 RESPONSIBILITIES

2.1 CONTRACTOR SUPERVISOR

Communicate with the Halliburton Representative.

Contractor supervisor is expected to establish effective communication with Halliburton's representatives and maintain the communication (i.e. expected behaviors, roles, and responsibilities) throughout the project.

Actively seek ways to improve safety and environmental performance.

The contractor supervisor should continually communicate with their personnel and Halliburton's representatives to discover ways to improve safety and environmental performance. They should question any request from Halliburton that they consider to be unsafe or environmentally irresponsible.

Plan the work.

Contractor supervisors must ensure all work is planned to remove or safeguard all known hazards. Planning should include a discussion of expected behaviors, identified hazards and development of appropriate work procedures before you begin work. If any unexpected hazard occurs, stop work until the hazard is removed or safeguarded.

Give all employees proper instructions.

Contractor supervisor will communicate the contents of this pamphlet to each employee as it applies to the task the employees are about to perform. Provide tools, equipment, training, and help with implementing correct work procedures. Ensure all employees are adequately trained to respond safely to identified hazards.

Notify the Halliburton Representative immediately of any health, safety, or environmental incidents, or near-miss incident, even if no injury occurs.

Contractor supervisor must fully investigate all incidents and provide a written report of the root causes of the incident and a corrective action plan (steps taken to prevent another incident).

Identified behaviors critical to performing work safely will be targeted for improvement.

Contractor supervisor is expected to review the behaviors of employees to positively reinforce safe behaviors and correct any unsafe acts. Identified unsafe conditions will be promptly corrected or properly safeguarded.

Hold regular safety meetings.

Contractor supervisor must hold on-the-job safety meetings (tailgate or toolbox) daily or as required by work conditions.

Provide communication for workers in isolated areas.

Contractor supervisor will provide employees access to a radio or telephone to use in case of an emergency.

2.2 CONTRACTOR EMPLOYEE

- 1) Read, understand, and comply with the contents of this pamphlet.
- 2) Comply with all applicable federal, state, and local laws, rules, regulations, and ordinances.
- 3) Follow safe procedures for work being performed, conduct operations safely, and report any unsafe conditions or practices immediately to your supervisor or Halliburton representative.
- 4) Assist new employees in performing their work safely, and help other employees work safely as needed.
- 5) Inspect personal safety equipment and report any problems to your supervisor.
- 6) Immediately report any incidents (accident, spill, etc.), regardless of the nature, to your supervisor or Halliburton representative.
- 7) Seek to improve the safety of your job task.
- 8) You should question any request for an action you consider to be unsafe or environmentally irresponsible.
- 9) Contractor employees are expected to be familiar with emergency response plans for the location they are working on. Contractors may be requested to participate in emergency drills while on location.

SECTION 3.0 SAFETY COMMUNICATION

3.1 SAFETY MEETINGS

Each contractor at the job site or Halliburton facility shall conduct daily tailgate meetings. Additional meetings may be required any time a non-routine job is performed.

3.2 SAFETY OBSERVATION PROGRAM

Halliburton expects all personnel to establish safe behaviors. This is accomplished through the use of a Behavior Based Safety observation process which identifies and positively reinforces observed safe behaviors.

3.3 INCIDENT REPORTING

Halliburton requires that first aid cases, near-miss incidents, environmental incidents and any changes to an employee's health are immediately reported. All incidents should be reported to a Halliburton representative immediately. This data assists Halliburton in understanding current hazards and making improvements to work practices and conditions.

3.4 HAZARD COMMUNICATION

Each contractor is responsible for training their employees on the OSHA Hazard Communication Standard 29 CFR 1910.1200. The contractor representative will meet with the Halliburton representative, preferably on site, prior to commencing work and exchange information relevant to hazardous materials that will be present at the work location.

3.5 ILLEGAL DRUGS, ALCOHOL AND WEAPONS

The use, possession, transportation, promotion or sale of illegal drugs, controlled substances, and drug paraphernalia while on company premises is absolutely prohibited. The abuse of drugs (including prescription drugs adversely affecting job performance) may result in dismissal.

To help ensure a safe, healthy, and productive work environment, Halliburton reserves the right to carry out reasonable searches of individuals and their personal effects while on Halliburton premises. These searches may be conducted without prior announcement and at such times and locations as deemed appropriate by Halliburton.

3.6 ADVERSE WEATHER CONDITIONS

Halliburton expects contractors to use good judgment when adverse weather conditions create a potentially unsafe working environment.

Notify the Halliburton Representative immediately if developing weather conditions could possibly interfere with your company's safe delivery of services.

3.7 HOUSEKEEPING

The job site shall be kept clean and orderly, free of clutter and trash, so work may proceed in a safe and orderly manner. Tools should be safely placed during use and promptly put away.

Clearly identify fire-fighting, spill response kits, Emergency shut down devices, and life-saving equipment, and do not block the path to this equipment.

Cleanliness of machinery, tools, and other equipment are important housekeeping requirements. When cleaning machinery, detergents and water or steam are preferable over hydrocarbon solvents from a safety and environmental standpoint. However, if a solvent is necessary, only Halliburton approved cleaning solvents should be used. *Never use gasoline for cleaning.*

3.8 SIGNS

Numerous safety signs relating to personnel safety and/or site specific requirements will be posted. All personnel shall comply with these information warning signs.

3.9 SMOKING

Smoking is absolutely prohibited except in designated smoking areas. At some Halliburton locations, in certain areas, safety matches or lighters with the sparking mechanism enclosed may be required in the designated smoking area.

3.10 UNPROFESSIONAL BEHAVIOR

Horseplay, practical jokes, or any type of harassment will not be allowed while on Halliburton premises.

3.11 DRIVING AND VEHICLE SAFETY

- 1) Seat belts shall be worn at all times when a vehicle is in motion.
- 2) Drive at a safe and reasonable speed and obey all posted signs.
- 3) Driving while under the influence of alcohol or other drugs is prohibited.
- 4) Park vehicles in a safe area or in areas as designated by the Halliburton Representative. Whenever possible, vehicles should be parked so the driver can exit by driving forward (this is a requirement at some job sites and some Halliburton locations). When leaving a vehicle, make sure the vehicle is secure, i.e., the brake set, in park, doors closed, and engine off. When the engine must remain running, chock blocks shall be used to prevent the vehicle from moving.
- 5) When personnel are sleeping or resting in vehicles, with the engine running, on location the vehicle should:
 - a) Be parked in a safe, designated area. **At a well location, do not park in line with the wellhead.** Be parked in a well ventilated area so exhaust does not build-up in the vehicle. **In addition, at well locations, exhaust should not be directed towards production flow lines.**
 - b) Have at least one wheel chocked.
 - c) Have emergency brake set.
- 6) Vehicles should be equipped with a hand-held dry-chemical fire extinguisher and a first aid kit.

3.12 SECURITY

Contractors will be responsible for their own equipment and held accountable for controlling the actions of their personnel while on Halliburton premises.

Contractor shall not bring unauthorized individuals onto Halliburton premises, i.e., friends, relatives, or other observers. Contractor shall observe Halliburton requirements for site security, i.e., close and lock doors and gates, etc.

3.13 PERSONAL PROTECTIVE EQUIPMENT (PPE)

Contractor employees working on Halliburton premises must wear appropriate personal protective equipment. Loose or floppy clothing is prohibited especially around rotating or moving equipment. Rings, neck chains or loose jewelry should be removed while at work. PPE requirements as recommended by job task risk assessment or designated on Material Safety Data Sheets (MSDS) for material being handled shall be strictly followed.

PPE requirements should be established for every job based on the results of a job safety analysis (JSA), occupational health assessments, employee input, and accident data, if possible. It is important that specific criteria be established for selection, distribution, use and maintenance of the equipment. PPE requirements should also be displayed prominently and the work areas posted accordingly. Local management, in coordination with Contractor Management, is responsible for ensuring compliance with PPE requirements. All Employees are responsible for using and maintaining PPE issued to them.

SITE SPECIFIC REQUIREMENTS:

"Minimum PPE" will be established for the job site and should be worn by all personnel performing work on location when not in a "designated safe area". (Safe areas will be posted.)

"Minimum PPE" is:

Hard hat, Safety Boots*, Safety glasses with permanently affixed side shields, long sleeved coveralls or shirt and full length pants

Additional site-specific or location-specific PPE, such as Hearing Protection, etc., will be designated and posted in those areas. Strict adherence to all specifically required PPE is mandatory.

*Safety boots/shoes should be equipped with appropriate toe and shank protection to protect the foot from falling and sharp objects. This is often referred to as "Steel Toed Boots", however, other materials are often substituted in protective footwear to provide this same level of protection. Alternative materials to serve this purpose would be acceptable.

3.14 RESPIRATORY PROTECTION

Respiratory protection is required when working in areas where respiratory hazards are present. In certain areas, on job sites and at some Halliburton locations, the required use of respiratory protection is necessary and will be posted. In some cases, it might be necessary to consult product MSDS prior to use. The use of chemical materials that cause a need to wear respiratory protection must be communicated to the Halliburton Representative so necessary communication to other affected personnel can be made.

In areas where respiratory protection may be required, the employee should not have facial hair that will interfere with the seal of respiratory equipment.

Note: Some Halliburton and customer locations have a local policy addressing facial hair. Consult the local Halliburton Representative for Facial Hair Guidelines or policy for the area.

3.15 WORK PERMITS

Certain job tasks are required to be permitted. Contractors performing hot work, such as welding, cutting or using open flame, etc., are required to obtain a hot work permit from their Halliburton Representative.

Confined Space entry poses a potential for immediate danger to life and health. Work requiring entry into spaces designated as Permit-Required Spaces will require the contractor to obtain a Confined Space Entry Permit from the Halliburton Representative.

Many job sites and some Halliburton locations operate under a Permit to Work System. As such, certain operations, in addition to those listed previously, may require a permit to perform specified work. It is the responsibility of the contractor to verify any Permit to Work requirements at the location and make necessary arrangements with their Halliburton Representative to acquire appropriate authorization to perform those operations at the site.

Examples of operations that may be controlled through a Permit to Work program may include:

- a. Hot Work
- b. Lockout/Tagout
- c. Excavation and Trenching
- d. Confined Space Entry
- e. Critical Lifting
- f. High Voltage Electrical Work
- g. Working on Elevated Surfaces (Fall Protection)
- h. Scaffolding Erection

3.16 EMERGENCY RESPONSE AWARENESS

All Halliburton Operations and locations operate under a comprehensive Emergency Response Plan. Contractors should review the site Emergency Response Plan and communicate that plan to all employees. It is recommended that the contractor maintain a copy of the Emergency Response Plan while performing work on location.

Familiarity with the plan would be considered necessary for many reasons, not the least of which would be so contractor personnel know when and where to evacuate in the event of an emergency. The contractor supervisor should communicate with the Halliburton Representative to determine the course of action to take during an emergency such as the location of designated muster points, etc.

In addition, any work that may cause a need for temporary or permanent changes to the emergency response activities and/or evacuation of the facility or portion of the facility must be communicated to the Halliburton Representative. Examples may include construction or renovation activities that temporarily or permanently obstruct, or remove, exits or other means of egress.

3.17 FALL PROTECTION

Fall protection equipment shall be worn when working 6 feet or more above an established working surface. Fall Protection is required at all times regardless of height when immediate danger exists below the working surface and no guard rails are present.

The minimum requirements for fall protection shall be a full body harness, shock absorber, double locking snap hooks, and lanyard attached to a stationary support. Other fall protection systems (i.e. inertia reel, a cable-grabbing device) can be used with prior approval of the HSE Representative for the Halliburton facility.

For situations where it is necessary to unhook to change locations, secondary safety line or equipment shall be provided by the contractor to individuals climbing or working above the working surface to insure they are properly protected from falls at all times.

3.18 TOOLS AND EQUIPMENT

HAND TOOLS

The proper hand tools should always be used for the job. For example, wrenches should not be used as a hammer, screwdrivers should not be used as a pry bar, and pipe wrenches should not be used on hex nuts, etc.

Hand tools shall be kept in good condition. Hammer and chisel heads, hammer handles, pipe wrench jaws and cutting edges should be regularly inspected. Defective tools should be repaired or replaced.

POWER TOOLS

Power tools shall be kept in good working condition. Grinder wheels shall be properly rated for the speed of the grinder, with guards in place without modification. Power hand tools and extensions cords must have proper grounding.

3.19 FORKLIFTS

1. Operators shall be fully trained and wear seat belts at all times.
2. Riders are not permitted.
3. Lifts must be equipped with a backup alarm.
4. When unattended, forks shall be fully lowered, power shall be shut off, keys removed, brakes set and wheels chocked if necessary.

3.20 SIMULTANEOUS OPERATIONS

Certain contracted jobs may require that work be conducted simultaneously with on-going operations at the facility. It will be necessary that full and complete communication channels exist between the contractor and the Halliburton Representative. All critical activities must be properly coordinated and scheduled as to not interfere with on-going, simultaneous operations.

3.21 HAZARDOUS ATMOSPHERES

Hydrogen sulfide is a highly toxic, flammable, colorless gas that is heavier than air. When inhaled in moderate concentrations, H₂S can cause immediate death. Even at low concentrations H₂S can affect the eyes as well as the respiratory tract. H₂S has an offensive odor, similar to rotten eggs, which rapidly deadens the sense of smell;

therefore, odor is an unreliable means of detecting this poisonous gas. H₂S burns with a blue flame and produces sulfur dioxide (SO₂), which is another toxic gas. Signs will always be posted in areas where H₂S is present. Contractors working in an H₂S environment shall be H₂S trained.

Each contractor working in an H₂S environment is expected to have a current certification card with him at all times.

3.16 MINIMUM SPACING

The following listed spacing is generally accepted as standards for spacing requirements. However, there may be site specific requirements that may differ from the following list.

FROM WELLHEAD (HYDROCARBON)

Test tanks, Oil storage, pits-----	150'
Generators-----	100'
Direct fired heater with flame arrestor-----	100'
Circulating pumps-----	100'
Engine exhaust muffler-----	100'
Fuel storage-----	50'
Hydraulic power units (electric motor driven)-----	25'

FROM PITS (NOT BURNING)

Fuel and ignition sources-----	100'
Circulating pumps & hydraulic power units-----	100'
with spark arrestors-----	25'

FROM VACUUM TRUCK

Tank to truck engine-----	50'
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FROM GAS VENTS

Well and ignition sources-----	150'
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SECTION 4.0 SAFE WORK PRACTICES

4.1 LOCKOUT / TAGOUT (29 CFR 1910.147)

OSHA requires contractors to have a written lockout/tagout program. The Lockout/Tagout program should include procedures for their employees to secure all power sources when performing maintenance or service on equipment. Types of energy include: electrical, pneumatic, hydraulic, thermal, chemical and all forms of potential stored energy.

4.2 FIRE PREVENTION

U. L. approved explosion proof equipment shall be used in locations where flammable mixtures may be present. When handling flammable materials, no smoking, open flames, or electric arcs are permitted. Extreme caution should be followed in areas where flammable vapors are present or suspected.

4.3 SAFE LIFTING

Back injuries may result from improper lifting. Unsafe lifting, such as lifting a load that is too heavy, or performing a lift in the wrong position, can cause an injury. Follow these guidelines to lift safely:

1. Make sure the area is clear of tripping hazards. Face the load you're about to lift.
2. Bend your knees. Keep the load close to your body. Keep your back straight.
3. Use your legs, not your back, to lift the load.
4. Do not twist your body while carrying a heavy load.
5. Do not try lifting a load that is too heavy. Ask for help.
6. Communicate with other personnel before lowering your end of the load.

4.4 PERMIT REQUIRED CONFINED SPACE

As mentioned previously, under no circumstances should any contractor employee be allowed to enter a permit required confined space without a properly completed entry permit approved by the Halliburton Representative. Confined spaces include but are not limited to: Storage tanks, Process vessels, Mud tanks, Rig cellars, Open top space more than 4' in depth.

For atmospheric testing for confined spaces contact the Halliburton representative.

4.5 WELDING

Welders and welder helpers shall wear an approved plastic hard hat at all times while working in designated hard hat areas.

When possible, all welding should be performed in a welding shop or designated area for welding operations, or outside the facility in a safe area.

Prior to any welding or flame cutting, all vessels, piping, confined spaces, etc., shall be checked with instruments for explosive mixtures, and the results documented.

The Halliburton Representative must issue a Hot Work Permit prior to any welding and/or cutting operation.

Welding shall not be permitted in the following situations:

1. In areas not authorized by the Halliburton Representative.
2. In the presence of explosive atmospheres or where they may develop.
3. Where ignition can be caused by heat conduction.
4. When wind conditions may carry sparks to combustible areas.

4.6 STATIC ELECTRICITY

Static electricity is more prevalent when the wind is blowing and the humidity is low. Sparks generated by static electricity are potential ignition sources.

Utilize bonding and grounding procedures to discharge and prevent static charges during transfer of flammable materials from one container to another.

4.7 OPERATING EQUIPMENT

Only trained operators may start and stop operating equipment. Metal articles (such as rings, watches, wrist chains, or key chains) or loose clothing should not be worn when working around operating equipment. Long hair should be confined. Repairs shall not be made on machinery while in operation. All equipment must be shut down and locked out so it cannot be accidentally started while under repair. During repair, a lockout and/or tagout device shall be used. Safety devices and guards should be replaced before equipment is operated.

4.8 ELECTRICAL SAFETY

A qualified (according to OSHA regulations) electrician using proper protective equipment will do all electrical work (including grounding) in accordance with the latest codes, standards, and regulations. All personal protective equipment shall meet OSHA standards as applicable for the type of work being done.

A qualified person, prior to beginning work, shall discharge all stored energy. The qualified person must verify the equipment is de-energized and proper lockout/tagout procedures implemented prior to working on the equipment.

POWER LINES

All power lines shall be considered energized unless proper measures have been taken to de-energize. When work is performed near energized overhead power lines, equipment shall not be permitted within 10 feet of power lines rated 50 KV or below. For energized lines rated above 50 KV, the minimum distance between power lines and the boom, mast, crane, or its load should be 10 feet plus 0.4 inch for each 1 KV over 50 KV or twice the length of the line insulator - BUT NEVER LESS THAN 10 FEET unless the power line is de-energized.

When in transit without a load and the boom, mast, or gin poles are lowered, the equipment clearance shall be minimum of 6 feet for voltages under 50 KV; 10 feet for voltages over 50 KV up to and including 345 KV; and 16 feet for voltages from 345 KV up to and including 750 KV.

4.9 CRANES & SLINGS SAFETY (29 CFR 1910.179181 184)

Trained qualified operators must operate contract cranes.

The use of a crane or derrick to hoist employees on a personnel platform is prohibited except when the erection, use, and dismantling of conventional means of reaching the worksite is more hazardous. Cranes or derricks used to lift personnel should be equipped with an "anti-two-blocking" device and appropriate personnel carry conveyance.

Additional crane safety procedure should include, but not be limited to the following:

1. When working with cranes, contractor employees should face the crane and stand away from the lift in full view of the operator and/or signal man.
2. All lift lines, rigging, and slings shall be inspected, maintained in good working condition, and must be properly rated for the intended load.
3. Cranes should be load marked per OSHA 29 CFR 1910. 179.
4. Cranes shall have the most recent inspection records posted in the cab.

SUSPENDED LOADS

1. A safe distance must be maintained when a load is suspended in the air.

2. Employees shall not go between the load and other objects where they may be trapped or crushed.
3. Non-conducting Tag Lines shall be used to control a suspended load.

SIGNAL MAN

Always use a designated signalman to move and spot loads.

4.10 SCAFFOLDING SAFETY (29 CFR 1910.28, 1926.451)

Scaffolding may be used when appropriate. Climbing or working from the handrail, mid-rail, or brace members of the scaffolding is prohibited.

All scaffolding shall be erected according to OSHA scaffold requirements.

4.11 LADDERS AND STAIRWAYS

A Ladder should always be used to reach objects or areas not readily accessible to the employee's reach. Where appropriate, all ladders must be secured in place (tied off) before work begins. All ladders shall be inspected before use. Any damaged or unsafe ladders should be reported to the Halliburton representative, tagged, and taken out of service. Only ladders that are not electrically conductive shall be used to perform electrical service work.

Stairways and walkways with broken or loose steps or handrails shall be promptly reported. While climbing a stairway, keep one hand on the handrails at all times, don't rush, and take one step at a time.

Hook or other type of ladders used in structures shall be positively secured to prevent the ladder from being accidentally displaced. Always use a climbing or anti-fall device to climb up or down the derrick.

4.12 COMPRESSED AIR USED FOR CLEANING

Compressed air used for drying or cleaning shall be limited to 30 psig by a pressure regulator or pressure reducing nozzle.

As a minimum, protective eye goggles, gloves, and a dust filter shall be worn when cleaning in a dry dusty application.

Directing compressed air toward a person for any reason is prohibited.

SECTION 5.0 ENVIRONMENTAL

5.1 SPCC PLAN

In many Halliburton locations, Spill Prevention, Containment, and Countermeasure (SPCC) plans have been developed to comply with environmental regulations. If a spill results from the work your company is performing, contain the spill and contact the Halliburton representative.

5.2 CHEMICAL MANAGEMENT

Chemicals should be stored in an area to minimize the chance of spills. At a minimum, storage methods should meet the requirements of the OSHA Hazard Communication Standard 29 CFR 1910.1200

5.3 WASTE MANAGEMENT

Proper disposal of contractor generated waste is the responsibility of the contractor. Consult the local Halliburton representative for proper disposal instructions.

Contractors working on Halliburton premises are responsible for taking the necessary steps to prevent pollution.

Contractors performing operations on Halliburton premises will be responsible for addressing and remediation of all spills, leaks, etc., including removing or addressing contaminated soils, subsequent to their operations.

CONTRACTOR HEALTH, SAFETY & ENVIRONMENTAL REQUIREMENTS

ACKNOWLEDGEMENT STATEMENT

This letter confirms that an authorized representative of our company has read and understands the contents of this "Exhibit – Contractor Health, Safety and Environmental (HSE) Requirements" in its entirety. This letter shall also confirm that the obligation of HSE is not limited to the contents of the "Contractor HSE Requirements". Any and all rules, regulations, and guidelines necessary to provide safe and healthful working conditions for all employees and to protect the environment at all times will be enforced.

Contractor will comply with these requirements when employed by Halliburton family of companies. Contractor will further communicate these requirements and such required compliance to any Subcontractor we might employ to perform work for Halliburton family of companies and will have them sign and submit a copy of this "Acknowledgement Statement" as proof that they fully understand the contents.

Name of Contractor

Address

Signature of Authorized Representative

Title

Date

This HSE Requirements is the minimum Halliburton Company Standard. If local, country, or contractual requirements exceed this standard, then those requirements must be followed.

***Subcontract
General Conditions***

SUBCONTRACT GENERAL CONDITIONS

1. GENERAL REQUIREMENTS

1.1 INVESTIGATION OF SITE AND PROJECT CONDITIONS

Subcontractor represents that it is familiar with the site and the physical conditions, the availability of labor and materials and all other matters at the site or in the vicinity of the site which affect the Sublet Work. In the event that General Contractor furnishes Subcontractor with any information about such matters, Subcontractor acknowledges that any reliance on the information will be at its own risk and that General Contractor does not warrant the correctness or accuracy of the information. Subcontractor represents that he has examined the subcontract document and familiarized himself with the Project, the laws, rules and regulations relating to the Project; the environmental considerations affecting the Project and the Sublet Work; the participants in the Project; and the contractual and regulatory provisions of governmental agencies, the Owner and General Contractor affecting the participants in the Project and the Sublet Work. No allowance will be made to Subcontractor for not having made such examination and review or for requirements which a reasonable examination, inquiry or review would have disclosed.

1.2 PERFORMANCE

1.2.1 Subcontractor shall perform all work which is manifestly necessary to carry out the intent of the latest revision of the drawings and specifications pertaining to the Sublet Work which have been issued for Subcontractor or which is customarily done in performing this type of work.

1.2.2 Subcontractor agrees to perform the Sublet Work in accordance with good construction practice and strictly in accordance with the plans, specifications and other requirements of this Subcontract. Subcontractor also agrees to furnish all supervision, labor, supplies, tools, construction equipment, facilities, storage, permanent equipment and materials (except as specified herein to be furnished by Owner or General Contractor) and all other things and services necessary or desirable to perform the Sublet Work.

1.2.3 Subcontractor shall be responsible for the correctness of the positions, levels and dimensions of the Sublet Work, notwithstanding that Subcontractor may have been assisted by the General Contractor or any other Contractor in setting out the same; and if at any time during the performance of the Sublet Work, an error shall appear or arise herein, the Subcontractor shall immediately advise the General Contractor's Site Representative and await instructions for removal and replacement or performance of corrective work, before proceeding with that portion of the Sublet Work.

1.3 SUPERINTENDENT

At all times during the performance of the Sublet Work, Subcontractor shall provide a competent resident superintendent, who is an employee of Subcontractor, and any necessary assistants, all satisfactory to General Contractor. General Contractor has the right to review the qualifications of the proposed superintendent, and to approve or disapprove the assignment. If all of Subcontractor's workers are not fluent in English, Subcontractor shall provide a superintendent who is fluent in English and in the language spoken by those workers. The superintendent shall not be replaced except with the consent of General Contractor, unless he ceases to be in Subcontractor's employ. Subcontractor's superintendent shall represent Subcontractor, and (1) all directions given to the superintendent shall be as binding as if given to Subcontractor, and (2) all decisions made by the superintendent shall be as binding as if made by Subcontractor.

1.4 COORDINATION

1.4.1 General Contractor is charged with the responsibility of accomplishing the work of the entire Project, or a significant portion thereof, in accordance with drawings, specifications, permits, licenses, rules and regulations, laws and ordinances, and requirements of the

Owner. The contract price provisions, and the definition of requirements of the Sublet Work, as of the effective date, are coordinated and identified in the Subcontract Terms. General Contractor is charged with the responsibility of coordinating the efforts of all, or a significant portion of, the participants in the Project, including various subcontractors, specialty service contractors, suppliers, and other workers, and the direct employees of General Contractor. Subcontractor agrees to perform the Sublet Work as part of the team of participants in the Project in cooperation with all other participants, and subject to all reasonable rules, regulations, and directives of General Contractor (a) for the coordination of the work of all participants, (b) for the maintenance of safety, efficiency, security and good order on the Project as a whole, (c) for compliance with the terms hereof, and (d) for the protection of the environment and the rights of the public.

1.4.2 It shall be the responsibility of Subcontractor to plan its work sufficiently in advance of its material requirements so as to enable General Contractor to furnish the materials and equipment it is to supply to Subcontractor on a timely basis.

1.5 INTERGRATION WITH WORK OF OTHERS

Subcontractor shall inform itself regarding the nature, condition and state of progress of work of others which affects or connects with the Sublet Work. Before connecting Sublet Work to work of others, Subcontractor shall ascertain that such work of others is ready, properly aligned, and in suitable condition for such connection and integration with the Sublet Work, and shall report any discrepancies to General Contractor for adjustment prior to proceeding.

1.6 ALLOCATION OF FACILITIES

General Contractor will designate for use by Subcontractor, entrances, parking areas, storage areas, office and work areas, and such facilities and construction equipment as General Contractor is to provide. General Contractor will allocate, and schedule the use of, such common facilities and utilities as are provided by General Contractor for use of Subcontractor and other participants in the Project. Temporary interruption of services, utilities and use of facilities are anticipated and shall not justify a claim for an adjustment in compensation or time of performance. No signs shall be erected on the site without the express written consent (including size and location) of the General Contractor.

1.7 INSPECTION, EXPEDITING, AND QUALITY CONTROL

1.7.1 General Contractor shall have the right to inspect the Sublet Work and Subcontractor's equipment, tools, records and facilities at all times. No work shall be covered until inspected and released in accordance with established inspection procedures, and any work improperly covered shall be uncovered and exposed by Subcontractor at its expense for inspection on request. Any defective Sublet Work shall be discontinued, removed and replaced or corrected at Subcontractor's expense in accordance with specifications and directions of General Contractor.

1.7.2 Any General Contractor or Owner review, inspection, or approval of the Sublet Work shall not relieve Subcontractor of its obligation to comply with all requirements of the Subcontract.

1.7.3 General Contractor shall have the right at all times to expedite equipment and materials furnished by Subcontractor or Subcontractor's subcontractors for the Sublet Work. General Contractor shall be allowed reasonable access to the fabrication shops of Subcontractor, Subcontractor's subcontractors, or the suppliers of either, for expediting purposes.

1.7.4 Subcontractor shall furnish all Quality Assurance and Quality Control documentation required by General Contractor for the Sublet Work.

1.8 SAFETY, CLEANLINESS AND SANITATION

1.8.1 Prohibited drugs, drug paraphernalia, alcoholic beverages, firearms, explosives and weapons shall not be allowed in any

office, work location, vehicle or vessel, or facility of General Contractor or Owner. As a safety precaution, entry into or upon any office or work location of General Contractor or Owner is conditioned upon the General Contractor's right to search the person and personal effects of any entrant for prohibited drugs and drug paraphernalia, alcoholic beverages, firearms, explosives or weapons. Searches shall be made by authorized personnel from time to time without prior announcement.

1.8.2 Subcontractor shall comply with all applicable laws, rules and regulations relating to safety. Subcontractor shall comply with all safety standards, rules and regulations relating to safety, cleanliness and sanitation established by General Contractor for the Project as a whole and by the Owner at of the facility at which the Sublet Work is performed. Subcontractor shall immediately stop work and take corrective action when directed by General Contractor or Owner because of any unsafe condition or practice. Subcontractor shall be responsible for the safety of its workers and the Sublet Work and shall not create hazards for others or the work of others. Subcontractor shall provide first aid and ambulance facilities for its workers to the extent sufficient facilities are not provided for the Project as a whole by General Contractor. In case of emergency, General Contractor or Owner may direct Subcontractor's personnel and resources for the protection of life and property.

1.8.3 Subcontractor shall promptly submit to General Contractor's safety coordinator at the site a written report covering all injuries to the employees of Subcontractor or its subcontractors occurring on the site. This report must include the following information. (1) Name and address of the injured employee. (2) Name and address of Subcontractor's liability insurance carrier. (3) A detailed description of the accident and whether any of General Contractor's equipment, tools, materials or personnel were involved. (4) Dated copy of Subcontractor's report of injury to Subcontractor's insurance carrier. (5) Any other information reasonably requested by General Contractor.

1.8.4 At all times during the progress of the Sublet Work and upon completion of the Sublet Work, Subcontractor shall clean up, remove, and dispose of all surplus materials, containers, trash, debris, and the like. Also upon completion of the Sublet Work, Subcontractor shall promptly remove all its construction equipment, construction buildings, temporary construction, and tools from the site. Cleanup shall be performed by Subcontractor throughout the work and to the satisfaction of General Contractor's Field Representative. If Subcontractor fails to comply, the cost of the cleanup will be charged to Subcontractor.

1.9 MATERIAL SAFETY DATA SHEETS

Subcontractor is to comply fully with the OSHA Hazard Communication Standard, 29 CFR 1910.1200 and 1926.59 regarding the container labeling, warning notices, supply of Material Safety Data Sheets (MSDS), and training as detailed therein, to include but not to be limited to, the following specific requirements:

1.9.1 Any Subcontractor causing any hazardous chemical or substances to be introduced on site shall be responsible for proper tagging and warning labels being affixed to the containers and shall have on record all required MSDS with copies being readily available to Subcontractor site personnel (and copies shall be submitted to General Contractor upon request). Subcontractor shall inform General Contractor of any precautionary measures that need to be taken to protect General Contractor during normal operating conditions and in foreseeable emergencies at the jobsite.

1.9.2 Unless expressly exempted, Subcontractor is to supply with its equipment or material all required MSDS and associated information for Subcontractor's scope of supply. It is the responsibility of the Subcontractor to assure the complete and proper submittal of such documents from its lower-tier suppliers and lower-tier subcontractor

1.9.3 Subcontractor agrees to indemnify and hold harmless General Contractor and Owner against any loss, cost, damage or liability, including attorney's fees, arising from Subcontractor's failure to comply with the foregoing.

2. PERSONAL MATTERS

2.1 EMPLOYMENT PRACTICES

Subcontractor shall provide competent and adequately trained and skilled personnel. Subcontractor shall, on request, remove from the Project any person found by General Contractor to be incompetent, unsafe, disorderly, unreliable, or unwilling to comply with regulations. Subcontractor shall provide badges, color codes, or other symbols or identification for its employees, tools and equipment, in accordance with the system specified by General Contractor. Subcontractor shall cooperate in security measures for the prevention of theft, pilferage, and waste. Subcontractor shall not discriminate against any employee or applicant for employment because of race, color, national origin, religion, sex, age, or for any reason prohibited by law. Subcontractor agrees to participate and cooperate in the implementation of any Affirmative Action Plan for equal employment opportunity adopted for the Project as a whole. To the extent applicable to the Sublet Work on this Project, Subcontractor shall comply with Executive Order 11246, or any amendment, replacement or counterpart thereof.

2.2 BENEFITS AND PAYROLL TAXES

Subcontractor's compensation includes, and Subcontractor accepts exclusive liability for the payment of, all benefit contributions and payroll taxes for all employees of subcontractor engaged in the performance of this Subcontract.

2.3 LABOR RELATIONS

Subcontractor shall comply with the National Labor Relations Act, any applicable Right to Work law, and any other applicable law or regulation related to labor relations. Subcontractor shall give General Contractor notice and full information regarding any existing or impending labor dispute affecting the Sublet Work or any part of the work on the Project as a whole. Subcontractor shall cooperate in any effort by General Contractor to mediate or otherwise attempt to resolve work stoppages, slowdowns, boycotts, disturbances, strikes, picketing or labor disputes affecting any participant in the Project or affecting any part of the Project as a whole, but Subcontractor shall have exclusive control and responsibility for its own labor relations. No such condition shall excuse Subcontractor from the obligation to diligently prosecute the work, unless, in the opinion of General Contractor, or if so determined by the chief local law enforcement officer, there is clear and substantial danger of bodily harm or property damage to Subcontractor's employees if they should undertake to enter the project site and perform their work. If Subcontractor has pre-hiring collective bargaining agreements, Subcontractor represents that they contain or have been modified to contain provisions prohibiting any strike, slow down, picketing, secondary boycotts or work stoppage during performance of the Sublet Work, and that the acceptance of the Sublet Work from General Contractor on this Project does not violate such agreement.

2.4 SUBSTANCE ABUSE

2.4.1 Subcontractor and its employees, and the employees and agents of its lower-tier subcontractors, shall not perform services hereunder while under the influence of alcohol or any controlled substance, or while a measurable presence of alcohol or such substances has or can be shown by a urine or blood test. Controlled substances include, among others: marijuana, hashish, cocaine, hallucinogens, depressants and stimulants unless prescribed for current personal treatment by a licensed physician.

2.4.2 Subcontractor's price for the Sublet Work includes the cost of drug testing of its employees and of the employees of its lower-tier subcontractors before assignment to the Sublet Work. Subcontractor's price also includes the cost of periodic random drug testing of same after assignment to the Sublet Work, if such testing(s) is directed by General Contractor.

2.4.3 Subcontractor's employees and the employees of its lower-tier subcontractors will be drug free on their first assignment to

the Sublet Work. Failure of Subcontractor to comply with any provision of this section shall constitute material breach.

2.4.4 Subcontractor shall comply with all applicable laws, rules and regulations in the adoption, implementation and enforcement of its own substance abuse policy.

3. PAYMENT, TIME, AND LIENS

3.1 PAYMENT

3.1.1 Progress payments will be made by General Contractor to Subcontractor monthly or at other intervals specified, in accordance with the Subcontract Terms. All progress payments are Trust Funds to be applied by Subcontractor to payment for labor, materials, equipment, services and supplies for the Sublet Work. With each request for progress payments, Subcontractor shall submit proper evidence, including affidavits and certificates, as may be requested by General Contractor showing: (a) the portion of the Sublet Work completed, (b) compliance with all requirements of this Subcontract, (c) payment of all bills, and (d) that no lien exists or could be claimed arising from the Sublet Work.

3.1.2 General Contractor may withhold from progress payments ten percent (10%) of the amount earned, as retainage, until final completion and acceptance (unless otherwise provided in the Subcontract Terms), and in addition may withhold such amount as may be reasonably required to assure compliance by Subcontractor with the terms of this Subcontract. General Contractor may pay directly any obligation of Subcontractor arising under this Subcontract and withhold such payment from amounts otherwise due Subcontractor.

3.1.3 Subcontractor shall submit with his request for final payment evidence similar to that required in 3.1.1 above, and a total release of any claims against Owner and General Contractor. Subcontractor shall indemnify General Contractor and Owner against any cost or liability, including attorney's fees, for failure of Subcontractor to perform all its obligations and pay all of its bills as required by this Subcontract.

3.1.4 Notwithstanding any other provision hereof, payment by Owner to General Contractor is a condition precedent to any obligation of General Contractor to make payment hereunder; General Contractor shall have no obligation to make payment to Subcontractor for any portion of the Sublet Work for which General Contractor has not received payment from the Owner.

3.1.5 General Contractor shall be entitled at all times to set off any amount owed by Subcontractor to General Contractor, or its affiliates or subsidiaries, in connection with any transaction or occurrence against any amount due or owing to Subcontractor.

3.2 TIME, SCHEDULE AND DELAYS

3.2.1 Subcontractor shall provide General Contractor a detailed Schedule for performance of the Sublet Work and shall revise and update such Schedule from time to time as the work on the Project progresses. The Schedule for the Sublet Work shall be subject to revision or approval by General Contractor to coordinate the Sublet Work with the over-all rate of progress of General Contractor and other participants in the Project as a whole, and to expedite performance of critical items of work on the Schedule.

3.2.2 Subcontractor agrees to commence the Sublet Work promptly when directed by General Contractor and to prosecute the Sublet Work diligently to completion. Subcontractor agrees to provide adequate number and types of: (a) laborers, skilled craftsmen and technicians, supervisors, administrators, and managers, (b) construction equipment in good condition, (c) materials, permanent equipment, and supplies, except for items specified to be supplied by General Contractor or Owner, to accomplish the work and maintain the Schedule or restore the Sublet Work to the Schedule.

3.2.3 General Contractor will schedule and coordinate the use by Subcontractor and others of jointly used facilities, construction equipment, and space, and Subcontractor shall accommodate its Schedule to such shared use.

3.2.4 General Contractor will determine the normal working hours for the Project as a whole, and any special working hours for the

Sublet Work on a normal shift or overtime basis will be subject to prior approval of General Contractor.

3.2.5 If Subcontractor's performance of the Sublet Work is delayed by Owner's or General Contractor's failure to perform their obligations hereunder, or by orders of the General Contractor delaying or suspending the work, Subcontractor shall be entitled to an equitable adjustment in the compensation or time of performance, or both, if the delay substantially increases the cost to Subcontractor of the Sublet Work or the time that Subcontractor's equipment and forces are required at the site.

3.2.6 In the event Subcontractor is delayed by force majeure, Subcontractor shall be entitled to an equitable adjustment in the time for performance but no adjustment in compensation shall be due; provided, that inadequate manpower or failure of Subcontractor's workers to prosecute their work because of strikes, boycott, picketing, or other form of labor dispute shall not be deemed force majeure unless there is clear and substantial danger of bodily harm or property damage if the employees undertook to enter the work site and perform their work, as determined by General Contractor or the chief local law enforcement officer. Subcontractor shall notify General Contractor in writing within 48 hours after the commencement of a delay, if Subcontractor claims an adjustment in the time of performance because of such delay, or the right to such adjustment shall be waived.

3.3 LIENS AND CLEAR TITLE

3.3.1 To the extent permitted by law, Subcontractor hereby waives and agrees not to claim any lien against the Sublet Work or the property on which it is performed. Subcontractor agrees to obligate its subcontractors and vendors not to claim any such lien. Subcontractor and its subcontractors and vendors shall pay or cause to be paid when due, all bills for labor, materials, equipment or services connected with the Sublet Work, and shall not assert any lien or permit any lien to be asserted or maintained against the Project or any funds or land involved in the Project.

3.3.2 Subcontractor warrants that the title to all materials, supplies, and equipment installed or delivered by Subcontractor, together with all improvements and appurtenances constructed or placed by Subcontractor, is free from any claims, liens, security interests, or charges.

3.3.3 If any lien or encumbrance is asserted or maintained in violation of this Article 3.3, Subcontractor shall promptly proceed to have it removed. If Subcontractor fails to remove any such lien or encumbrance, then General Contractor may, but without obligation to do so, do everything necessary to have the lien or encumbrance removed, and Subcontractor shall pay any and all costs including attorneys' fees incurred by General Contractor in connection therewith.

4. WARRANTY

4.1 MATERIAL AND WORKMANSHIP WARRANTY. Subcontractor expressly warrants that all items, materials, and work furnished by Subcontractor under this Subcontract will conform to specifications, drawings, samples, or other description referred to herein or given by General Contractor to Subcontractor. All the work shall be performed with workmanship consistent with sound construction practice, and all items and materials shall be new, free from defects, of merchantable quality, and fit for the purposes intended. Subcontractor shall install or apply all materials, whether furnished by General Contractor or Subcontractor, in strict accordance with installation or application instructions and procedures set forth by the material manufacturer. Installation or application by any other method shall not be permitted or accepted unless specifically authorized in writing by General Contractor. If required by General Contractor, Subcontractor shall supply satisfactory evidence of the kind and quality of the items and materials purchased or otherwise supplied by Subcontractor.

4.2 WARRANTY REMEDY

4.2.1 Should there be defects, errors, or omissions in, or breach of, any warranty of Subcontractor concerning items, materials, or workmanship, Subcontractor, without cost to General Contractor or Owner, shall promptly correct, repair, or replace the materials or workmanship in whatever manner necessary so that all the requirements of this Subcontract and the obligations of Subcontractor under Article 4 are satisfactorily fulfilled. If Subcontractor fails after reasonable notice to proceed promptly with the correction, repair, or replacement of any defective items, materials, or workmanship, General Contractor may replace or repair such items or materials, correct such workmanship, and charge the cost thereof to Subcontractor and/or may terminate this Subcontract for default.

4.2.2 Subcontractor's liability under this Article 4 shall continue from the date of this Subcontract through the last day of the twelfth month following the date of acceptance by Owner of the Project. In addition, Subcontractor's liability for items, material, or workmanship which Subcontractor may have corrected, repaired, or replaced shall continue through the last day of the twelfth month following the date of acceptance by Owner of such corrected, repaired, or replaced items or workmanship.

4.3 WARRANTY BENEFICIARIES. All of Subcontractor's warranties and all warranty remedies hereunder shall be for the benefit of, and shall be enforceable by, either General Contractor or Owner. Those warranties and remedies obtained by Subcontractor from Subcontractor's vendors shall also be made enforceable by either Subcontractor, General Contractor, or Owner.

4.4 SUBSTITUTION. Subcontractor shall not substitute materials or equipment for those specified nor otherwise deviate from the requirements of this Subcontract without General Contractor's written consent. If the words "or equal" are used, the proposed equals must be consented to by General Contractor in writing. Subcontractor shall submit to General Contractor satisfactory evidence that proposed equals or substitutes fulfill the desired fundamental requirements and identical purposes of those specified and have no effect on any other part of the plant. General Contractor's consent to any substitution is based upon Subcontractor's expertise and representations concerning the suitability of the substituted material. General Contractor's consent does not relieve Subcontractor of any responsibility if material proves not to be equal to that specified. Any increased costs because of the substitution shall be for Subcontractor's account unless otherwise agreed to by General Contractor in writing.

5. INDEMNITY, INSURANCE, BONDS AND PATENTS

5.1 INDEMNITY. Subcontractor agrees to defend, indemnify and hold harmless General Contractor and Owner from and against any claim, demand, cause of action, injury, loss, cost, damage, or liability of whatever kind or nature (including, without limitation, court costs and reasonable attorney's fees) from injury or death of any person or damage to any property arising from or in connection with the Sublet Work whether or not there be concurring negligence (active or passive) or strict liability of the General Contractor or Owner, but Subcontractor does not hereby assume responsibility for the sole negligence of the General Contractor or the Owner. This subsection 5.1 shall not apply to matters addressed in Paragraphs 5.2.3 and 5.2.4 to the extent covered by the insurances to be furnished thereunder.

5.2 INSURANCE

5.2.1 Without in any way limiting Subcontractor's liability hereunder, Subcontractor shall maintain the following insurance in form and with underwriters satisfactory to General Contractor:

5.2.1.1 Worker's Compensation Insurance as prescribed by applicable law.

5.2.1.2 Employer's Liability Insurance including insurance covering liability under the Longshoremen's and Harbor Worker's Act, the Jones Act and the Outer Continental Shelf Land Act, if applicable. The limits of liability of such insurance shall be not less than \$1,000,000 per occurrence.

5.2.1.3 Comprehensive or Commercial General Liability (Bodily Injury and Property Damage) Insurance including, but not limited to, the following supplementary coverages: (i) Contractual Liability to cover liability assumed under this Agreement, (ii) Product and Completed Operations Liability Insurance, (iii) Broad Form Property Damage Liability Insurance, and (iv) explosion, collapse and underground hazards (deletion of the X, C, U exclusions) if such exposures exist. The limit of the liability for such insurance shall not be less than \$1,000,000 per occurrence for Bodily Injury and \$1,000,000 per occurrence for Property Damage. If a Combined Single Limit is provided, total coverage shall be not less than \$2,000,000 per occurrence. If coverage is written on a Commercial General Liability form, the General Aggregate and Products/Completed Operations Aggregate shall not be less than the per occurrence limit. Additionally, the policy shall include endorsement CG 25 03, Amendment-Aggregate Limits of Insurance (Per Project).

5.2.1.4 Automobile Bodily Injury and Property Damage Liability Insurance. Such insurance shall extend to owned, non-owned and hired automobiles used in the performance of this Agreement. The limits of liability of such insurance shall be not less than \$1,000,000 per occurrence for Bodily Injury and \$1,000,000 per occurrence for Property Damage. If a Combined Single Limit is provided, total coverage shall be not less than \$2,000,000 per occurrence.

5.2.1.5 Protection and Indemnity Insurance or equivalent insurance coverage, if marine work is to be performed hereunder, including coverage for injuries to or death of masters, mates and crews of vessels used in the performance of this Agreement. The limits of liability of such insurance shall be not less than \$1,000,000 per occurrence.

5.2.2 The above insurances shall be on an occurrence basis and shall include a requirement that the insurer provide General Contractor with 30 days' written notice prior to the effective date of any cancellation or material change of the insurance. The insurance specified in 5.2.1.1 above shall contain waivers of subrogation in favor of General Contractor, Owner, and their respective affiliates and subsidiaries and an assignment of statutory lien to General Contractor, if applicable. The insurance specified in 5.2.1.2, 5.2.1.3, 5.2.1.4 and 5.2.1.5 above shall:

- (i) contain waivers of subrogation in favor of General Contractor, Owner, and their respective affiliates and subsidiaries, and
- (ii) provide that said insurance is primary coverage with respect to Subcontractor's operations hereunder.

5.2.3 The liability insurance coverages furnished by Subcontractor pursuant to 5.2.1 shall name the General Contractor, the Owner, the General Contractor's other subcontractors, and all of their affiliates as Additional Insureds and shall insure them from and against liability for injury to, disease or death of, or damage to or loss of property of, any employee of Subcontractor or any employee of its subcontractors or any tier, which is incurred, or which is alleged to have been incurred, at or near any place of performance of the Sublet Work, including liability based on the fault or negligence (whether active, passive, sole or concurrent) or strict liability of the General Contractor, the Owner or the General Contractor's other subcontractors.

5.2.4 General Contractor shall, or shall have others name Subcontractor as an Additional Insured on liability insurance policies in the amounts and with coverage equivalent to liability insurances required of Subcontractor in 5.2.1 insuring Subcontractor and its lower-tier subcontractors and their respective affiliates from and against liability for injury to, disease or death of, or damage to or loss of property of, any employee of General Contractor or any employee of any other subcontractor (of any tier) of General Contractor, which is incurred, or which is alleged to have been incurred, at or near any place of performance of the Sublet Work, including liability based on the fault or negligence (whether active, passive, sole or concurrent) or strict liability of Subcontractor or its subcontractors.

5.2.5 The insurance furnished pursuant to 5.2.3 and 5.2.4 shall cover only claims which are made or asserted within two years of the date of the most recent conduct or action of the insured party which

is claimed to have caused or contributed to the alleged injury, disease, death or loss of property giving rise to the claim of liability.

5.2.6 As used in this Article, the term "affiliates" shall mean the employees, the subsidiary and affiliated companies, and the insurers of a person or entity.

5.2.7 Subcontractor shall, before commencing the Sublet Work, provide General Contractor with a certificate of insurance evidencing all required coverage in a form acceptable to General Contractor.

5.3 BONDS

If instructed by General Contractor in writing, whether before commencement of the Sublet Work or at any time prior to completion and acceptance of the Sublet Work, Subcontractor shall provide a Performance Bond and a Payment Bond in form and with corporate surety satisfactory to General Contractor. General Contractor will separately reimburse Subcontractor the premium cost thereof set forth in the Subcontract Terms unless otherwise expressly provided. General Contractor may terminate this Subcontract for default or exercise the rights provided in Article 7.2 of these General Conditions if Subcontractor should fail to provide such bond when requested.

5.4 PATENTS AND PROPRIETARY RIGHTS

Subcontractor shall pay all royalties and obtain all licenses required for items specified to be furnished by Subcontractor, and for all items and methods selected by Subcontractor for the Sublet Work. Subcontractor shall defend and indemnify General Contractor and Owner against any claim of patent or other infringement resulting from the use of such items or methods.

6. SUBLET WORK AND CONSTRUCTION EQUIPMENT

6.1 TITLE TO AND RESPONSIBILITY FOR SUBLET WORK AND MATERIALS

6.1.1 The Sublet Work in progress and all of the Owner- and General Contractor-furnished items and all of Subcontractor-furnished labor, materials, plant equipment, supplies and other things intended for the Sublet Work shall be the property of General Contractor from the earliest moment of identification to the Sublet Work, subject to General Contractor's obligation to compensate Subcontractor therefor in accordance with the Subcontract Terms.

6.1.2 Notwithstanding General Contractor's or Owner's title thereto, Subcontractor shall be responsible for the care, custody, control and safekeeping and preservation of all Owner-furnished, General Contractor-furnished, or Subcontractor-furnished labor, materials, plant equipment, supplies and other things, shall promptly repair or replace any such labor, materials, plant equipment, supplies and other things which are damaged or lost, and shall complete and deliver the Sublet Work in accordance with all provisions and requirements hereof at the time specified. Except as otherwise provided in the Subcontract Terms or the Special Conditions, Subcontractor shall bear, without right of reimbursement, the full risk of loss or damage to the Sublet Work and all labor, materials, plant equipment, supplies and other things, including, but not limited to, loss or damage arising as a result of the fault or negligence (whether active, passive, sole or concurrent) or strict liability of General Contractor or Owner. In the event Subcontractor insures the Sublet Work, Subcontractor shall cause the insurer to waive any right of subrogation against General Contractor, Owner and their respective affiliates and subsidiaries.

6.1.3 Overages on materials supplied by General Contractor or Owner shall be returned to General Contractor upon completion of the work. On lump-sum work, overages on materials supplied by Subcontractor belong to Subcontractor. On unit price work, overage on materials supplied by Subcontractor may be retained by Subcontractor unless such materials were provided at the specific direction of General Contractor in which case the surplus materials shall belong to General Contractor. If Subcontractor's surplus materials have been billed to General Contractor on a unit price or cost-plus basis, Subcontractor shall, prior to removal from the site, give General

Contractor a credit memo for these materials at the same price as originally billed to General Contractor. Subcontractor shall not remove materials from the site without first obtaining a shipping memo from General Contractor authorizing such removal.

6.1.4 Unless otherwise specifically agreed in writing, Subcontractor shall be liable without reimbursement for all demurrage charges in connection with any delay in unloading, hauling, lifting or handling of materials or equipment used in the Sublet Work

6.2 CONSTRUCTION EQUIPMENT

6.2.1 Subcontractor's equipment shall be in satisfactory operating condition, shall comply with applicable codes, rules, and regulations, and shall be suitable for safe and efficient prosecution of the Sublet Work. It shall be subject to inspection and acceptance by General Contractor at all times. Any equipment which does not meet the foregoing standard shall be removed and replaced with acceptable equipment without cost to General Contractor or delays to the schedule.

6.2.2 Subcontractor shall provide insurance for the benefit of General Contractor and Owner covering all risk of loss, including loss of use, or damage to Subcontractor's construction equipment, tools, facilities and structures, and all vessels or barges, if any, used by Subcontractor in the performance of this Agreement, with limits equal to or greater than the fair market value of such equipment, tools, facilities, structures, vessels and barges, if any. Any deductible amounts shall be paid by Subcontractor. Such insurance shall be endorsed to waive all rights of subrogation against General Contractor, Owner, and their respective affiliates and subsidiaries. Prior to commencement of the Sublet Work, Subcontractor shall provide General Contractor with an insurance certificate certifying the insurance coverage maintained or obtained on such equipment, tools, facilities, structures, vessels and barges, if any, and certifying that the policy or policies of applicable insurance have been endorsed to contain the aforementioned waiver of subrogation. Upon General Contractor's approval, Subcontractor may self-insure the foregoing risks. Whether such equipment, tools, facilities, structures, vessels and barges are insured or self-insured, Subcontractor assumes all risk of loss, including loss of use, or damage to such equipment, tools, facilities, structures, vessels and barges, if any, including but not limited to loss or damage arising as a result of the fault or negligence (whether active, passive, sole or concurrent) or strict liability of General Contractor or Owner or their respective affiliates and subsidiaries.

6.3 USE OF GENERAL CONTRACTOR'S OR OWNER'S EQUIPMENT

If any construction equipment, tools, marine vessels, facilities, or services of General Contractor or Owner are furnished to Subcontractor or used by Subcontractor, on an exclusive or joint use basis, Subcontractor shall inspect and satisfy itself as to the safety and condition thereof and shall return same to General Contractor or Owner after such use in good order and condition and in at least as good condition as that in which received, fair wear and tear excepted. Subcontractor shall at its own cost and without right of reimbursement, insure or self-insure all risks associated with such use and, except as otherwise provided in Article 5 hereof, shall indemnify General Contractor and Owner against any liability or cost for injury to, or death of, persons or damage or destruction of property connected with such use, including, but not limited to, injury, death, or destruction of property arising as a result of the fault or negligence (whether active, passive, sole or concurrent) or strict liability of General Contractor or Owner.

7. SUSPENSION AND TERMINATION

7.1 SUSPENSION

General Contractor shall have the right to suspend all or any portion of the Sublet Work. Upon written notice of suspension from General Contractor, Subcontractor agrees to permit General Contractor to direct the amount and type of materials, labor and equipment to continue to be provided, if any, and Subcontractor will discontinue the Sublet Work to the extent specified in General Contractor's notice,

place no further orders or subcontracts, and promptly make reasonable efforts to obtain suspension terms satisfactory to General Contractor on all orders, subcontracts, and rental agreements relating to the Sublet Work. In addition, Subcontractor, unless otherwise specified in the notice, shall continue to protect and maintain the Sublet Work, including those portions on which the Sublet Work has been suspended. During the period of suspension, Subcontractor shall use its materials, labor and equipment in such a manner as to minimize costs associated with suspension. As full compensation, Subcontractor will be reimbursed for the costs reasonably incurred to the extent such costs directly result from such suspension of the Sublet Work. Subcontractor shall promptly resume its work upon written notification to proceed by the General Contractor.

7.2 TERMINATION FOR DEFAULT

7.2.1 If Subcontractor is in default under any provisions of this Subcontract, including, but not limited to, failure, refusal, or neglect to supply materials, skilled personnel, labor, or equipment to complete the Sublet Work within the schedule set forth herein, or to promptly correct, replace or repair defective items, material or workmanship, General Contractor may give Subcontractor written notice describing the default. If Subcontractor does not remedy the default within five days after receipt of the notice, General Contractor may terminate all or any part of the Sublet Work under this Subcontract and may then complete or have others complete all such terminated work. In case of such termination, Subcontractor shall not be entitled to receive further payment, until the terminated work is completed and accepted by General Contractor and Owner. If the costs incurred by General Contractor, including costs incurred by General Contractor in performing additional services, to complete the Sublet Work exceed the unpaid balance of the Subcontract price, Subcontractor shall reimburse General Contractor the excess within 10 days after receipt of an invoice therefor. If the unpaid amount due Subcontractor for the Sublet Work completed prior to termination exceeds the costs and charges to complete, General Contractor will pay such excess to Subcontractor. The rights and remedies provided in this clause are in addition to the rights and remedies provided by law, equity, or under any other article in this Subcontract.

7.2.2 General Contractor may use all or part of Subcontractor's construction equipment, tools and facilities at the site, and any materials, permanent equipment and supplies, in the performance of the Sublet Work, without payment to Subcontractor otherwise than by the extent such use of Subcontractor's items causes a reduction of cost of completing the Sublet Work. If Subcontractor's compensation is on a cost reimbursable basis, Subcontractor will be reimbursed for use of construction equipment at the lowest applicable rate provided for herein or at prevailing rental rates if no rate is specified, and the cost of Subcontractor's materials used.

7.2.3 If, after termination pursuant to this clause, it is determined for any reason that Subcontractor was not in default, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to the clause entitled "TERMINATION FOR CONVENIENCE."

7.3 TERMINATION FOR CONVENIENCE

7.3.1 General Contractor may, at its option, terminate for convenience the Sublet Work in whole or, from time to time, in part, at any time by written notice to Subcontractor. Such notice shall specify the extent to which the performance of work is terminated and the effective date of such termination. Upon receipt of such notice Subcontractor shall (a) immediately discontinue the Sublet Work on the date and to the extent specified in the notice and place no further orders or subcontracts for materials, service, or facilities, other than as may be required for completion of such portion of the Sublet Work that is not terminated; (b) promptly obtain cancellation upon terms satisfactory to General Contractor of all purchase orders, subcontracts, rentals, or any other agreements existing for the performance of the terminated work or assign those agreements to General Contractor as directed; (c) assist General Contractor in the maintenance, protection, and disposition of work in progress, plant, tools, equipment, property,

and materials acquired by Subcontractor or furnished by Subcontractor under this contract; and (d) complete performance of the Sublet Work which is not terminated.

7.3.2 Upon any such termination, General Contractor shall have no liability for any damages, and including loss of anticipated profits, as its sole right and remedy Subcontractor shall be paid the following: (e) all amounts due and not previously paid to Subcontractor for Sublet Work completed in accordance with the Subcontract prior to such notice of termination, and for work thereafter completed as specified in such notice; (f) reasonable administrative costs of settling and paying claims arising out of the termination of Sublet Work under subcontracts or purchase orders; (g) reasonable costs incurred in demobilization and the disposition of residual material, plant and equipment; and (h) a reasonable profit on items (f) and (g) of this paragraph.

7.3.3 Subcontractor shall submit within 30 days after receipt of notice of termination, a proposal for an adjustment in compensation, including all incurred costs described herein. General Contractor shall review, analyze, and verify such proposal, and, if not satisfied, negotiate an equitable adjustment, and the Subcontract shall be amended in writing accordingly.

8. CHANGES, DISPUTES, NOTICES

8.1 CHANGES

8.1.1 General Contractor reserves the right to make changes in the Sublet Work or the manner of its performance. No change shall be made by Subcontractor in the Sublet Work or the time or manner of its performance, without prior written instructions from General Contractor in a written Change Order specifying the change in plans, specifications, procedures, time, sequence, or other requirements of this Subcontract, and specifying whether there is to be an adjustment in the compensation or time for performance and how any such adjustment shall be determined.

8.1.2 No adjustment in the compensation or time of performance shall be made for changes in arrangement, aesthetics, substitution of equivalent materials or equipment or other changes, unless such changes significantly affect Subcontractor's cost of performing the Sublet Work or extend the time that Subcontractor's equipment and forces are required at the site.

8.1.3 An equitable adjustment will be made in the compensation or time of performance or both, if the change ordered by General Contractor substantially increases or decreases the cost to Subcontractor of the Sublet Work or the time that Subcontractor's equipment and forces are required at the site. The method of determining the equitable adjustment shall be specified, and if possible, the compensation fixed at the time of the issuance of written direction for the change. Unless a lump sum is established by agreement or another method of pricing is established by agreement, General Contractor may direct determination of the equitable adjustment in price, whether an increase or decrease, by any of the following methods: (a) agreed or established fixed unit prices, (b) time and materials, or (c) cost plus fee.

8.1.4 If the time and materials method is directed by General Contractor, the rates for equipment use, manhour labor rate including payroll burden and markup for overhead and profit, with reimbursement of actual cost of materials, as established in the Subcontract Terms or by other agreements, shall be used to determine the adjustment.

8.1.5 If the cost plus fee method is directed by General Contractor, the adjustment will be based on the direct cost of the change in the work using the formula established in the Subcontract Terms or by other agreement. In the absence of agreement, Subcontractor shall be paid all actual, direct additional cost incurred, without allocation of home office general and administrative expense, plus 10% of such costs, and Subcontractor shall maintain and furnish General Contractor accurate and detailed records daily segregating the cost of the change in the Sublet Work.

8.1.6 In case of deletion or reduction of the Sublet Work by such change, Subcontractor shall not be entitled to anticipated contri-

tribution to home office overhead or profit from any portion of the Sublet Work not performed.

8.1.7 The equitable compensation and time adjustment due Subcontractor pursuant to this Article shall be Subcontractor's sole entitlement for the performance of a change in the Sublet Work.

8.1.8 In the event Subcontractor contends that (i) General Contractor, the Engineer, Owner or any other party has taken action which constitutes a change in the Sublet Work, or in the manner of its performance, or (ii) there is a change in conditions, including without limitation, late or incomplete drawings, change in schedule requirements or working conditions, or interference by General Contractor, Owner or others, for which Subcontractor is entitled to an adjustment compensation or in the time of performance, and such action is not incorporated in a written Change Order, Subcontractor must submit a claim in the manner and within the time prescribed under the disputes procedure provided in 8.2 below, failing which Subcontractor's claim for an adjustment in compensation or in the time of performance shall be waived.

8.2 DISPUTES

8.2.1 No claim for an adjustment in compensation or in the time of performance by Subcontractor shall be considered unless presented to General Contractor's project manager in writing in accordance with 8.3 below within ten (10) days after Subcontractor obtains knowledge of the facts giving rise to the claim. Subcontractor shall continue to prosecute the Sublet Work pending determination of the claim.

8.2.2 All claims shall be decided in the first instance by the General Contractor's project manager. If the Subcontractor is dissatisfied with the decision of the project manager, or if the project manager fails to render a decision within thirty (30) days from submission of the claim, the Subcontractor may within the following ten (10) days appeal to the next level of General Contractor's management. The appeal shall be in writing in accordance with 8.3 below and filed with the project manager.

8.2.3 In the event the Subcontractor is dissatisfied with the final decision of the General Contractor and the parties are unable to resolve their differences through negotiation, the parties will attempt in good faith to resolve the dispute under agreed Alternate Dispute Resolution (ADR) procedures. ADR procedures recommended by the Center for Public Resources, including procedures for Jobsite ADR, will be considered for this purpose. To the extent practicable, all disputes will be resolved during the progress of the Sublet Work.

8.2.4 The parties desire to resolve any disputes arising out of this Subcontract amicably and without litigation and agree that the foregoing procedural steps and the associated time limits are important to that end. Accordingly, Subcontractor agrees that the filing of a claim within the time prescribed and the pursuit of the procedures outlined above in a timely manner shall be a prerequisite to the filing of any litigation against General Contractor, Owner or Engineer, and that the failure to do so shall constitute a waiver of any legal rights with respect to the subject matter of the claim.

8.2.5 Unless otherwise directed by the General Contractor, Subcontractor shall continue to perform the Sublet Work pending resolution of any claim.

8.3 NOTICES

Notices of changes, deficiencies, delays, claims or disputes shall be in writing, and shall furnish full information to the extent available. The party notified will acknowledge receipt by endorsement of a copy if requested, or will otherwise confirm receipt in writing. Ordinarily, notice will be given by delivery to the General Contractor's project manager, or Subcontractor's designated representative at the site, respectively, and mailing a copy to the address shown in the Subcontract Terms. To avoid difficulty in delivery of Notice, sufficient Notice shall be deemed to have been given by mailing by Registered or Certified Mail, or equivalent, to the address shown in the Subcontract Terms.

9. MISCELLANEOUS PROVISIONS

9.1 INDEPENDENT CONTRACTOR

Subcontractor shall perform the Sublet Work as an independent contractor with exclusive control of the manner and means of performing the Sublet Work in accordance with the requirements of this Agreement. Subcontractor has no authority to act or make any agreements or representation on behalf of General Contractor or Owner, and no contractual relationship exists between Subcontractor and Owner. No employee or agent engaged by Subcontractor shall be, or shall be deemed to be, an employee or agent of General Contractor or Owner. In the event General Contractor should, at the request of Subcontractor, furnish workers to Subcontractor for any purpose to work under the direction and supervision of Subcontractor, such employees of General Contractor shall be deemed to be the Borrowed servants of Subcontractor and Subcontractor shall be responsible for their actions while so engaged.

9.2 LAWS

Unless otherwise provided in the Subcontract Terms, this Agreement shall be construed and governed by the laws of the State of Texas. Subcontractor shall comply with all laws, statutes, ordinances, rules and regulations of any governmental entity having jurisdiction, and Subcontractor shall indemnify and hold harmless the Owner and General Contractor from any fines, penalties, costs or liability arising from Subcontractor's failure to comply therewith.

9.3 SUBCONTRACTING AND ASSIGNMENT

Subcontractor shall not subcontract any portion of the Sublet Work without the prior written approval by General Contractor of the lower-tier subcontractor and of the form, terms and conditions of the lower-tier subcontract. Subcontractor shall not assign this subcontract or any funds due hereunder without the written consent of the General Contractor, and any attempted assignment in violation hereof shall be of no effect. No assignment or subcontracting, even with General Contractor's approval, shall relieve Subcontractor of any obligations hereunder, or create any contractual relationship between such lower-tier subcontractor and General Contractor or Owner. Any lower-tier subcontractor shall assume unto General Contractor all of the obligations of Subcontractor as they relate to such portion of the Sublet Work. General Contractor may assign this Subcontract to Owner if Owner so directs.

9.4 RECORDS AND ACCOUNTS; AUDIT

Subcontractor shall maintain books and records reflecting performance of the Sublet Work and shall preserve such books and records for a period of three years after completion and acceptance of the Project as a whole. General Contractor shall have the right to inspect and audit such part of the records as relate to cost reimbursement or performance of labor provisions. Copies of documents and records supporting requests for payment or compliance with labor-related provisions shall be furnished General Contractor with such request or at such other times as General Contractor directs.

9.5 PERMITS, LICENSES, ACCESS

General Contractor or Owner will provide all licenses and permits required for construction of the Project as a whole. Subcontractor shall provide all approvals, licenses and permits required for Subcontractor to perform the Sublet Work, including (without limitation), contractors' licenses, specialty permits, and transportation permits. General Contractor will provide access to the work site and easements or land rights in the work site, but Subcontractor shall comply with all restrictions, limitations, terms and conditions relative thereto and Subcontractor shall obtain such additional easements and land rights as Subcontractor may require.

9.6 INTEGRATION

9.6.1 The entire agreement between General Contractor and Subcontractor and all negotiations, proposals, and representations have been integrated into and superseded by this Agreement. This Agreement may be amended only by a document in writing executed

with equal formality. These General Conditions may be modified by the Special Conditions for the Project or by the Subcontract Terms; and the Special Conditions for the Project may be modified by the Subcontract Terms.

9.6.2 Anything mentioned in the specifications and not shown in the drawings, or shown on the drawings and not mentioned in the specifications, shall be of like effect as if shown and mentioned in both.

9.6.3 Conflicts, such as conflicts between or among specifications, drawings, data, codes, laws, ordinances, regulations, and the like, must be resolved by General Contractor. Subcontractor shall immediately upon discovery of such a conflict, notify the General Contractor in writing. Subcontractor shall not work on the affected item or items until the conflict has been resolved and General Contractor has released Subcontractor to proceed with the Sublet Work. Any additional costs incurred by Subcontractor because of Subcontractor's failure to timely notify General Contractor or to have such conflicts resolved before continuing with the Sublet Work shall be for Subcontractor's account.

9.7 PARTIAL OCCUPANCY AND USE

General Contractor and Owner shall have access to the Sublet Work at all times. General Contractor and Owner may occupy and use any portion of the Sublet Work which is sufficiently completed to permit such occupancy and use, provided there is no substantial interference with performance of the balance of the Sublet Work. Such partial occupancy and use shall not relieve Subcontractor of the obligation to complete all of the Sublet Work strictly in accordance with the requirements of this Subcontract.

9.8 CONFIDENTIALITY

Subcontractor shall not publicize, publish, or photograph the Project, the Sublet Work, or this Subcontract except by consent of General Contractor and in compliance with General Contractor's regulations for the Project. Subcontractor will maintain in confidence and not use or disclose any confidential proprietary information of General Contractor or Owner. Subcontractor will execute and, if requested, will cause its employees or agents to execute, such form of written secrecy agreement, further defining this confidentiality agreement, as is required of other participants in the Project. All plans, specifications, data and other material relating to the Project shall be delivered to General Contractor, on request, when no longer required by Subcontractor for performance of the Sublet Work.

9.9 FEDERAL ACQUISITION REGULATIONS

To the extent applicable to this Subcontract, the following Federal Acquisition Regulation (FAR) clauses in effect on the date of the Prime Contract between Owner and General Contractor are hereby incorporated herein by reference with the same force and effect as if set out fully herein, except the words "General Contractor" shall be substituted for the words "Contracting Officer" and the term "Subcontractor" shall be substituted for the term "Contractor" wherever such words appear. Upon request, the General Contractor will make the full text of these FAR's available.

FAR 52.219-8	Utilization of Small Business Concerns and Small Disadvantaged Business Concerns
FAR 52.219-9	Small Business and Small Disadvantaged Business Subcontracting Plan
FAR 52.219-13	Utilization of Women-Owned Small Businesses
FAR 52.222-23	Notice of Requirement for Affirmative Action to Ensure Equal Employment Opportunity
FAR 52.222-26	Equal Opportunity
FAR 52.222-27	Affirmative Action Compliance Requirements for Construction

FAR 52.222-35	Affirmative Action for Special Disabled and Vietnam Era Veterans
FAR 52.222-36	Affirmative Action for Handicapped Workers
FAR 52.222-37	Employment Reports on Special Disabled Veterans and Veterans of the Vietnam Era
FAR 52.223-2	Clean Air and Water

9.10 NONWAIVER

Waiver by General Contractor of any provision of or default under this Subcontract shall not constitute a waiver concerning any other provision, a waiver of any succeeding default, nor a waiver of the same provision in the future, and shall not affect the right of General Contractor to thereafter exercise any right or remedy concerning any other provision or default, whether similar or not.

9.11 SEVERABILITY

If any one or more of the provisions of this Subcontract shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision.

9.12 HEADINGS

9.13 Titles and captions of clauses in this Subcontract are for convenience only, and are not to be used in the interpretation of any provisions contained herein.

NOTE: This Affidavit is to be executed and returned with final or retainage invoice.

(NAME/ADDRESS)

OWNER: Halliburton Energy Services, Inc.
10200 Bellaire Blvd
Houston, Texas, 77072-5206

"AFFIDAVIT FOR CONTRACTOR"

INVOICE NUMBER(S): _____

RE: CONTRACT NO. _____

NAME OF CONTRACTOR: _____

DATE OF CONTRACT: _____

NAME OF OWNER: _____

WHEREAS, the above-named Contractor entered into the above-referenced Contract with Owner for performance by Contractor of the Sublet Work described in the Contract; and

WHEREAS, under the Contract certain monies are not due and payable unto Contractor until all bills for labor, material and other charges arising in the performance of the Sublet Work have been fully paid by the Contractor;

NOW, THEREFORE, for the purpose of inducing Owner to pay over such monies unto the Contractor, the Contractor does hereby:

Warrant and represent to Owner that all bills for labor, material, re-sublet work, equipment rental, taxes, insurance and all other charges arising in connection with the performance of the Sublet Work have been fully paid by or for the Contractor, except as listed below;

Agree to indemnify and hold harmless Owner from all liens, claims, demands, penalties, losses, costs, damages and liability in any manner arising out of or in connection with any claim by any person, entity or agency for payment for work or labor performed or material furnished pursuant to or in connection with the Contract;

Release, relieve and discharge Owner from all claims for payment (other than unpaid retainage, if any) for work performed under or in connection with the Contract or any change order or other modification thereto, except as listed below.

EXCEPTIONS:

Title: Name:

FOR CONTRACTOR:

SUBSCRIBED AND SWORN TO before me this the _____ day of _____, 20 _____

NOTARY PUBLIC

County of _____

State of _____

HALLIBURTON

CONTRACTOR DRUG ABUSE AND ALCOHOL SCREENING/SEARCH PROGRAM GUIDELINES

1.0 To the extent allowable by law, Contractor shall develop, implement and maintain a "Drug Abuse and Alcohol Policy" which is consistent with that of the Project and includes provisions for reporting compliance to the Owner's Contract Administrator.

2.0 PROJECT POLICY

The use of, possession of, being under the influence of, or the presence in a person's system of prohibited drugs and alcoholic beverages are prohibited on any Owner's or Client's work location, including project sites. Prohibited drugs include among others, marijuana, hashish, heroin, cocaine, hallucinogens, depressants and stimulants not prescribed for current personal treatment by a licensed physician.

Entry into any Owner's or Client's work location, including project sites, offices, vehicles, vessels, and aircraft, is conditional on the Owner's or Client's right to search the entrant and his or her personal effects and vehicle for prohibited drugs and paraphernalia, alcoholic beverages, or possession of unauthorized property or equipment.

Authorized representatives of the Owner or Client may make periodic and unannounced searches of any Owner or Client work location or anyone entering a work location. Work locations may include project sites, vehicles, vessels, aircraft, offices, rooms, and lockers. Such searches can be made of Contractor's employees as well as employees of Subcontractors doing business with the Contractor.

Prohibited drugs and paraphernalia, alcoholic beverages, or unauthorized property or equipment discovered through Owner and/or Client searches may be taken into custody and may be turned over to the proper law enforcement authorities.

Violation of Owner's or Client's policy or refusal to submit to a search or a drug and alcohol screening test will be cause for disciplinary action, including immediate termination of employment or disbarment from project.

Contractor's policy/procedure must be submitted for review and comment by the Owner or Client and, as a minimum, include the following:

2.1 Types of Testing

A. Pre-employment/Pre-access Screening

This testing shall be performed on all Contractor personnel prior to admission to the project site locations.

B. Random Screening

Selection for screening of Contractor project site employees based on a computerized random selection by Contractor's Corporate Safety Department.

HALLIBURTON

C. Accident Screening

Mandatory screening on any employees involved in accidents. All employees experiencing on-the-job injuries requiring medical attention by a physician, and those directly involved in accidental mishaps by their actions or lack of actions to include single vehicle accidents.

2.2 Conformance Reporting

Contractor's policy shall include a method and frequency of reporting conformance to project policy and effectiveness of achieving the desired goals.

2.3 Access Certification

Contractor shall certify by utilization of Attachment "A", that each Contractor employee has acknowledged orientation to and agreement with Subcontractor's "Drugs of Abuse and Alcohol Policy" and has tested negative on the Pre-employment/Pre-access Screening. This certification must be received by the Owner's Contract Administrator one (1) week prior to Contractor's mobilization to the project and/or any personnel additions throughout performance of the Sublet Work.

HALLIBURTON

ATTACHMENT "A"

TO: Halliburton's Contract Administrator

FROM:
(Contractor) (Contract No.)

SUBJECT: Pre-Access Screening/Personnel Acknowledgment of Drug/Alcohol Policy

DATE:

The following personnel have received a complete orientation on Contractor's Safety and Drug/Alcohol Policies and have received a urinalysis in conformance with those programs. The results of said urinalysis were negative and we request site access approval based on this result. The personnel noted have signed a consent form authorizing the release of this information to the Owner if so required.

Name Social Security No.

Date Tested

Signature of Certifying Manager

Title of Certifying Manager

HALLIBURTON

NOTICE TO CONTRACTOR EMPLOYEES

ILLEGAL DRUGS, ALCOHOL AND FIREARMS POLICY FOR CONTRACTORS

The Policy of HALLIBURTON regarding illegal drugs and controlled substances, alcoholic beverages, and firearms is:

1. The use, possession, distribution, purchase or sale of any illegal drugs or other controlled substances by any person while on HALLIBURTON premises, engaged in HALLIBURTON business or while operating HALLIBURTON or CLIENT equipment is prohibited.
2. The use of any illegal drug or other controlled substances or alcohol which causes or contributes to unacceptable job performance or unusual job behavior is prohibited.
3. The use, possession, transportation, or sale of explosives, unauthorized flammable materials, firearms, or other weapons by CONTRACTOR, its contractors or their employees while on HALLIBURTON premises, engaged in HALLIBURTON business or while operating HALLIBURTON or CLIENT equipment is prohibited.
4. The unauthorized use, possession, transportation, or sale of alcoholic beverages by CONTRACTOR, its subcontractors or their employees while on HALLIBURTON premises or while operating HALLIBURTON or CLIENT equipment is prohibited.

CONTRACTOR'S employees shall abide by this Policy. Any person violating this Policy shall be removed from HALLIBURTON premises and may be denied future access to HALLIBURTON premises. In addition, HALLIBURTON and/or CLIENT may suspend work or, in repeated or serious situations, terminate a subcontract as a result of violation of this Policy. In appropriate cases, local law enforcement agencies may be advised of violation.

In support of this Policy, HALLIBURTON and/or CLIENT may conduct or require searches and require screens as set forth in the following:

SEARCH

Without prior announcement, and at any time, HALLIBURTON and/or CLIENT may carry out reasonable searches of individuals and their personal effects when entering HALLIBURTON premises, while on HALLIBURTON premises, and when leaving HALLIBURTON premises.

Unless prohibited by applicable law, HALLIBURTON and/or CLIENT may require CONTRACTOR to search its employees or subcontractors' employees before entering HALLIBURTON premises, engaging in HALLIBURTON business or operating HALLIBURTON or CLIENT equipment.

HALLIBURTON

Entry onto HALLIBURTON premises constitutes consent to a search of

the person and his/her personal effects, including, without limitation, packages, briefcases, purses, lunch boxes and vehicle, or any office, locker, closet or desk. Refusal to cooperate shall be cause for not allowing that individual on HALLIBURTON premises.

SCREEN

Unless prohibited by applicable law, HALLIBURTON and/or CLIENT may require CONTRACTOR to conduct a controlled substance and/or alcohol screen on any of its employees or subcontractors' employees while on HALLIBURTON premises, engaged in HALLIBURTON business, or operating HALLIBURTON or CLIENT equipment. In addition, HALLIBURTON may require CONTRACTOR to conduct a controlled substance and/or alcohol screen on any of its employees or its subcontractors' employees before entering HALLIBURTON / premises, engaging in HALLIBURTON business or operating HALLIBURTON or CLIENT equipment. Prior written consent shall be obtained from any person who is to be screened. A positive screen on CONTRACTOR or a contractor employee or failure to give written consent for a screen shall be cause for removal from HALLIBURTON premises and shall result in the CONTRACTOR or contractor employee being restricted or disqualified from performing services for HALLIBURTON and/or CLIENT.

NOTIFICATION OF SEARCH AND/OR SCREEN BY CONTRACTOR

Prior to conducting a search and/or screen of its or its subcontractors' employees on HALLIBURTON premises, CONTRACTOR shall notify CLIENT and the local HALLIBURTON facility manager.

DEFINITIONS

As used herein, "controlled substance" specifically includes opiates, including heroin; hallucinogens, including marijuana, mescaline, and peyote; cocaine; PCP; and prescription drugs, including amphetamines and barbiturates, which are not obtained and used under a prescription lawfully issued to the person possessing them or which are not authorized by the HALLIBURTON Medical Staff; and any other substance included in the Federal Controlled Substances Act or its regulations, or unlawful under applicable law.

As used herein, controlled substance or alcohol "screen" means any test using blood, urine, breath or other samples to determine the presence of controlled substances or alcohol in the body.

As used herein, " HALLIBURTON premises" is used in the broadest sense, and includes, but is not limited to, all land, property, buildings, structures, installations, HALLIBURTON operated service stations (but not HALLIBURTON owned stations operated by independent dealers), vehicles, equipment, aircraft, and water craft owned, leased, or in any other manner being used by HALLIBURTON for any purpose.

HALLIBURTON

DRUG AND ALCOHOL RANDOM SECURITY SEARCH POLICY

All CONTRACTOR personnel assigned to HALLIBURTON work shall be mentally and physically capable of performing their assigned duties competently and safely. Therefore,

CONTRACTOR and its contractors shall have procedures which allow screening of all employees for controlled substances and alcohol while on HALLIBURTON premises, in HALLIBURTON or CLIENT equipment or while engaged in HALLIBURTON business. HALLIBURTON "Illegal Drugs, Alcohol and Firearms Policy for Contractors" (Policy) is stated, and "Controlled Substances," "Screen," and "HALLIBURTON premises" are defined, in the attached Notice to Contractor Employees.

HALLIBURTON has occasionally suffered the loss of equipment and confidential data from its work locations. Such losses will not be tolerated. Therefore, HALLIBURTON may conduct searches to ensure compliance with its Policy as outlined on the attached Notice to Contractor Employees.

To facilitate compliance with HALLIBURTON Policy, CONTRACTOR should take the following steps:

1. Advise all employees and/or subcontractors of HALLIBURTON Policy of searches without prior notice and that any person found in violation of the Policy shall be denied access to HALLIBURTON premises.
2. Give to each employee and/or subcontractor, the enclosed Notice to Contractor Employees for his or her review.
3. Screen employees and subcontractors before assigning them to HALLIBURTON premises, bearing HALLIBURTON Policy in mind.
CONTRACTOR shall immediately remove from HALLIBURTON premises any of its or its subcontractors' personnel found to be in violation of the Policy. Such personnel may be denied future access to HALLIBURTON premises. Any illegal or unauthorized drugs, intoxicating beverages, firearms, weapons, or HALLIBURTON property discovered as a result of HALLIBURTON searches may be confiscated and may be turned over to law enforcement agencies.

If your personnel fail to comply with HALLIBURTON Policy, it may become necessary to take remedial action, including termination of this Subcontract.

Your cooperation in implementing and enforcing this Policy is appreciated. Please execute and return.

Understood and accepted this ___ day of _____

Firm Name: _____

By: _____

Date: _____

Title: _____