



## TDLHZM – 2162 DRILLING RIG SERVICES AGREEMENT

### Article 1- Parties of the Agreement

This Drilling Rig Service Agreement (hereinafter referred to as “Agreement”) has been executed by and between TÜRKiYE PETROLLERİ A.O. (hereinafter referred to as “OPERATOR” or “TPAO”) on one side, and ..... (referred to as “Contractor”) which is incorporated under the laws of ..... on terms and conditions set forth below. These parties may be referred to individually as “Party” or collectively as “Parties” hereinafter.

### Article 2- Information related to the Parties

#### 2.1. Operator's

- a) Name: **TÜRKiYE PETROLLERİ ANONİM ORTAKLIĞI (TPAO)**  
b) Address: **SÖĞÜTÖZÜ MAH. NİZAMİ GENCEVİ CADDESİ 10 06530**  
**SÖĞÜTÖZÜ - ÇANKAYA / ANKARA**  
c) Telephone number: **03122072680**  
c) Fax Number: **03122869073**  
d) Electronic mail address: **mfzeren@tpao.gov.tr**  
e) Registered Electronic Mail (REM) address: **tpao@hs01.kep.tr**

#### 2.2. Contractor's

- a) Name and surname/trade name: .....  
b) T.R. ID No .....  
c) Tax Identification No: .....  
c) Contractor's notification address: .....  
d) Telephone number: .....  
e) Bank account information, IBAN number: .....  
f) Fax number for notification: .....  
g) Registered Electronic Mail (REM) address: .....

**2.3.** Both parties have accepted the addresses set out in clauses 2.1 and 2.2 as their notification addresses. Notifications served to last informed addresses shall be deemed served to the relevant Party if address changes have not been duly informed to the other Party.

**2.4.** Provided that the notifications are served later in a written manner to the notification addresses above within a prescribed period of time, the Parties hereto may serve notifications facsimile message or e-mail message.

**2.5.** All notifications related to this Agreement shall be deemed made as of the date at which they are served to the notification addresses provided above.

### Article 3- Definitions

**“Work or Services”:** shall mean all work and services to be performed by Contractor to provide Cementing Services in accordance with this Agreement and its Attachments, including increments,

**“Contractor”:** The service provider signing this Agreement,

**“Agreement Documents”:** The Agreement itself and the tender documents annexed to the Agreement,

**“Affiliate” or “Affiliates”** shall mean in relation to a Party, a Operator (a) which controls either directly or indirectly a Party; or (b) which is controlled directly or indirectly by a Party; or (c) which is directly or indirectly controlled by a Operator or legal entity, which directly or indirectly controls a Party. For the purpose of this definition, “control” means ownership or control of at least 50% (fifty percent) of the registered capital of such Operator or legal entity or the right to exercise more than 50% (fifty percent) of the voting rights of such Operator or entity.

**“Workplace”:** The places where the work is performed and other places used temporarily or permanently during the work,

**“Companyman (Operator Representative):** An employee of the Operator assigned for all kinds of work, control and supervision of the works defined in the Agreement. The Companyman is a natural member of the Control organization of the Operator.

**“SPUD Commission”:** The Operator organization convened to verify and approve, on-site, the readiness of the tower for drilling based on the Contractor's written declaration.

**“Contractor's Equipment:** All materials, tools and equipment of whatever nature necessary for the performance and completion of the service and the elimination of defects,

**“Operator/TPAO’s Equipment:** All materials, tools and equipment belonging to TPAO or its subcontractors, whether or not they are used in the realization of the service at the workplace,

**“Acceptance Procedures:** The operations to be completed after the Operator has accepted performance of the Service or any part or parts of the Service thereof specified in the Agreement,

**“Third Person:** Person or persons other than the Operator, Control Organization and Contractor,

**“Day:** Calendar day,

**“Month of Implementation:** The month in which the works are carried out in accordance with the work program approved by the Operator,

**“Personnel:** Persons employed by the Contractor as paid staff and assigned to perform the services subject to the tender or a part of these services,

**“Technical staff:** The technical personnel to be employed by the Contractor for the realization of the service, whose name, title, job description and qualifications are specified in the Technical Specification,

**“Technical Document:** All projects, calculations and similar technical information and documents provided by the Operator to the Contractor pursuant to the Agreement, and projects and similar technical information and documents submitted by the Contractor and approved by the Operator,

**“Fishing Period:**

- a) The period from the moment the string (downhole equipment-material) becomes stuck, breaks, or an extraneous object is dropped into the well (as determined by the Operator), until the string is restored to the pre-stuck state (well depth, etc.) after it is fished out.
- b) The period from the moment the string (downhole equipment-material) becomes stuck, breaks, or an extraneous object is dropped into the well (as determined by the Operator), until the fishing operation is terminated, the well is sidetracked, and operations have shifted to a new well.
- c) In the event a decision is made to abandon the well at the end of the fishing operation, the period from the moment the fishing begins until the abandonment procedure is initiated.

**“Work Cost:** The price to be paid to the Contractor for the completion of the works specified in the Agreement and additional works due to unforeseen circumstances in accordance with the provisions of the Agreement and for the elimination of defects and deficiencies, if any, by calculating the price to be paid to the contractor in the currency specified in the Agreement,

**“Date of Commencement of the Work:** After the Contractor's workplace handover, by receiving the order to start work from the Operator; start date of operations (FIRST SPUD DATE),

**“Agreement Term:** The period starting with the date of commencement of work (first spud) and continuing in the amount specified in the Agreement.

**“Completion Time:** The time interval to be calculated from the date of commencement of the Work, including any extension of time, if any, granted by the Operator for the completion of the works or any part thereof specified in the Agreement,

**“Certificate of Acceptance:** The document showing that the works subject to the Agreement have been completed in accordance with the Agreement as a result of the completion of the works and the examination of the Acceptance Committee,

**“Department:** Parts of the work that are clearly specified in the Agreement as sections or parts,

**“Effective Date:** The signature date of the Agreement,

**Article 4-Work description**

**4.1.** Technical Information and the Terms and Conditions related to Contractor's responsibilities and performance of the Work are further set forth in Attachments and herein this Agreement. The work subject to the Contract involves the provision of rig services by the Contractor for drilling operations, in line with the Operator's drilling program. This includes the operation of **four (4) drilling rigs, one (1) of with a minimum capacity of 165 tons and equipped with top drives or without top drives and three (3) drilling rigs, each with a minimum capacity of 200 tons and equipped with top drives.** The rigs will operate 24 hours a day, 7 days a week, along with all personnel and equipment. The scope of work encompasses

all planned drilling operations, as well as initial mobilization, demobilization, inter-rig transportation (intermobilization), rig assembly and disassembly, platform work, field labor, loading and unloading of all materials and equipment belonging to the Operator and its subcontractors, stacking, supply of water for drilling, installation and operation of water lines, preparation of drilling mud, sampler, emptying of the mud pit, site cleaning, catering for personnel, transportation, logistics, accommodation, and other related tasks. The technical specifications and other details of the work are set out in the documents are integrated part of the Contract.

**4.2** The number of wells, names, locations, drilling times and other issues in the deadline program may be changed by the Operator, provided that they remain within the terms of the Agreement. In this case, the Operator shall notify the Contractor of the change in the work program. The Contractor is obliged to comply with these changes.

**4.3.** Contractor shall furnish all labor, equipment, supervision, insurance, HSE equipment and incidentals, as specified herein, shall do all other requirements that is necessary to perform the Work. Contractor shall at all times act in accordance and comply with TPAO Occupational Health- Safety and Environmental (HSE) Protection Standards set forth in Attachment - 3. Contractor shall perform Work with due care, diligence, efficiency, in a good and workmanlike manner from commencement to completion of Work, without undue delays or interruptions, observing at all times the applicable standards, norms and/or all applicable laws including Turkish legislation and the terms and conditions of this Agreement.

**Article 5- Type and Value of the Contract**

**5.1.** The Estimated Value of this Agreement \$...-(...American Dollars). The value of this Agreement is calculated using the unit prices of Attachment-J. Without prejudice to rights of TPAO under this Agreement, both of parties acknowledge that the Price of Agreement stated herein is only estimated and does not cause any responsibility due to not reach of actual value of Work to the estimated value of this Agreement. In the event of contract extension, only the unit prices offered by the Contractor in the unit price bid sheet shall be considered.

**MINIMUM 165 TON CAPACITY DRILLING RIG WITH TOP DRIVE OR WITHOUT TOP DRIVE**

DAILY RATE	MOBILIZATION	INTERMOBILIZATION	DEMOBILIZATION	DISPOSAL	TOTAL



**MINIMUM 200 TON CAPACITY DRILLING RIG WITH TOP DRIVE**

DAILY RATE	MOBILIZATION	INTERMOBILIZATION	DEMOBILIZATION	DISPOSAL	TOTAL

5.2. A Contractor may submit a bid for a maximum of 3 rigs.

**Article 6 - Expenses included in the Agreement price**

6.1. All of the expenses unless otherwise stated explicitly under this Agreement or attachments thereto including but not limited to Labor fees (salary, overtime pay, weekend wages, national, religious, general holiday payments, severance and notice pay etc.), materials, equipment, tools, machinery, consumables, transportation, every kind of shipment, accommodation, health necessities, personnel protective equipment, every kind of insurance, every kind of taxes, duties, charges, social security premium, clothing, medical and training expenditures related with Services and any expenses incurred due to fulfilling the Contractor's responsibilities in accordance with this Agreement are included in the unit prices of the Contractor specified in Attachment-J Commercial Proposal and therefore in the Agreement Price as stated in Article 5. Contractor will not demand from Operator any expenditure come up by reason of personnel necessity.

Value Added Tax to be calculated in accordance with the relevant legislation is not included in the Agreement value and will be paid separately to the Contractor by the Operator.

6.2. All transportation, insurance costs as well as taxes, duties, charges, fees and other expenses related to the Work shall be borne by Contractor. Unless otherwise provided by applicable law or regulation, Contractor shall also bear any taxes, duties, fees and other expenses related to the execution of the Agreement.

6.3. In case there is an increase in the expenditure items stated in Article 12 and in this Article 6 or similar new items emerge, the Contractor's unit prices shall be deemed to include the margin to cover such increases or differences and the Contractor shall not have the right to request escalation for the prices during the term of this Agreement.

## **Article 7- The Documents of the Contract**

**7.1.** The following documents are incorporated into and made a part of this Agreement:

1. This main body of the Agreement
2. Administrative Tender Document
3. Attachment A – Drilling Rig Inventory Form,
4. Attachment B – Operator and Contractor Responsibility Schedule,
5. Attachment C – Contractor Personnel,
6. Attachment D-E Service and Fee Schedule,
7. Attachment F- Occupational Health - Safety and Environmental Protection Principles,
8. Attachment H- Inspection of Rig and Array Materials,
9. Attachment- G Rig Technical Specifications,
10. Attachment- I Sampler and Sampling and Equipment,
11. Attachment- J Unit Price Offer Letter and Unit Price Offer Schedule
12. Attachment- K Confidentiality Agreement
13. Attachment-L Pre-Spud Control Form

All Attachments are integral part of this Agreement and binds the Operator and the Contractor. However, in the event of any contradiction or difference between the provisions of the Agreement and the provisions of the documents constituting the tender document, the provisions contained in the document to which the Operator wishes to apply shall prevail. In case of contradiction or difference between the documents constituting the tender documents, the tender document determined by the Operator shall prevail.

All the Quotations issued by the Contractor under this Agreement and accepted by the Operator shall become Attachments to the Agreement, and shall be incorporated into this Agreement, in accordance with the terms and conditions of this Agreement.

## **Article 8 - Duration of the work**

**8.1.** This contract will enter into force from the date of signing and will be valid for 2 years from the date of starting work (first spud). The period of the Contract may be extended for two year with mutual Agreement upon notification to the Contractor. When the contract period expires and there is an ongoing drilling operation or transportation-assembly for a well, the provisions of Article 28.2 of this Agreement shall apply to the ongoing well. If it is foreseen by the Operator that the programmed drilling period of the next well to be excavated by the rig will lead to an extension of the contract period; The contract may be terminated immediately, without complying with the contract notification periods, before the transportation of the aforementioned well is started.

**8.2.** In the implementation of this Agreement, the calculation of periods is based on calendar days.

**8.3.** The Work starts with the arrival of personnel and required equipment into the well site and ends following the release notification of TPAO. Before commencement of the Work, TPAO

shall send a call out notification to the Contractor indicating the well location and start date provided that such call out notification shall be in accordance with the Contractor's ETA (estimated time of arrival) if indicated in Attachment –J. Subject to Clause 6.2., TPAO has the right to order changes to the Work. Such changes may include additions, alterations or work replacements (provided such additions, alterations or replacements are within the capability and resources of the Contractor) or omissions to the Work (collectively “Adjustment”). Any change in pricing as a result of the Adjustment shall be valued at the appropriate rates and prices as per Attachment-J or in the absence of any appropriate rates and price; a mutually agreed fair valuation shall be made.

**8.4.** If Contractor fails to finish the Work within the Work Period or fails to commence the work at the Commencement Date (First Spud), then TPAO shall have the right to request late compensation fee from the Contractor per day delayed, provided that no late compensation fee shall be applicable for the number of days delayed due to reasons not attributable to Contractor, such as delays due to sole negligence or default of TPAO, force majeure etc. The late compensation fee shall be 0.0005 (5/10.000) of the Agreement Price of the related rig described in the Call-out notification for each delayed day. If the Contractor does not complete or does not commence the Work within 10 days after the time specified in the Call-Out Notification, TPAO shall be entitled to terminate the Agreement and liquidate the performance bond of Contractor by providing a prior written notice to Contractor under which Contractor is granted with a reasonable period of time to cure such delay.

The aforementioned compensation fee shall also apply if the Contractor fails to remedy the deficiency within the timeframe determined by the Companyman entative for the performance of the Work, provided that the deficiency does not constitute any obstacle to the commencement of the operation. In the event that the Contractor fails to fulfill Article 1.1 of the Technical Specifications, the Contractor shall notify the Companyman in writing of its request for additional time in which the reason for the delay is explained in detail. If the request is approved by the Operator, additional time may be granted, and if the work does not start at the end of the additional time, the contract may be terminated unilaterally by the Operator in accordance with the procedure specified in Article 22 without any payment to the Contractor. In this case, the location must be vacated within one week at the latest.

## **Article 9 - Place of performance, date of delivery and commencement of work**

**9.1.** Place(s) where the work will be carried out: The work shall be carried out at the locations to be notified by the Operator.

**9.2.** From the date of signing the Agreement (except reasons caused by Operator or article 9.5), the workplace is delivered within 60 calendar days.

**9.3.** The delivery of the workplace to the Contractor shall be deemed to have been made with the signature of the Workplace Delivery Report issued between the Contractor or his/her representative and the authorized person(s) of the Operator. However, if the workplace is not ready for delivery due to reasons originating from the Operator, the workplace shall be delivered after the deficiencies are corrected and the workplace delivery report is signed. The Contractor shall be ready for rig acceptance tests (first spud) within 30 calendar days at the latest for the rig in Türkiye and 120 calendar days at the latest from the date of site delivery for the rig abroad after the delivery of the workplace with all materials, equipment and personnel subject to the Agreement, having delivered all requested documents to the Operator. Customs documents for rigs to be shipped from abroad will be submitted to the Operator.

9.4. Work Start Date: ..... (FIRST SPUD DATE)

9.5. If the rig proposed in the tender is already providing services to the Operator under any existing Agreement, the new Agreement shall be effective after the existing Agreement expires. The provisions related to the extension period are included and encompassed within the duration of the existing contract.

#### **Article 10 - Provisions related to the guarantee**

10.1 Contractor shall submit a Performance Bond valued ...- USD (...AmericanDollar) (equal to 6% (six percent) of the Agreement Price) as a guarantee for the performance of the Agreement and its obligations hereunder with a validity of ..... days starting from the Effective Date of the Agreement.

10.2 The term of the performance bond is until ..././..... In case of delay in the work, the duration of the letter of guarantee shall be extended to cover the delay.

10.3. Performance Bond shall be submitted to the Operator at the date of signing the Agreement and in accordance with the format provided by the Operator.

#### **10.4. Additional Performance Bond**

Where there is an increase in the Agreement value due to increase in the work, an additional performance bond at the amount of 6% (six percent) of the increasing amount in values accepted as securities shall be submitted.

10.5. The performance bond and the additional performance bond submitted by the Contractor can be changed by other securities which are accepted by the Operator as a guarantee.

10.6. For whatever the reason is, the guarantees submitted to the Operator may not be sequestered or preliminary injunction may be granted regarding these securities or conveyance may not be applied without Operator's permission.

#### **10.7. Values Accepted as Performance Bond**

The values that shall be accepted as performance bonds are as follows:

- a) Cash,
- b) Letters of Guarantee issued by banks and private financial organizations,
- c) Government securities exported by the Treasury Secretariat and certificates issued in lieu of these bonds,

10.8. Those specified in item **Article 10.7.c** and those exported by including the interest in the nominal value of the bonds issued in lieu of them shall be accepted as guarantee over the sales value corresponding to the principal.

10.9. Letters of Guarantee issued by Turkish branches of foreign banks that are allowed to act in Türkiye as per the relevant legislation and the Letters of Guarantee issued by the banks or private financial organizations in Türkiye with **counter-guarantee of banks** or similar

loan organizations acting outside Türkiye shall also be accepted as guarantee. **The governing language of letters of guarantee shall be Turkish as per relevant law.**

**10.10.** The cash guarantees other than the Bank Letters of Guarantee must be furnished to our account numbers which is established in Vakıfbank TP Branch as **in Vakıfbank TP Branch:**

**IBAN NO.: TR180001500158048000922784 for US Dollars;**

**IBAN NO.: TR500001500158048000922790 for Euro and,**

**IBAN NO.: TR950001500158048000923047 for GBP Sterling.**

**10.11.** The guarantees may be replaced with other values accepted as guarantee.

**10.12.** The guarantees received by the Operator shall in no way be sequestrated and attached with interim injunction.

**10.13. Refunding the Performance Bond and Additional Performance Bond:**

**10.13.1.** After it is determined that the undertaking is performed by the Contractor in accordance with the provisions of the Agreement and the Contractor does not have any remained liabilities to the Operator arising from the Agreement, the performance bond and if any, the additional performance bond shall be returned to the Contractor upon the Contractor's submitting a document obtained from Social Security Institution, which states that the Contractor is free from liabilities with respect to social security law.

**10.13.2.** In case the debts of the Contractor to the Operator and in relation with Social Security Law arising from performance of the Agreement and the tax deductions made from the wages and payments considered as wages are not paid until the date of acceptance of the service, the performance bond and the additional performance bond shall be liquidated and the debts shall be deducted from this amount without the need of lodging a protest or getting a judgment and the remaining shall be refunded to the Contractor.

**10.13.3.** In cases where the deduction due to the abovementioned provisions is not necessary, the performance letters of guarantee which are not returned because not being requested in spite of the written warning of the Operator within two years following the approval of the final account and acceptance minutes shall be invalid and shall be returned to the preparing bank or private finance institution as the case may be. Securities other than letter of guarantee shall be entered as receipt to the Operator at the end of this period and the Contractor shall not claim any right on such securities.

## **Article 11 - Place and terms of payment**

**11.1.** The Agreement price (including the price for the increases that may occur due to additional works) shall be paid by TPAO Financial/Accounting Units within the framework of the plan and conditions stipulated below:



**11.2** Daily and monthly progress payments will be issued at the end of each day and month.

**11.3.** For progress payments; the documents requested below for the relevant month are sent to the Operator via the Corporate E-Mail system (KEP) (tpao@hs01.kep.tr) will be delivered. In the event that the documents required for the progress payment are missing, the Operator may withhold the payment until the requested documents are completed.

**11.4.** The progress payment file consists of the following documents:

1-Announcement Minutes,

a-) Announcement Minutes,

b-) Minutes showing that there is no objection as a result of the announcement,

2- Monthly Drilling Service Form, signed and stamped by the Operator and the contractor Operator representative Original document.

3- Tax documents (All documents will be submitted by the Contractor Operator as stamped and signed-If Applicable)

a-) Tax accrual slip,

b-) Tax payment receipt,

c-) According to Article 22/(A) of the Law No. 6183, there is no tax debt certificate received.

4-SSI documents (All documents will be submitted by the Contractor Operator as stamped and signed- If Applicable)

a-) SSI premium accrual slip,

b-) SSI premium paid receipt

c-) SSI no premium debt certificate,

5- Bank stamped and signed document printed on a letterhead indicating that the wages of the working personnel have been deposited in the bank. 6- Progress payment report.

**11.5** The invoice will be issued after the verification and acceptance of all documents requested by the Contractor. Invoices to be issued exempt from VAT must be submitted to the Operator via REM (Registered Electronic Mail) no later than the 20th of the month in which the invoice is to be issued. Invoices not submitted by this date will not be processed and returned.

**11.6** The invoice to be prepared for the progress payment amount consisting of the document in article 11.4 of this contract will be issued in Turkish Lira (TL) by the Contractor. The amount subject to the invoice, which consists of the progress payment calculated with foreign currency (USD) unit prices, will be converted into TL at the indicative foreign exchange buying rate announced by the CBRT at 15:30 on the last business day of the relevant progress payment month and will be determined as TL. The documents requested by the Administration will be attached to the invoices and will be forwarded to the Administration in an official letter. Payment will be made by the Administration in TL. In the payment process, the difference between the exchange rate that may occur between the invoice date and the payment date and the difference between the buying and selling rates will not be demanded by the Contractor in any way.

**11.7** Invoices to be issued at the end of the month for payments will be issued in accordance with the provisions of the Tax Procedure Law and other relevant legislation.

**11.8** The invoice amount approved by the Operator shall be paid to the Contractor within 30 days following the receipt of the official letter to be sent by the Contractor (Invoice, progress payment file content in Article 11.4, other documents requested by the Operator, etc.).

**11.9** VAT invoices to be submitted to the Operator by the Contractor shall be issued in accordance with the applicable tax legislation (VAT withholding principles).

**11.10** Whether the progress payment is prepared in accordance with the Agreement and its annexes shall be audited by the Operator; progress payments not approved by the Operator shall not be made until the dispute between the parties is resolved; however, if the dispute between the parties is related to a part of the progress payment, the payment of the non-disputed part of the progress payment may be made with the approval of the Operator. Progress payments are audited and approved by the Companyman on behalf of the Operator. The Companyman's signature is mandatory on all documents required for progress payments and on the final progress report. In the event of a dispute between the Contractor and the Companyman in progress payments, the authority to audit and approve the progress payments on behalf of the Operator belongs to the Control Organization determined by the Operator in accordance with Article 15.2 of the Agreement. No authorized person of the Operator other than the Control Organization and the Companyman may sign the progress payment, and if signed, the progress payment shall not be paid.

**11.11** The Contractor cannot transfer or assign the progress payments and receivables related to the work performed to others without the written permission of the Operator. If permitted by the Operator, the Assignment Deeds must be issued by a notary public and must bear the records and conditions required by the Operator.

**11.12.** All invoices shall be prepared and payable in the United States Dollar (USD).

**11.13.** Operator only accepts invoices from the Contractor's following address:

**11.14.** Payment of invoices shall only be made to the following bank account:

Contractor Name:  
Bank Name:  
Branch code:  
SWIFT Code:  
Account Number:  
IBAN:

**11.15.** Above stated account details shall be stated in full in every invoice having all supporting documents enclosed.

**11.16.** Payments shall be made by a swift transfer (bank payment), if any bank charges applied due to the Contractor's correspondent bank, this expense shall be at Contractor's account.

## **Article 12- Responsibility of Operator for Taxes and Duties**

Contractor shall be responsible for its own expenses, taxes, duties, charges, fees, all transportation, insurance costs and all other expenses related to the performance of this

Agreement, unless otherwise specified in this Agreement. The Price of the Agreement includes all expenses related to on site work in Ankara and Well Locations. (Accommodation, traveling etc.).

The Price of the Agreement is exclusive of Turkish Taxes. Contractor shall be responsible for all taxes and all local taxes applicable to their subcontracts and purchases.

## **12.1. Income and Personnel Taxes**

**12.1.1.** Unless otherwise specified in this Agreement, the Contractor shall assume full and exclusive liability for payment of all corporate taxes, personal income taxes, payroll taxes and turnover taxes, and other direct and indirect taxes, currently in place and being applied at the time of entering into this Agreement, as may be imposed on Contractor in Türkiye, which directly result from the carrying out of the service by Contractor. The Contractor hereby shall indemnify, and hold the Operator harmless from any claim and demand in respect of the taxes for which the Contractor is responsible in accordance with this clause.

**12.1.2.** The Contractor is obliged to fulfill its tax duties, which arise in Türkiye, in a timely and complete manner. Contractor is liable for any or all penalty fees and punitive damages that arise from its obligations that are not fulfilled in a timely and complete manner. In case any penalty fee and/or punitive damage applied to TPAO by government agencies due to failure of Contractor to fulfill its tax duties, Contractor shall meet all payments made by TPAO.

**12.1.3.** Contractor shall perform and accomplish all registrations for Contractor's own Operator and activities as required by the tax authority of Türkiye for a Operator doing business in Türkiye.

**12.1.4.** Contractor shall pay custom duties and import fees or similar charges for the importation of goods to be used under this Agreement. TPAO shall not be obligated to pay Contractor for any penalties, which may be imposed upon Contractor for failure to pay required duties, fees, licenses, tariffs or similar charges.

**12.1.5.** If Either Party has a tax exemption, then such Party must notice other Party and take all necessary steps to ensure that other Party also benefits from such an exemption.

**12.1.6.** Contractor shall be responsible for stamp duties. TPAO shall pay Contractor's Stamp Tax amount to the Tax Authority on behalf of Contractor. The Stamp Tax amount is calculated as follows: the Price of the Agreement [(Total foreign currency amounts) x Stamp Tax Rate]. The said tax amounts shall be paid within 10 working days after signing of the Agreement to TPAO's bank account by Contractor and the original bank receipt proving the payment shall be sent to TPAO. In case of a delay, a delay penalty interest will be applied based on the highest interest rate determined by the Central Bank of Türkiye applicable for one year foreign currency loans of State Banks. TPAO's USD bank account details:

BANK NAME: Vakifbank Ankara Kurumsal Branch  
USD ACC. NO: 00158048000922784  
IBAN NO: TR180001500158048000922784  
SWIFT CODE: TVBATR2A



**12.1.7.** However, within the scope of the Turkish Petroleum Law, it is stated that the contracts signed by petroleum right holders regarding petroleum exploration and production activities are exempt from stamp tax (the 3rd paragraph of Article 27 of the Turkish Petroleum Law numbered 6491 and paragraph number (42) added to the table numbered (2) titled "IV- Papers related to commercial and civil affairs" attached to the Stamp Duty Law numbered 488). With reference to this Law, if this Agreement is regarding petroleum exploration and production activities, this Agreement will be exempt from stamp tax.

## **12.2. Withholding (If Applicable)**

**Withholding Tax:** Taxation of income derived by non-resident enterprises' activities performed in Türkiye which have neither any business office nor any established workplace in Türkiye is a legal obligation and this obligation belongs to the earner enterprise (to the Party which takes payment, Contractor in this case). TPAO is responsible for the execution of mentioned such taxes.

In the event that there is an Agreement on Double Taxation between Türkiye and -Contractor's Country-both parties will benefit from the decrees of double taxation Agreement to the extend allowed.

In the event that Agreement is signed with the Companies registered in countries that allow Unfair Tax Competition (Countries which are declared as 'Tax Havens' by OECD), then the Contractor will be sole responsible for said withholding taxes related with the Corporation Income Tax.

In order to profit from the international double taxation exemption Agreement between – Contractor's Country- and Turkish Government, the Contractor will provide related documents and Tax Residency Certificate from –The National Authorities in the Contractor's Country Government- within 10 working days after the execution date of the Agreement.

Contractor is also responsible to submit the updated version of the Tax Residency Certificate to TPAO for the following years until the end of March as long as the Agreement is valid.

A Turkish language copy of the Certificate shall be attached to the original document, which shall be approved by the Turkish General Consulate or by an international notary having an internationally valid apostille.

Pursuant to the communique published in the Turkish Official Gazette on 26 September 2017, form#1 should be filled and be submitted as an attachment to the Tax Residency Certificate to TPAO within 10 working days after the execution date of the Agreement. Contractor should sign, stamp and send "original" Form#1 via post to TPAO's address.

Payments arising from this Agreement cannot be made to the Contractor by TPAO before the documents listed above are submitted to TPAO:

A Turkish language copy of the Tax Residency Certificate (original) which shall be approved by the Turkish General Consulate or by an international notary having an internationally valid apostille,  
Original, stamped and signed Form#1.

According to the Turkish tax regulations, if the tax residency certificate is not provided by the Contractor to TPAO, there will be a withholding tax to be applied to the invoices. In this case, TPAO will deduct withholding tax from each invoice submitted by Contractor and remit to the taxing authorities of Türkiye.

In the event that there is a limitation for the period of service provided in Türkiye stated in the decrees of double-taxation Agreement between Türkiye and -Contractor's Country- (e.g., in the decrees of double-taxation Agreement between Türkiye and US: 183 days within a year) and if this service period exceeds the limitation mentioned in the double-taxation Agreement, both parties cannot benefit from this double taxation exemption.

Contrary to the estimated project time (period) in Türkiye, if the period limit specified in the double taxation Agreement between Türkiye and -Contractor's Country- would exceeded in the future, withholding tax must be withheld from all previous invoices totally by TPAO. This withholding tax amount must be paid to the tax authorities by deducting from the Contractor's invoices by TPAO as being the enterprise receiving the service - reverse charge. However, if any delay penalty or tax penalty is imposed to TPAO by the tax authority due to this delay in the notification to the tax authority and failure to make full and timely tax payment, etc., TPAO reserves its right to compensate these penalties from the Contractor.

If the tax authorities in Türkiye request official documents of Contractor's employees from TPAO, such as passports, entrance and departure days in Türkiye, etc., Contractor shall obtain and hand over documents to TPAO evidencing of such movements as soon as in possession of the documents.

Where, under the provisions of any laws, regulations or directives for the time being in force and being applied at the time of entering into this Agreement in the country of operations, TPAO is required to deduct any amount or rate, whether as tax or however called, TPAO shall deduct the specified amount or rate in accordance with the provisions of the relevant laws or regulations providing for the deduction.

If receipts evidencing payment of such withholdings are demanded after notifying TPAO in writing, from TPAO by Contractor, as soon as TPAO is in possession of the receipt from the relevant authority, TPAO shall hand over to Contractor receipts evidencing payment of such withholdings. TPAO shall obtain such receipts as soon as possible.

If, at any time after the date of execution of this Agreement, new or amended Tax laws, rules, decrees or regulations resulting from the performance of this Agreement regarding the tax declaration occurs, then, upon a request for an adjustment by either Party, the Operator and Contractor shall meet to discuss, in good faith, and in compliance with applicable law, appropriate written modifications to this Agreement.

### **Article 13 - Conditions for Payment and Calculation of Price Difference**

**13.1.** The Contractor cannot request a price difference due to reasons such as an increase in taxes, duties, fees and similar financial obligations or the creation of new financial obligations, both during the contract period and until the full performance of the contract, within the extended period.



13.2. No price difference will be calculated for the works to be performed under this contract.

#### **Article 14- Information and responsibilities related to subcontractors**

14.1 The Contractor may only employ subcontractors for this work limited to catering, cleaning, water transportation, water well drilling, water line connection/disconnection, mud (all kinds of drilling fluids) transportation, disposal of mudpit waste water, personnel transportation, material transportation, crane service, forklift service, top job cementing, vehicle rental, occupational safety services.

14.2 The financial, criminal and administrative responsibility that may arise from the actions of the subcontractor belongs entirely to the Contractor. In the event that the Operator suffers damages due to the actions of the subcontractor, the Contractor agrees and undertakes to compensate the Operator for all damages. The Contractor shall be liable to the Operator for the acts of the subcontractor as if he had committed the act in question.

14.3 The Contractor agrees that the Operator shall have no responsibility before the judicial, criminal, administrative and financial authorities due to the actions of the subcontractor; all responsibility belongs to itself and/or the subcontractor.

#### **Article 15 - Penalties and Termination of the Agreement**

15.1. The penalties to be applied by the Operator are stated below:

15.1.1. The Contractor shall notify in writing that he is ready to start the work (first spud) by delivering all the documents requested by the Operator within the periods specified in Article 9 of this contract. If the Contractor is not ready for location handover within the specified timeframes or cannot be ready for the first spud, the rig acceptance process will not be conducted, no payment will be made to the Contractor, and the Operator reserves the right to impose a penalty of 1% (one percent) of the Daily Rig Rate for each day of delay.

In the event that it is recorded by the Operator Representative that the deficiency does not constitute any obstacle to the commencement of the operation, the said penal sanction shall also apply if the contractor fails to eliminate the deficiency within the timeframe determined by the Operator Representative for the performance of the work. In the event that the Contractor fails to fulfill Article 1.1 of the Technical Specifications, the Contractor shall notify the Operator in writing of its request for additional time in which the reason for the delay is explained in detail. If the request is approved by the Operator, additional time may be granted, and if the work does not commence at the end of the additional time, the Agreement may be unilaterally terminated by the Operator in accordance with the procedure specified in Article 25 without any payment to the Contractor. In this case, the location must be vacated within one week at the latest.

15.1.2 If the Contractor is found to have used the materials, tools, instruments, equipment, equipment and/or the like delivered to it by the Operator or a Operator working on behalf of the Operator in order to provide services to any institution, person or other Operator, or if the aforementioned are damaged / lost, the sum of the relevant damage / loss cost + 10% fee will be deducted from the Contractor's first progress payment. In addition, a penalty of one thousandth of the total cost of the relevant rig in Attachment-J will be deducted from the first progress payment. In this case, the Operator may unilaterally terminate the Agreement without paying any fee to the Contractor.

**15.1.3** In cases where operations are halted and/or fishing operations are required due to reasons originating from the Contractor, no payment will be made for the period during which the operations are stopped. The Contractor will not be paid until the Contractor's fault is rectified and the fishing operation is completed.

If the well is lost due to the Contractor's fault, the Operator may choose to terminate the Contract.

**15.1.4** If fishing operations are required due to the Contractor's fault and a decision is made to abandon the well:

- a) If the rig is released and moves to the next well, 50% of the inter-mobilization fee for the rig will be paid.
- b) If the rig is released and the Contract is terminated, 50% of the demobilization fee for the rig will be paid.

**15.1.5** If it is determined that the Contractor is unable to provide the services it committed to under the Contract, the rig will be released, and the demobilization fee for the rig will be paid at 50%.

**15.1.6** In the controls carried out; In the event that it is determined with a report that the Contractor does not employ the qualifications and number of personnel required in the technical specifications and annexes for the performance of the services within the scope of the Agreement, a delay penalty at the rate of one tenth of the total fee of the relevant rig in the Agreement unit price bid table per day for each missing personnel is applied to the Contractor by the Operator, and a written warning is made and the deficiency is requested to be eliminated within the specified period. In the event that the violation is repeated for the second time in each well, the Operator may unilaterally terminate the Agreement without paying any fee to the Contractor.

If, during inspections, it is determined by minutes that the Contractor has not employed personnel with the required qualifications, certifications, skills, and numbers as stipulated in the technical specifications and annexes for the performance of services within the scope of the Contract, the Operator shall deduct ten percent (10%) of the Daily Rig Fee per deficient personnel per day from the payment. The Contractor shall be issued a written notice by the Operator to remedy the deficiency within the specified period. In the event of a second recurrence of non-compliance in each well, the Operator may unilaterally terminate the Contract without paying any fees to the Contractor.

**15.1.7** In case the Contractor uses equipment, tools, materials, or services outside industry standards, or in the event of the Contractor's failure to provide the equipment, tools, materials, services, or operations as committed in this contract, for each day the relevant request cannot be fulfilled, or for each unit of service or operation if the request involves service or operation, a penalty/penalties amounting to twenty-five percent (25%) of the Daily Rig Fee will be deducted from the payment. Additionally, if the equipment, tools, materials, services, or operations mentioned in this clause, which are required to be provided under the contract, are provided by the Administration for any reason, the corresponding invoice amount will be deducted from subsequent payments separately. If this situation is repeated in the same well,

the Operator may terminate the contract unilaterally without paying any fee to the Contractor, without complying with the contract notification periods.

**15.1.8** In the event that the Contractor obtains a service or procures or leases a material for a service, service or material requested by the Operator without submitting a written proposal to the Operator and/or without the written approval of the Operator, the Contractor shall not be paid for the relevant service, service or material.

**15.1.9** In case of disruption in internet access due to reasons attributable to the Contractor, a penalty of one percent (1%) of the Daily Rig Fee will be deducted from the payment for each incident.

**15.1.10** If the Operator instructs the Contractor to replace personnel deemed unsuitable, the Contractor shall make the change within 10 days. In the event that the change is not implemented within 10 days, the Operator reserves the right to deduct a penalty of ten percent (10%) of the Daily Rig Fee from the payment to the Contractor for each day the change is not made. In case of repetition of the non-compliance for each well, the Operator may unilaterally terminate the contract without any payment to the Contractor.

**15.1.11** The Contractor shall ensure that a bank account is opened in the name of all personnel employed by the Contractor. It shall notify the Operator of these accounts opened and shall deposit all rations (salary, overtime, severance pay, etc.) of the personnel it employs into this account. If the relevant transaction is not fulfilled, a delay penalty of one thousandth of the total fee of the relevant rig in the Agreement unit price bid schedule will be applied. The pay slip and bank receipt shall be compatible with each other to prevent tax evasion.

**15.1.12** Fuel provided by the Operator for the operation of the rig, excluding material handling equipment (such as cranes, forklifts, etc.), shall not be used in any of the Contractor's other vehicles under any circumstances. If such usage is detected, the cost of the fuel plus an additional ten percent (10%) will be recovered from the Contractor, and a penalty of ten percent (10%) of the Daily Rig Fee will be deducted from each occurrence. In this case, the Operator reserves the right to unilaterally terminate the contract without any payment to the Contractor.

**15.2** In cases of occupational safety violations that do not halt the operation during the execution of the work, a penalty of ten percent (10%) of the Daily Rig Fee will be deducted from the payment for each violation

**15.3** In case of non-compliance by the Contractor with matters other than those specified in the above clauses, a penalty of ten percent (10%) of the Daily Rig Fee will be deducted from the payment for each violation and/or for each day the violation persists.

**15.4.** The total amount of penalties imposed by the Operator, shall not exceed thirty percent (30%) of the total rig fee specified in the unit price bid sheet, except in cases of intentional damage. In the event that the amount of the first progress payment is insufficient, penalty amounts will be deducted from the subsequent progress payments.

**15.5** The above-mentioned penalties shall be deducted from the payments to be made to the Contractor without the need for further protest. If the penalty cannot be covered from the

payments, the penalty amount shall be collected from the Contractor separately by using the performance bond.

**15.6** If the same situation persists despite the expiry of the period specified in the notice, the Agreement may be terminated without the need for further protest and the performance bond and additional performance bond, if any, shall be recorded as revenue and the Agreement account shall be liquidated in accordance with the general provisions.

**15.7** The penalty and termination provisions in this Article are special provisions for the execution of the work and shall be without prejudice to the other rights of the Operator arising out of the Agreement; the Operator may exercise its right of termination and other rights in accordance with the provisions of Article 25 without seeking the conditions in this Article.

**15.8** If services are received from more than one rig within the scope of the Agreement, the termination conditions mentioned in the Agreement can only be applied for the relevant rig. In this case, the activities of other rigs under the Agreement may be continued at the discretion of the Operator.

## **Article 16- Circumstances and conditions for granting time extension**

**16.1.** Cases where time extension may be granted due to force majeure are listed below.

**16.1.1.** Force majeure:

- a) Natural disasters.
- b) Legal strike.
- c) General epidemic disease.
- c) Partial or general declaration of mobilization.
- d) Other events and phenomena beyond the control of the Parties, which cannot be prevented despite due diligence and which prevent a Party from fulfilling its obligations under the Agreement.

**16.1.2.** In order for the above-mentioned cases to be accepted as force majeure and for the Contractor to be granted an extension of time, the situation to be considered as force majeure, it should be as following;

- a) It is not caused by the fault of the Contractor,
- b) It must be an obstacle to the fulfillment of the commitment,
- c) The Contractor is unable to remove this obstacle,
- ç) The Contractor notifies the Operator in writing within twenty days following the date of occurrence of the force majeure
- d) Certification by the competent authorities,

**16.1.3.** Applications not submitted by the Contractor on time will not be taken into account and the Contractor may not request an extension of time after the application deadline has passed.

**16.1.4.** Due to force majeure, an extension of time is granted for a reasonable period of time during which the force majeure continues and for resumption of work. All rights and obligations of the parties shall be suspended for as long as the force majeure continues, during this period Annex-5: Force Majeure Fee determined in Annex (D-E) Service and Fee Tariff is applied.

**16.2** An extension of time is granted in the following cases due to reasons arising from the Operator:

If the Operator fails to fulfill its obligations related to the performance of the Agreement within the stipulated periods without the fault of the Contractor and therefore delays that are not the responsibility of the Contractor occur, this situation is an obstacle to the fulfillment of the commitment and the Contractor is not able to eliminate this obstacle, the period of part or all of the work shall be extended for at least the delayed period according to the reasons preventing the work and the nature of the work to be performed.

#### **Article 17 - Determination, duties and powers of the Control Organization and Companyman**

**17.1** The Operator shall assign one or more Companyman to the rig representing the Operator who shall be on the rig at all times. The Contractor is obliged to provide a place for the Companyman to live and work in accordance with the specifications requested by the Operator. The Companyman, on behalf of the Operator, has the authority to inspect whether the works are carried out in accordance with the Agreement and its annexes; to give orders and instructions to the Contractor regarding all kinds of works within the scope of the Agreement; to stop the work immediately in the event that worker health and occupational safety is endangered or there is a risk of environmental pollution and to give orders and instructions to eliminate this risk and danger; to accept, approve or request correction of daily drilling reports and other powers specified in the Agreement attachments. The Contractor is obliged to provide the information and documents requested by the Companyman; to allow access to the places requested by the Companyman; and to comply with the instructions given by the Companyman during the execution of the work subject to the Agreement.

**17.2** The Operator may establish a Control Organization consisting of one or more persons assigned by the Operator to ensure that the work is carried out in accordance with the Agreement and its attachments, and the execution of the works may also be inspected through the Control Organization. The Control Organization may exercise the powers of the Companyman. In the event of a dispute between the Companyman and the Contractor, the authority to decide on behalf of the Operator belongs to the Control Organization. Except for the Control Organization and the Companyman, no employee of the Operator may take any action or decision on behalf of the Operator.

#### **Article 18 - Records and minutes related to the execution of the work**

**18.1.** The Contractor is obliged to keep the following records and minutes accurately and duly;

- 1- Workplace Delivery or Rig Acceptance Minute
- 2-All Reports and Minutes Specified in Technical Specifications
- 3- Fuel Tracking Form
- 4- Other minutes and reports requested by the Operator

#### **Article 19 - Conditions for delivery and completion of work procedures**

**19.1.** The execution of the work on behalf of the Operator is supervised by the Companyman and the Control Organization. The Contractor's monthly progress payments and other payments cannot be paid until they are audited and approved by the Operator.



**19.2** Unless the work subject to the Agreement is performed in accordance with the Agreement and its annexes, completion of work procedures cannot be carried out.

**19.3** Within one month from the end of the Contract period, the Contractor shall notify the Operator that the work subject to the Contract has been completed in accordance with the Contract and its annexes. If the Operator identifies any deficiencies in the work, a period of 30 (thirty) days will be granted to the Contractor to rectify the deficiencies. If the deficiencies are remedied within this period, the work will be considered complete; however, if the deficiencies are not resolved, the final payment and mudpit disposal payment will not be made until the deficiencies are fully addressed.

**19.4** According to this clause, the completion of the work does not prejudice the Operator's rights under the Contract, nor does it relieve the Contractor of its contractual responsibilities. The rectification of deficiencies specified in clause 19.3 alone does not warrant the return of the performance bond.

## **Article 20 - Protection and insurance of work and workplace**

**20.1** The responsibility for the protection of the work and workplaces and the insurance of the work and/or workplaces belongs to the Contractor. The scope, types and limits of the insurance required by the Agreement to be concluded with the Contractor in accordance with the Agreement to be concluded with the Contractor and to cover all periods in which the Agreement remains in force (including the Agreement signature date - work start date interval + Agreement period + extension of time to be given in case of additional work) are specified below. Policies for such insurances shall be submitted to the Operator prior to commencement of the work. The Contractor is obliged to fulfill the following insurance clauses separately for each rig. In all policies issued, the statement "No cancellation of the policy and/or no change can be made in the amount of coverage, duration of coverage, scope of coverage, covered risks and all kinds of policy conditions without informing TPAO General Directorate Engineering Department in writing." shall be noted. If the premium payment for the policies is made in advance, the receipt of the premium payment shall be submitted to the Operator before the first progress payment, and if installments are made, the premium payment receipts shall be submitted to the Operator regularly during the installment period, and if the insurance policies and premium payment receipts are not delivered to the Operator, the Contractor shall not be paid progress payment.

**20.2** The scope, types, coverage and limits of the insurances to be provided by the Contractor are specified below.

**20.2.1** Within the scope of the contractual work defined in the technical specifications;

**1. Employer's Liability Insurance:** The contractor shall have employer's liability insurance for its own personnel, all subcontractor personnel and other Operator/personnel personnel to be employed by the contractor against all risks and all kinds of work accidents that may be found in the work subject to the Agreement.

**2. Third Party Liability Insurance:** The Operator carries third party liability insurance to cover all kinds of damages and losses (physical and financial) that may occur against third parties, including sudden and accidental environmental pollution.

**3. Personal Accident Insurance:** The Contractor is obliged to have Personal Accident insurance for its own personnel against all risks and all kinds of work accidents that may occur in the work subject to the Agreement.

**4. Car insurance:** The Contractor shall take out motor insurance for the vehicle or vehicles to be allocated to the Operator under the Agreement.

**5. Compulsory liability insurance for hazardous substances and hazardous waste:** The Contractor shall take out insurance against material and bodily damages to third parties caused by flammable, combustible, explosive and/or inflammable materials to be used, stored or transported by the Contractor.

**20.2.2.** The contractor is responsible for the protection of all kinds of tools, materials, supplies, machinery and vehicles to be used from the start of the contractual work defined in the technical specifications until the issuance of the acceptance certificate. Assets must be insured at full value.

**20.2.3.** Insurance Coverage and Limits shall be as follows:

**1- Employer's Liability Insurance:** The Contractor shall provide cover in accordance with the general terms and conditions of the employer's liability insurance set out below.

This insurance provides coverage up to the amounts written in the policy for the indemnity claims above and beyond the benefits provided by the Social Security Institution and the indemnity amounts to be paid at the end of the subrogation lawsuits to be filed against the employer by the same Institution due to work accidents, which may occur in the workplace, due to the legal liability that will be imposed on the employer as a result of work accidents.

Unless there is an Agreement to the contrary in the general terms and conditions of employer's liability insurance, it is excluded from coverage;

- During the collective transportation of workers to and from the place of work by a vehicle provided by the employer,
- Occupational accidents occurring during the time when workers are not performing their main work due to being sent to another place by the employer,
- Claims for non-pecuniary damages

Items will also be covered by the coverage.

#### **Limits**

**Physical Damage per Person : 100,000 USD**

**Physical Damage per Accident and Total Limit During the Policy: 500,000 USD**

**2- Third Party Financial Liability Insurance:** It covers material and physical damages to the Third person. At the start of the policy or during the event, this insurance will be provided with a limit of 500,000 USD, without distinguishing between physical and property damage.

**3- Personal Accident Insurance:** Personal accident insurance will be provided with the following limits.

**Death and Permanent Disability Per Capita: 100,000 USD**

**Total Limit for the Duration of the Policy: 500,000 USD**

**4- Main Coverages for Motor Insurance:**

- a) Collision of the vehicle with motorized and non-motorized vehicles that can be used on the highway or railroad,
- b) Accidents such as the collision of a fixed or moving object with the vehicle as a result of sudden and external effects as a result of the will of the insured or the driver when the vehicle is in motion or stopped, or the vehicle hitting, overturning, falling, rolling over such an object,
- c) Actions taken by third parties with bad intentions or mischief, and damages caused by persons who do not have the capacity to act,
- d) Burning of the vehicle,
- e) Theft or attempted theft of the vehicle or vehicle parts,
- f) All kinds of sound, communication, image and other devices installed in the original or in the vehicle, (including cranes installed in front of off-road vehicles)

**Additional Guarantees:**

- Damages incurred as a result of strikes, lockouts, riots and public disturbances and interventions made by authorized bodies to prevent them and mitigate their effects,
- 3713 numbered terrorist acts specified in the Anti-Terrorism Law and sabotage arising from these acts and damages incurred as a result of interventions made by authorized bodies in order to prevent them and reduce their effects.
- Damage caused by earthquake, landslide, snow weight, storm, hail, lightning or volcanic eruption,
- Damages caused by floods and inundation,
- Damages other than fire caused by the contact of cigarette-like substances in the vehicle,
- Damages to vehicles towed by unauthorized persons and damages to vehicles towed or towed without complying with the rules,
- Damages to be incurred by the vehicle due to the transportation of explosives, flammable and combustible substances that are legally allowed to be transported in accordance with the rules,
- Including loss of key and replacement of lock mechanism
- Including Legal Protection



- Assistance Services (including towing and towing operations as a result of mechanical failure) will be covered.

### **5- Compulsory Financial Liability Insurance for Hazardous Substances and Hazardous Waste:**

This insurance shall cover the liability of natural and legal persons engaged in professional activities related to the substances listed in the second article of the Decision No. 2010/190 dated 11/3/2010 on Liability Insurances to be taken out for Hazardous Substances and the substances listed in the second article of the Decision No. 2010/190 on Liability Insurances to be taken out for Hazardous Substances, as a result of an accident that may occur as a result of such professional activities, whether or not they are at fault, against the bodily and material damages that third parties will suffer directly. It shall be made in accordance with the applicable tariff and instructions.

The Contractor is obliged to take out all insurance policies until the end of the acceptance period. However, since insurance policies are issued for a maximum of 1 year, all policies will be issued for 1 year and a separate policy will be issued for the remaining period. The original or 1 (one) certified copy of all insurances to be taken out by the Contractor valid from the date of commencement of work shall be submitted to the Operator. Policies renewed for the period remaining at the end of 1 year will be delivered to the Operator 30 days before the first policy expiry date. All insurance costs are included in the bid price.

**20.3.** In the insurance policies, the Contractor as the performer of the work and all subcontractors and other companies/persons to be employed, if any, and other companies/persons to receive services, TPAO as the employer, TPAO personnel and persons legally responsible for their actions shall be shown as joint/additional insured.

In the event that these insurance coverages are insufficient or in the event of the Contractor's fault, the legal and financial responsibility for the damages incurred by the Operator in cases where the insurance does not cover the damages shall belong to the Contractor.

**20.4.** Insurance notices of all policies shall be notified to the insurance Operator within the periods specified in the general terms and conditions, otherwise the responsibility shall belong to the Contractor.

### **Article 21 - Responsibilities of the Contractor regarding the personnel to be employed for the work subject to the Agreement**

**21.1.** The law, including, but not limited to, income tax deductions and payroll tax payments, insurance premiums and all amounts payable in respect of overtime, all personnel benefits, notice and severance payments, overtime work, compensations and all social benefits in whatever form, including, but not limited to, entitlements such as week holidays and general holiday leave, annual leave, sick pay and pensions, the Contractor shall make and be solely responsible for all payments of wages and any and all labor rights and claims of the personnel

of the Contractor and its subcontractors, including all payments for such rights required by industrial documents or other laws and all related payments as required by applicable legislation. If the Operator is obliged to pay the Contractor's worker for any reason, including collusion, the Contractor shall indemnify the Operator for the payment made, together with all costs and interest, including court and execution costs.

**21.2.** The provisions of Annex-4: (Annex-C) Contractor Personnel shall apply to contractor personnel.

## **Article 22 - Amendment to the Contract**

**22.1** Amendments may be made to the provisions of the Agreement if necessitated by the change in the work program or in the event of compulsory situations arising from the execution of the work subject to the Agreement and upon the mutual Agreement of the Operator and the Contractor.

## **Article 23 - Death, Bankruptcy, Serious Illness, Arrest or Conviction of the Contractor**

**23.1.** In the event of the contractor's death, bankruptcy, serious illness, detention or a sentence restricting freedom, action is taken in accordance with the relevant provisions of Law No. 4735.

**23.2.** In the works carried out by the joint venture, in case of death, bankruptcy, serious illness, imprisonment or a sentence restricting freedom of one of the partners, the relevant provisions of the Law No. 4735 shall be processed.

## **Article 24 - Termination of the Agreement by the Contractor**

**24.1** In the event that the Contractor notifies the Operator in writing, together with the reasons, that it is unable to fulfill its commitment due to financial insolvency, except in cases of force majeure, after the Agreement is concluded, the performance bond and additional performance bonds, if any, shall be recorded as revenue and the Agreement shall be terminated and its account shall be liquidated in accordance with the general provisions.

## **Article 25 - Termination and suspension of the Agreement by the Operator**

**25.1** If the contractor fails to fulfill its commitment in accordance with the documents constituting the tender document and the provisions of the Agreement or fails to complete the work in due time, the Agreement may be terminated by the Operator without the need to make a further protest if the same situation continues despite the notice of the Operator for at least ten days and clearly stating the reasons, with a penalty at the rate determined in the Agreement; in this case, the performance bond and additional performance bonds, if any, are recorded as revenue and the Agreement account is liquidated according to the general provisions.

**25.2** The Agreement may be unilaterally terminated by the Operator without the need for further notice or protest by the Operator in the event that the failures occurring in the well or rig due to the fault of the Contractor are determined by the Operator to render the performance of the work impossible, there is a clear and serious violation of occupational health and safety measures,



the Contractor becomes bankrupt or insolvent; in this case, the performance bond and additional performance bonds, if any, shall be recorded as revenue and the Agreement account shall be liquidated in accordance with the general provisions.

**25.3** The Operator may terminate the Agreement at its sole discretion, without giving any reason whatsoever, upon 30 days' notice. In this case, depending on whether the operations continue or not until the date the termination notice takes effect and the Agreement is terminated due to termination, the Operation Fee or Standby Fee and demobilization fee determined in Annex-5 Annex (D-E) Service and Fee Tariff shall be paid to the Contractor. The Contractor accepts and undertakes that it will not claim any compensation from the Operator due to the termination made pursuant to this article, except for the fees and expenses specified in this article.

**25.4** The Operator may terminate the Contract during the extension period without providing any reason, provided that the Contract period has been extended in accordance with clause 28.3 and a 30-day notice is given. In this case, depending on whether operations continue until the effective date of termination, the Operating Fee or Standby Fee with Crew, as specified in Annex 5: Annex (D-E) Service and Fee Schedule, as well as the demobilization fee, will be paid to the Contractor. The Contractor agrees and undertakes that it will make no claims for compensation or other costs from the Operator due to termination under this clause, except for the fees, indemnities, and expenses specified herein.

#### **Article 26 - Termination due to prohibited acts or behaviors prior to the Agreement**

**26.1** In the event that the contractor is found to have engaged in prohibited acts or behaviors according to Law No. 4734 during the tender process after the Agreement is concluded, the performance bond and additional performance bonds, if any, shall be recorded as revenue and the Agreement shall be terminated and the account shall be liquidated according to general provisions.

**26.2** Provided that at least 80% of the commitment has been completed and there is public interest in the completion of the commitment;

- a) There is insufficient time to re-tender the remaining part of the Agreement due to urgency,
- b) It is not possible to outsource the Agreement to another contractor,
- c) In cases where the prohibited act or behavior of the contractor is not of such a nature as to prevent the contractor from completing its commitment, the Operator may, without terminating the contract

It may ask the Contractor to complete its commitment and in this case the Contractor must complete its commitment.

#### **Article 27 - Termination of the Agreement due to force majeure**

**27.1** In the event that a force majeure event occurs and the force majeure event continues for at least 30 days from the date on which one of the parties notifies the other party, the Operator or the Contractor may unilaterally terminate the Agreement by giving 10 days' notice to the other party. However, if the Contractor requests an extension of time based on force majeure and the Operator grants an extension of time for this reason, in order for the Operator to terminate the Agreement, the work must not be completed in accordance with the Agreement and its annexes at the end of the extended period. If the Agreement is terminated, its account shall be liquidated according to general provisions.

## **Article 28 - Application of Price Difference, Extension of the Term of the Agreement, Increase/decrease in the Work Subject to the Agreement**

**28.1** No price difference is paid for this Agreement.

**28.2** In case the work under the Contract cannot be completed within the Contract period due to reasons not attributable to the Contractor, the Contract period may be extended with the Operator's approval, under the same terms and conditions and at the same cost, until the work on the ongoing well is completed.

**28.3** In case of mutual agreement of the Operator and the Contractor regarding the extension of the contract period, the Contract period may be extended, up to a maximum of the Contract period, with the notification of the Operator up to 15 days before the end of the Contract period. In case the contract period is extended according to these provisions, the fees in the Unit Price Table will not be changed.

**28.4** In the event that the Agreement period is extended in accordance with the provisions of the above-mentioned article, the works that cannot be completed for the Agreement period shall be completed first. For the extended period, wells and works not included in the Agreement may be identified and a new work program will be determined by the Operator. The Contractor is obliged to carry out the works determined by the Operator and to comply with the work program determined.

**28.5.** After the first two years of the Contract, the Operator may increase the work by up to 100% if mutually agreed with the Contractor. If the two-year extension period is utilized, the Operator may unilaterally reduce the scope of the Contract by up to 50%. The Contractor is required to perform any additional work at the same rates. If the increase in work requires transportation, the provisions related to transportation fees will apply. Should the increase in work necessitate an extension of the Contract, the Contract period may be extended in accordance with the provisions outlined above in this clause. In the event of a reduction in the scope of work under the Contract, the Contractor agrees not to claim any compensation beyond the fees specified in the Contract.

## **Article 29 Special Responsibilities**

### **29.1 Damages to property belonging to or in the possession of the Operator**

The Contractor shall indemnify the Operator for any damage caused to property belonging to or in the possession of the Operator during the performance of the works.

### **29.2 Damages to Third Parties**

In the event that the Contractor damages third parties or their property during the performance of the works, it shall indemnify the damage incurred and agrees and undertakes to indemnify and hold harmless the Operator in this respect.

### **29.3 Reservoir or Formation Damages**

In the event of damage to the reservoir or formation due to the execution of the works, provided that the Contractor has no gross fault and intent, the risk and responsibility belongs to the Operator.

### **29.4 Loss of a Well**

In the event of loss of the well due to the execution of the works, provided that the Contractor has no gross fault and intent, the risk and responsibility belongs to the Operator. However, if the Operator requests the well to be drilled again, the Contractor is obliged to drill the same

well again according to Annex-5: Annex (D-E) Service and Fee Schedule. Annex-8: The provisions of the rig Technical Specifications are reserved. In case of any contradiction or difference between the rig Technical Specifications and the provisions of the Agreement, the document determined by the Operator shall prevail.

### **29.5 Hazards of a Well Blowout**

Provided that there is no gross fault and intent of the Contractor, the risk and responsibility belongs to the Operator in the event of a well blowout due to the execution of the works.

### **29.6 Environmental Pollution Damages from Wells**

Provided that there is no fault and/or intent of the Contractor, the risk and responsibility of environmental damages and damages incurred by third parties due to leakage, gas, radioactive and other substances arising from the well due to the execution of the works belongs to the Operator.

### **29.7 Fishing Operations**

If the reason for the fishing operation is caused by the Contractor, clause 15.1.3 of this Contract shall apply throughout the fishing operation period; if not caused by the Contractor, Annex D-E Service Fee Schedule clause 13.1 shall apply.

### **29.8 Lost in Hole/Damage Beyond Repair**

**29.8.1** In the event of lost in hole due to the Contractor's fault, negligence, or intent, no payment shall be made to the Contractor under any circumstances (Article 15.1.3). **29.8.2** Provided that there is no fault, negligence, and/or intent on the part of the Contractor, upon the Contractor presenting an official invoice, the following payment percentages will apply based on the date of the invoice for the incident of lost in hole

-If it occurs within 0-1 year, 80% of the invoice amount for the Lost in Hole (LIH) material/equipment will be paid.

-If it occurs within 2-3 years, 70% of the invoice amount for the LIH material/equipment will be paid.

-If it occurs within 4-5 years, 60% of the invoice amount for the LIH material/equipment will be paid.

-If it occurs after 5 years, 50% of the invoice amount for the LIH material/equipment will be paid.

The serial number of the relevant material/equipment must match the serial number on the invoice. Before the material/equipment is lowered into the well, the serial number and a valid inspection report accepted by the Operator must be submitted to the Operator. If no invoice is submitted, if the serial numbers do not match, or if the inspection report is not submitted to the Operator, no LIH fee will be paid to the Contractor.

No charges will be paid for transportation, handling, customs expenses, handling fees, etc., for material remaining in the well.

No payment will be made for material-equipment damaged beyond repair that is lost in hole/ /damaged on the surface, etc.

The decision-making authority regarding the Contractor's fault, negligence, or intent lies with the Operator's inspection organization

### **Article 30 - Criminal Liability of the Contractor**

**30.1.** Even if it is determined after the work is completed and the acceptance process is made, the Contractor who commits acts or behaviors that constitute a crime according to the Turkish Penal Code and specified in Article 25 of the Law no. a criminal complaint is made. If a penalty is imposed on these persons, the provision of Article 27 of the Law No. 4735 shall apply.

### **Article 31 - General Indemnification Liability of the Contractor**

**31.1** The Contractor shall be directly liable for any loss or damage arising from the selection, supply or use of defective or non-standard materials, design defects, improper application, lack of supervision, failure to fulfill the Agreement in accordance with the provisions of the Agreement and specifications and similar reasons.

**31.2** The Parties shall not be liable for indirect damages that are not directly caused by the performance of the contracted work, such as loss of income, loss of expected profit, loss of production, missed Agreement, lost opportunities, payments to third parties.

**31.3** The liability of the Parties arising from this Agreement shall not exceed the amount specified in Article 5 of the Agreement.

### **Article 32 - Matters subject to intellectual and industrial property**

**32.1** The Operator shall own all intellectual and industrial property rights which are the subject matter of the services performed under the terms of the Agreement or which are created during or by reason of the performance of the services.

### **Article 33 – Confidentiality**

**33.1** The Contractor is obliged to keep all information, documents, reports and all other documents and records related to the execution of the work subject to the Agreement confidential and not to disclose or give them to third parties without the knowledge and approval of the Operator. The Contractor is obliged to take the necessary measures on behalf of its employees or subcontractors and their employees in order to fulfill its obligation under this Article and to include provisions to this effect in the contracts.

**33.2** If it is determined that the Contractor has acted contrary to the provisions of this Article, the performance bond shall be recorded as revenue against the loss; if the loss is more than the amount of the performance bond, this loss shall be compensated.

### **Article 34 - Cases where there is no provision**

In cases where there is no provision in this Agreement and its annexes, general provisions shall apply.



## **Article 35 – Miscellaneous Provisions**

**35.1** The Contractor is responsible for all kinds of occupational accidents and their consequences that its employees will suffer during their work while they are on duty. The Contractor is obliged to take and implement preventive measures to avoid such accidents. All financial, administrative and legal responsibilities in this regard belong to the contractor. The Operator accepts no administrative, legal or financial responsibility whatsoever.

**35.2** The Contractor shall be liable for the court and attorney expenses and all kinds of pecuniary and non-pecuniary damages that may arise in any lawsuit to be filed against the Operator and/or the Operator personnel as a result of work accidents that may occur by the Contractor or the Contractor personnel.

**35.3.** In the event that the CONTRACTOR and its workers are injured, injured or lose their lives in and around the rig area, TPAO workplaces or during transportation, all responsibility shall belong to the CONTRACTOR.

**35.4** "Withholding deductions arising from Tax Laws" will be made in case of making contracts with foreign contractors. If the Operator in question provides the tax residency certificate for the current year, no withholding deduction will be made.

**35.5** The language of all written and verbal communication of the Contractor and the Contractor's personnel with the Operator and the Operator's personnel shall be Turkish.

**35.6** Within the scope of the tender, the Contractor shall employ the maximum number of Turkish citizens.

**35.7** Value Added Tax to be calculated in accordance with the relevant legislation is not included in the Agreement price and will be paid separately to the Contractor by the Operator. However, since the Operator is exempt from VAT for the goods and services purchased for exploration activities, VAT will not be paid for such service purchases.

## **Article 36 - Advance payment**

No advance payment will be made for this Agreement.

## **Article 37 – Conditions of Payment and Calculation of Price Difference**

**37.1.** The Contractor cannot request a price difference due to reasons such as an increase in taxes, duties, fees and similar financial obligations or the creation of new financial obligations, both during the Agreement period and the extended period, until the full performance of the Agreement.

## **Article 38- Laws, Rules and Regulations**

**38.1.** Operator and Contractor, respectively, agree to comply with all applicable laws which are now or may become applicable during the operations covered by this Agreement, or arising out of the performance of such operations. If either Party is required to pay any fine or penalty resulting from the other Party's failure to comply with such laws, rules or regulations, the Party failing to comply shall promptly reimburse the other for any such payment.

**38.2.** The Operator undertakes to inform the Contractor of any possible exposure to hazardous substances (including but not limited to hydrogen sulphide gas, commonly known as sour gas)



in advance of the signing of this Agreement. In such case, Contractor shall notify, provide appropriate safety equipment for and train the relevant personnel and the relevant employees of any of its subcontractors regarding these exposures. The Contractor shall monitor a safety program addressing these points when these exposures exist and insist that all safety measures be carried out by all such employees and personnel. The Contractor shall require that all such employees and personnel wear the safety equipment when the Work contemplates exposure to hazardous substances.

**38.3.** In the event, that any provision of this Agreement is inconsistent with or contrary to any applicable law, rule, or regulation, said provision shall be deemed to be modified to the extent required to comply with the said law, rule, or regulation and this Agreement, as so modified, shall remain in full force and effect.

### **Article 39- Governing Law and Dispute Resolution**

The substantive law of the Republic of Türkiye, without regard to any conflicts of laws principles that could require application of any other law, shall govern the interpretation of this Agreement, and any dispute, controversy, or claim arising out of, relating to, or in any way connected with this Agreement, including, without limitation, the existence, validity, performance, breach, or termination thereof. Any disputes arising out of, or in connection with the present Agreement shall be finally settled through arbitration under the Istanbul Arbitration Centre Arbitration Rules (ISTAC Rules). The Emergency Arbitrator Rules shall not apply. The place of the arbitration shall be Ankara, Türkiye. The language of the arbitration shall be English. The number of the arbitrators shall be 3 (three).

### **Article 40- Right to Audit**

Contractor shall maintain a true and correct set of records pertaining to Services performed hereunder and all transactions related thereto. Contractor further agrees to retain all such records for a period of two years after completion of the Services. TPAO may, at its expense, require Contractor at any time within a said two-year period to furnish sufficient evidence, with documentary support, to enable TPAO to:

- A. verify the correctness and accuracy of payments to Contractor; and
- B. verify that Contractor does not pay any commissions, fees, or grant any rebates to employees or officers of TPAO nor favor employees or officers of TPAO with gifts or entertainment of significant value nor enter into any business arrangement with employees or officers of TPAO other than as a representative of TPAO without TPAO's written approval.

Within the time limit herein established, TPAO may at its own expense, following written notice to Contractor, employ an independent firm of public accountants to examine accounts, invoices, tickets and other documents exclusively related to the work performed under this Agreement for the purpose of verifying the accuracy and compliance with the provisions of this Article; provided that said accountants shall agree not to disclose to TPAO any information secured in the course of such audit which does not bear on its above-mentioned purpose. Neither TPAO nor any of its representatives will be allowed to access to Contractor's confidential, proprietary, or trade secret information.

**Article 41-Notices**

Notices required or permitted to be given under this Agreement must be written in English, be addressed or sent in accordance with the receiving Party's contact information provided in this Agreement, and be delivered by (1) hand, (2) courier, (3) facsimile which provides confirmation of receipt of complete transmission, or (4) e-mail which is affirmatively acknowledged by the addressee, who shall have an affirmative duty to acknowledge promptly that the e-mail has been received. A Party may change its contact information by sending a notice to the other Party. All notifications related to this Agreement shall be deemed made as of the date at which they are served to the notification addresses. Notification served to last informed addresses shall be deemed served to the relevant Party if address changes have not been duly notified to the other Party.

**Article 42- Personnel Data Protection**

As per Personal Data Protection Law No.6698 in Türkiye (PDPL), all information in relation to personal data shall be transferred and submitted to the Operator pursuant to the Personal Data Retention and Disposal Policy, Clarification and Express Consent Text, Express Consent and Approval Text and Personal Data Inventory of VIL (Contractor).

The Operator shall accept, declare and undertake to use these personal data information in these documents that are transferred by the Contractor as per the relevant terms and conditions of this Agreement and pursuant to the PDPL No.6698 in Türkiye.

Upon completion of the Work, the Operator shall accept, declare and undertake to destruct the documents as per its Personal Data Retention and Disposal Policy and whenever required and all personal data as per the PDPL No.6698 in Türkiye.

**Article 43- Enforcement**

This Agreement enters into force on the date of signature by the parties.

**Article 44 – Execution**

This Agreement consists of 44 (forty-four) articles and has been signed in two (2) copy on .../.../..... after being fully read and understood by the Operator and the Contractor.

**OPERATOR**

**CONTRACTOR**

**TÜRKİYE PETROLLERİ A.O.**

**Name** : .....

**Title** : .....

**Sign** : .....

**Date** : .....

**Name** : .....

**Title** : .....

**Sign** : .....

**Date** : .....

**Name** : .....

**Title** : .....

**Sign** : .....

**Date** : .....