振华石油
ZhenHuaOil

Provision of Road Construction and Maintenance Package in EBS Oilfield

Contract No. 041-SC-18-D

1. **China ZhenHua Oil Co., Ltd.** hereinafter called as the "Company", represented by Mr. Chen Pei, the President of EBS project of the Company, as the First Party,
2. **Noor Baghdad for Contracting Company** hereinafter called as the "Contractor", represented by Mr. Raed Kadhim Hasan Al-Shakarchi as the Second Party.

Both parties agree with follows:

1 Effective date and duration

The effective date should be the date Contractor receives the Letter of Award .And the duration for the contract should be one year from the date both parties signed the contracts Company has right to renew the contract for another batch of same work for optional one year.

The final workload and duration will be mentioned by work order issued by Company user dept. Contractor must supply the required service for EBS Oil Field after receiving the work order as required day, if delay

Contractor will be fined 1% of work order total amount of each day delay;

Company will not issue the work order to the related contractor in the next three months,

Company will cancel all the contracts with the related Contractor;

Contractor will be put into Company's black list

Company will report this issue to MDOC and MoO.

Any Change of the contract should be based on the mutual discussion according to the regulation.

2 Scope of work

Contractor shall, in accordance with international industry standards, practice, general engineering principles & project management principles, conduct to provide Road Construction and Maintenance for EBS Oil Field. Scope of Work ref to attached Annex 1 and also the technical data stated in the WORK ORDER.

The Whole work should be Done by 14 (fourteen) Contractors, the actual work load shall be based on the work order issued from Company user Department.

Contractor should strictly follow with the final work order issued from Company to do all the detail final required work.

Company has the right to adjust and issue the final workload based on the principle of average, past performance and the production requirement.

3 Contract Value and Mode

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The Contract is the frame agreement. All the final price and final workload should be only stated in the final proposed work order.

The work order enquiry under contract would comply with the following procedure:

1 Company issue individual enquiry to all the fourteen Contractors.

2 Contractors propose formal offers in sealed envelope to Company as per work order enquiry requirement.

3 Company conduct price comparison for the offers received.

4. Work order award. The work order would be awarded to the Contractor who offered the lowest price after the price comparison.

4 Payment

All the payment will be via T/T, against two correct copies of original commercial invoice, proof of delivery and acceptance letter of work load from the user dept. The payment will be as follows:

- The contractor will submit the commercial invoice after finished the work for each work order
- Company will pay the contractor according to the actual work load provided, transported, installed and accepted.
- Relevant commercial invoices must been checked and approved by the financial department in one month. All the payment will be paid within 60 working days, upon received two correct original commercial invoice, acceptance letter of completion by the user dept. Otherwise the payment might be deferred at least for six months.
- Contractor shall be responsible to pay any and all taxes and duties levied by Iraqi government according to the IRAQI taxation law. Company shall deduct withholding tax from the payment.
- If the contractor fails to pay the tax in full and on time, causing Company to be punished by the relevant departments of the Iraqi Taxation Bureau, Company has the right to delay the payment or deduct the tax and fine from the payment.
- Contractor agrees to indemnify and hold harmless to Company from and against any and all expenses, claims, costs, damages, losses or liabilities due to or arising out of Contractor being unable to comply with Iraqi Taxation Laws. Provided Company is imposed by relevant departments of the Iraqi Taxation Office and/or other competent authorities any tax penalty due to Contractor fails to comply with Iraqi Taxation Laws, Contractor hereby agrees that Company shall be entitled to deduct full amount of all the tax and penalty from any payment without prior notice to the Contractor.

5 Bank information

BENEFICIARY NAME: Noor Baghdad For Contracting Company
BENEFICIARY'S ADDRESS: Al-Hureyah Sq., Karadah, Baghdad, Iraq
BENEFICIARY BANK: BANK OF BAGHDAD
BENEFICIARY BANK ADDRESS: BAGHDAD - IRAQ
BENEFICIARY ACCOUNT: 0023673
BRANCH NO: MAIN BRANCH
SWIFT CODE: BABIIQBA
IBAN: IQ95BABI701002367323750

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CORRESPONDENCE BANK: BANK /CITI BANK N.Y

SWIFT CODE: CITIUS33XXX

All details fill up when correct invoice submitted. The beneficiary name, company name and stamp should be fully the same.

6 Warranty Period

Upon the final acceptance test, Contractor shall :

- Handover of all the technical documentation and design
- The warranty period will be one year after final acceptance test (quality guarantee with value is USD 50,000.00)
- The Contractor should provide the performance guarantee with value is USD 50,000.00 before signing the contract, and the duration should be one year from the date of signing the contract. If Company extends the contract, the duration of performance guarantee should be extended.
- Contractor should warrant and imply that the items used hereunder are of the required quality and quantity and are fit for use for particular purpose.

7 TAXES AND DUTIES

- 7.1 Contractor shall be responsible to pay any and all taxes and duties levied by Iraqi government according to the IRAQI taxation law. Company shall deduct withholding tax from the payment.
- 7.2 Contractor agrees to indemnify and hold harmless to Company from and against any and all expenses, claims, costs, damages, losses or liabilities due to or arising out of Contractor being unable to comply with Iraqi Taxation Laws. Provided Company is imposed by relevant departments of the Iraqi Taxation Office and/or other competent authorities any tax penalty due to Contractor fails to comply with Iraqi Taxation Laws, Contractor hereby agrees that Company shall be entitled to deduct full amount of all the tax and penalty from any payment without prior notice to the Contractor.
- 7.3 CONTRACTOR shall be solely responsible for and shall bear and pay, at its own expenses, all taxes, charges and custom duties connected with the SERVICES assessed or imposed on CONTRACTOR (including without limiting the taxes and duties connected with personnel and equipment) and shall fulfill all administrative, registration and compliance requirements, CONTRACTOR shall oblige that each Subcontractor shall bear and pay all taxes connected with the SERVICES assessed or imposed upon such Subcontractor (including without limiting the foregoing taxes connected with personnel) and that such Subcontractor shall fulfill all administrative and registration requirements, maintain proper accounting records, and properly file all necessary documents. Tax or Taxes Shall means any and all forms of taxes, levies, imposts, contributions, duties and charges in the nature of taxation, value added tax, goods and services tax and any other stamp, transaction or transfer taxes and all withholdings or deductions in respect thereof of whatever nature whenever imposed and whether directly or primarily chargeable against, recoverable from or attributable to CONTRACTOR or any other person, with respect to or arising from the performance of the SERVICES, including all fines, penalties, charges and interest relating to, and all amounts required by law to be paid pending resolution of disputes (including payments for tax reserve certificates) on account of, the same and any failure to lodge or prepare or an error or omission in relation to any document, statement or other information relating to Tax required to be lodged.
- 7.4 CONTRACTOR hereby indemnifies and undertakes to keep COMPANY indemnified from and against all claims, losses, demands, proceedings and causes of action whatsoever connected with any assessment or

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imposition made in respect of all or any taxes upon CONTRACTOR or any Subcontractor related to the SERVICES together with any costs of compliance. If COMPANY is subject to any demand to pay other taxes arising out under this CONTRACT, CONTRACTOR either assume, pay and discharge in a timely manner all such other or additional taxes. COMPANY may offset any amounts due from CONTRACTOR under this indemnity from any payments COMPANY is due to make to CONTRACTOR under this CONTRACT.

- 7.5 CONTRACTOR shall, upon request, supply, and shall procure that Subcontractors supply to COMPANY, such information (including documentary information) connected with the SERVICES as may be required by COMPANY for any of the following purposes:
- (a)to enable COMPANY to comply with the lawful demand or requirement for such information by any tax authority;
- (b)to enable COMPANY to conduct, defend, negotiate, or settle any claims, losses, demands, proceedings and causes of action whatsoever relating to taxes, whether or not the same shall have become the subject of arbitration or judicial proceedings; or
- (c)to enable COMPANY to make any application (including, but without limitation, any claims, losses, demands, proceedings and causes of action whatsoever for any allowances or relief) or representation connected with, or to contest any assessment on, or liability of COMPANY to, any Taxes.

8 INSURANCE

- 8.1 Without limiting the CONTRACTOR's obligations, responsibilities and liabilities under the CONTRACT, the CONTRACTOR must, at its own expense, take and maintain in force, until all potential limitation periods have expired in relation to the CONTRACTOR's liabilities under the CONTRACT, and provide COMPANY with evidence of such insurance coverage on request:
- (a)Workmen's Compensation and/or Employer's Liability Insurance or similar statutory social insurance, as required by Laws and which may be applicable and/or accidental death or dismemberment insurance, covering all the CONTRACTOR's Personnel engaged in accomplishing the SERVICES, with limit not less than United States Dollar One hundred Thousands (USD 100,000) for every single occurrence;
- (b)Any other insurance which is relevant and/or which is required by any Laws to which the CONTRACTOR and its Subcontractors are subject to.
- 8.2 CONTRACTOR shall fully indemnify COMPANY against loss or damage arising out of any failure to effect or maintain such insurance(s) specified by this CONTRACT.
- 8.3ONTRACTOR shall notify COMPANY immediately upon receipt of any notice of claims, incidents or demands or of any situation, which may give rise to such claims, or demands being made under the said policies. Written notice shall be given not later than two (2) days after such occurrence of any accident. However, for serious accidents (including but not limited to death or serious injuries) notice shall be given within twenty-four (24) hours and confirmed in writing.
- 8.4CONTRACTOR shall provide COMPANY with certificates of insurance evidencing the insurance coverage that CONTRACTOR is required to provide under this CONTRACT. CONTRACTOR shall provide such certificates of insurance prior to the commencement of this CONTRACT and at any other time as COMPANY may require.

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9 COMPANY'S RIGHTS

- Company has the right at any time to cancel the contract in case of the contractor did not fulfill the service requirement.
- Company has its sole right to decide to dissolve or re-contract with other contractors in account of the 1st contractor,
- Company has the right to extend contract for another duration, such extension would be agreed on mutual agreement between two parties approved by Company Management
- Contractor is responsible directly to Company legally and ethically for all related work to the tender without interferes from any third party.

10 SUPERVISOR

- Supervisor of the Work is SE Dept. of the Company .
- Supervisor has the right to visit the manufacture of settling location at any time during the execution of the project.
- Supervisor has the right to change any contractor's stuff if the stuff makes problems to the work.
- Supervisor has the right to hold the invoice for period of the time in case of contractors did not response as quickly as required to fix any problems, interruption of the signal or in case of ongoing problem without any repair
- Supervisor has the right to change any equipment during the performance warranty period

11 SUBCONTRACTORS

The contractor shall not assign this contract (or any part thereof) to another company without prior consent of the client.

12 TERMINATION

- If either party believes the other to be in fundamental breach of this contract they shall, within 15 days of the event or notice thereof, give a written notice to the other party stating the reason for and date of termination.
- Termination for convenience: Company shall reserve the right to terminate this contract, or any part hereof, for its sole convenience. In such case, the contractor shall immediately stop all work.
- If the contractor did not abide Company's service conditions; Company has the right to terminate the contract
- If the contractor did not provide enough suitable frame, truck and machine to supply and install the required items in time ,Company has the right to terminate the contract

13 Miscellaneous

- The contractor shall indemnify and hold Company harmless against all any claims made by third parties arising out of any loss or damage, resulting from their conduct of this project.
- The contractor is solely responsible for the safety of all employees, visitors to the worksite, end-user employees and invitees, resident and passerby.
- The contractor is solely responsible for securing his own tools, equipment and workspace at the worksite.
- Contractor will abide the environmental and cleanliness conditions and his employee's personnel hygiene and are having no epidemic diseases.

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- Contractor should responsible to clean up the site work every day by providing his employees will all cleanliness' tools (rubbish bags, rubbish bin, rubbish collecting vehicles), otherwise Company will clean up the site by its employees and charging the contractor amount payment for each cleaning.
- Contractor will provide Company and OPF a list contains all the vehicles No. evolved, Driver name and address.
- Contractor should use suitable trucks and machine which is not affect to the environment
- Contractor should abide and complies with all company safety and security policy.
- Contractor guarantees allhis factory, trucks and machines and workmanship against dangerous defects and will follow normally accepted practices in assuring a safe working environment and product.

14 Contractor's Responsibility

- Contractor should provide all his employees with PPE equipment (such as: safety shoes, Safety helmet, safety uniform must be cotton shows the company logo and name, safety belt, safety gloves, first aid kits, fire extinguisher and company card for each labors).
- Contractor will be responsible for his employee's security background, behaviors. Also to provide the OPF labor's' information list contains labor's names, labor's address.
- The contractor is responsible for the related insurance for their employees, equipment etc.
- The contractor will be responsible for all his employees' issues but not limited to the food, transportation, social assurance, PPE, HSSE, accident etc. machines and tolls used in work in good condition.
- The contractor shall be responsible for providing ample drinking water for their personnel, subcontractors and any other non-Coalition personnel linked to this contract in any way.
- CONTRACTOR shall make, scrutinize, follow up and coordinate/deal all the necessary import and export formalities, permits, renew and rename of related papers and approvals from the related Iraqi and point of origin Custom/Port/the relevant governmental authorities for its equipment with the necessary documents assistance of COMPANY.
- Contractor shall fully consider the utilization of local employment and equipment from the land owner of working area, and have the obligation to maintain a good relationship with the local communities. Otherwise his failure to work properly may lead to cancellation of the contract.

15 Delay of the performance

The contractor should work according to each work order submit by user department, any unpredictable things that will effect on project progress the contractor should inform the company in 2 days advance, otherwise the company has the Authority to terminate the contract without any payment. In case of failure of completion of project by date specified, Company shall settle additional deadline of each work order and charge the contractor with conventional penalty of 1% of the contract value A DAY of Delay

16 Failure of complete

In case of failure of completion of the project by additional period of time, or below required quality, the client is entitled to dissolve the contract without prior notice.

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17 DISPUTES

Any dispute arising out of or in connection with this contract, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration under the LCIA Rules, which Rules are deemed to be incorporated by reference into this clause.

The number of arbitrators shall be three.

The seat, or legal place, of arbitration shall be London.

The language to be used in the arbitral proceedings shall be English.

The governing law of the contract shall be the substantive law of Iraq.

18 CHANGES

Any changes to this contract can only be made by written agreement of both partied to any expenditure for materials or services being performed.

On and after the date of the registration of the branch office of the EBS Project Company in the Republic of Iraq, a supplementary agreement shall be signed to secure the entire entitlements of the contracts and documents signed by the Authorized in the name of ZhenHua Oil to be wholly transferred to the EBS Project Company.

19 OTHERS

This contract is written in English language in two identical copies, one for each party.

Signing of the contract

China ZhenHua Oil Co., Ltd.

EBS PETROLEUM COMPANY LIMITED

Name: Mr. Chen Pei

President

Signature: _____

Date: _____

Noor Baghdad for Contracting Company

Name: Mr. Raed Kadhim Hasan Al-Shakarchi

General Manger

Signature: _____

Date: _____

Annexes to this Contract

Annex 1 Scope Of Work