

**TDLHZM-2164 1 YEAR DIRECTIONAL DRILLING WITH SERVICES AGREEMENT****Article 1- Parties to the Contract**

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

**Article 2- Information on Parties**

**2.1. The address of the Company:** TÜRKİYE PETROLLERİ A.O Söğütözü Mahallesi Nizami Gencevi Cad. No: 10 06530 Çankaya/ANKARA.

**Phone No** : (312) 207 26 76  
**Fax No** : (312) 286 90 49  
**E-mail** : serviceprocurement@tpao.gov.tr  
**Tax Office and Tax Number** : Ulus - 8790032784

**2.2. The address of the Contractor:** .....

**Phone No** : .....  
**Fax No** : .....  
**E-mail** : .....  
**Tax Office and Tax Number** : .....

**2.3.** Both Parties hereto agree that their respective addresses provided in the above clause shall be 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- The Language of the Agreement**

This Agreement has been executed in English and this language shall prevail in case of any conflict between the text herein and any translation into other languages.

**Article 4 – Definitions**

The following definitions shall be used for interpreting the Agreement.

**"Affiliate" or "Affiliates"** shall mean in relation to a Party, a company (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 company 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 company or legal entity or the right to exercise more than 50% (fifty percent) of the voting rights of such company or entity.

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

“NPT (Non Productive Time)” is time spend without operating.

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

“Work Period” shall mean the time period starts with commencing of Work and ends with completion of Work.

“Rig site” is where the drilling, completing, production operations take place.

“Contractor’s Base” shall mean where Contractor’s tools is located in Türkiye

## Article 5

### 5.1. Agreement Documents

This Agreement is formed by:

- i. The main body of the Agreement
- ii. Attachment 1 – TPAO Technical Specifications
- iii. Attachment 2 – Contractor’s Commercial Proposal
- iv. Attachment 3 – TP Occupational Health-Safety and Environmental (HSE) Protection Standards
- v. Attachment 4- Confidentiality Agreement

The above documents shall be considered as an integral part of this Agreement. In the event of a conflict or ambiguity between the documents stated in this Clause, they shall prevail in the above-mentioned order.

### 5.2. Period of Performance

This contract shall become effective on Effective Date and shall remain in full force and effective for 1 (one) year. With the approval of contractor, the contract may be extended with the same contract terms, at mutual agreement for 1 (one) additional year and 100% Work extension, by written notice to Contractor at least fifteen (15) days prior to completion of the first contract term upon mutual agreement.

## Article 5 – Scope of the Work

5.1. The subject matter of this Agreement is to provide Directional Drilling Services including Mud Motors and MWD with Gamma Ray Sensors to the wells of TPAO located in onshore Türkiye. Detailed technical Information and the Terms and Conditions related to Contractor’s responsibilities and performance of the Work are further set forth in Attachment-1 and herein this Agreement and Contractor shall perform the Work as detailed in this Agreement including Attachment-1. The hole sizes, estimated number of wells, sections, working days and etc. are explained in Table-1 and Table-2. Subject to Clause 5.2., TPAO has the right to change the Work described in Attachment-1, and to add new steps or extract steps from the Work. Contractor shall furnish all labor, equipment, supervision, insurance, HSE equipment and incidentals, as specified herein, and shall do all things 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.

### 5.2. Directional Drilling Services:

DD Services: Hole size	Estimated number of wells per year	Mud Motor Size	Mud Motor Features	Flow rate range (gpm)
6”	20	5” or equivalent	Medium/high speed + medium torque	200-300
8 ½”	70	6 ¾” or equivalent	Medium speed + medium torque Low speed + High torque	300-500

10 5/8"	20	8" or equivalent	Medium speed + medium torque Low speed + High torque	400-700
12 ¼"	70	8" or equivalent	Medium speed + medium torque Low speed + High torque	400-700
17 ½"	50	9 1/2" or equivalent	Low speed + high torque	600-900
26"	20	9 1/2" or equivalent	Low speed + high torque	600-900

Table-1: Technical requirements for hole sizes

Hole size	Estimated number of sections per year	Estimated total working days per year	Estimated Number of sets to be kept ready in Turkey	Size of Mud Motors	Distribution of Motor Sets
6"	20	300	5	4 ¾" or equivalent	Medium/High speed + medium torque
8 ½"	70	1050	20	6 ¾" or 6 ½" or equivalent	Medium speed + medium torque (10 set) High torque + low speed (10 set)
10 5/8"	20	300	5	8" or equivalent	Medium speed + medium torque (3 set) High torque + low speed (2 set)
12 ¼"	70	1050	20	8" or equivalent	Medium speed + medium torque (10 set) High torque + low speed (10 set)

17 ½"	50	787	15	9 ½" or 9 5/8" or equivalent	Low speed + high torque (15 set)
26	20	300	5	9 ½" or 9 5/8" or equivalent	Low speed + high torque (5 set)

*Table 2: Estimated number of sections and quantity of tools for indicated hole sizes (each set shall have 1+1 back up tool)*

Contractor is/are obligated to keep a certain number of tools (as shown in Table 2) in Türkiye. Contractor's location in Türkiye will be called as "Contractor's Base" and TPAO has the right to visit Contractor's Base. Above mentioned number of tools has to be kept in Turkey. "Contractor's base" and must be available for call out at any time. In case of LIH situation The Contractor needs to replace that tool within at most 25 days. After each replacement, Contractor shall send information to TPAO about the current number of the tools has been kept in its base. TPAO has a right to check the tool availability in the Contractor's Base.

#### **Article 6 – Type and Price of the Agreement**

**6.1.** Estimated value of this Agreement is .....(..... US Dollars)

**6.2.** The Work which is planned and mentioned under this Agreement and the estimated value of the Agreement indicated in above Clause 6.1. is derived by using the unit prices in the Contractor's proposal (Attachment-2) and the estimated operation times. 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 Price of this Agreement. TPAO shall have the right to increase the Work up to 100% (one-hundred percent) for 1 year by notifying the Contractor in the same conditions that laid down in this Agreement.

#### **Article 7- Costs Included in the Agreement Price**

**7.1.** Transportation, every kind of shipment, every kind of insurance, every kind of tax duties and labor fees (salary, overtime pay, weekend, national, religious, general holiday payments, severance and notice pay etc.), social security premium, clothing, medical and training expenditures related with the subject service 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 and therefore in the Agreement Price as stated in Article 6.

**7.2.** 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.

**7.3.** In case there is an increase in the expenditure items stated in Article 8 and in this Article 7 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 8- Registration, Taxes, Duties and Fees, and Other Expenditures Regarding the Agreement**

**8.1.** The Contractor is obliged to fulfill its tax duties in a timely and complete manner. Contractor is liable for any and all penalty fees and punitive damages that arise from its obligations which are not fulfilled in a timely and complete manner. In case there are any penalty fee and/or punitive damage applied to TPAO by



government agencies due to Contractor's failure of its obligations stated under this Clause, TPAO's right to recourse to the Contractor is reserved.

**8.2.** Unit prices in Attachment-2 and the estimated value of the Agreement are net prices and exclusive of Turkish Taxes. Any tax or other type of fees arising in any Country including Turkiye related to this Agreement shall be borne by the Contractor.

**8.3.** Contractor shall be responsible for food and accommodation of Contractor's personnel on rig site during the performance of the Work.

**8.4.** 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 Turkiye, which directly result from the carrying out of the service by Contractor. The Contractor hereby shall indemnify, and hold the Company harmless from any claim and demand in respect of the taxes for which the Contractor responsible in accordance with this Clause.

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

**8.6.** 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.

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

**8.8.1.** 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 Turkey 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

**8.8.2.** 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.

**8.3. Withholding (If Applicable)**

Withholding Tax: Taxation of income derived by non-resident enterprises' activities performed in Turkey which have neither any business office nor any established workplace in Turkey 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 Turkey and -Contractor's Country-both parties will benefit from the decrees of double taxation agreement to the extend allowed.

In the event that Contract 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 contract 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 Turkey.

In the event that there is a limitation for the period of service provided in Turkey stated in the decrees of double-taxation agreement between Turkey and -Contractor's Country- (e.g., in the decrees of double-taxation agreement between Turkey 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 Turkey, if the period limit specified in the double taxation agreement between Turkey 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 Turkey request official documents of Contractor's employees from TPAO, such as passports, entrance and departure days in Turkey, 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 Company and Contractor shall meet to discuss, in good faith, and in compliance with applicable law, appropriate written modifications to this Agreement.

#### **Article 9 – The Term of Agreement**

**9.1.** This Agreement shall remain in full force and effect as of .....("Effective Date") for 1 year.

**9.2.** The Work starts with the arrival of personnel and required equipment into the first 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 first well name 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 – 2. Subject to Clause 5.2., 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-2 or in the absence of any appropriate rates and price; a mutually agreed fair valuation shall be made.

**9.3.** If TPAO increases or decreases the number of wells within the scope of this Agreement in accordance with Article 5.2 and 9.2, then the Work Period shall be considered as extended or reduced, as appropriate, for per well included in or excluded from the scope of the Agreement. Without prejudice to Article 13.2 and 17.1, if Contractor fails to finish the Work within the Work Period, TPAO shall have the right to request late completion compensation fee from the Contractor per day delayed, provided that no late completion 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 completion compensation fee shall be 2 % (two percent) of the estimated value of the Agreement stated in Article 6.1. for each day delayed. Contractor's maximum liability due to this Clause, in all cases, shall be limited to 20% of the estimated value of the Agreement stated in Article 6.1. For the delays due to sole negligence or default of TPAO, TPAO shall pay Contractor the applicable stand-by rates indicated in the table under Attachment-2.

#### **Article 10 – Performance Bond**

**10.1.** Contractor shall submit a performance bond in the amount of \$..... **(equal to 6% (six percent) of the Contract Price)** as a guarantee for the performance of the Work and its obligations hereunder starting

from the Effective Date of the Agreement.. Performance bond shall be valid 90 days after the end of the Agreement Term.

**10.2.** Performance bond shall be submitted to TPAO on the execution date of the Agreement and in accordance with the format provided by TPAO. TPAO shall have the right to withhold any payment due to Contractor unless and until such performance bond is submitted by the Contractor.

**10.3. Additional Performance Bond**

Where there is an increase in the Contract 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.

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

**10.5.** For whatever the reason is, the guarantees submitted to the Company may not be sequestrated or preliminary injunction may be granted regarding these securities or conveyance may not be applied without administration's permission.

**10.6. 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,

**10.7.** Those specified in item **Article 10.6.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.

**10.8.** Letters of Guarantee issued by Turkish branches of foreign banks that are allowed to act in Turkey as per the relevant legislation and the Letters of Guarantee issued by the banks or private financial organizations in Turkey with **counter-guarantee of banks** or similar loan organizations acting outside Turkey shall also be accepted as guarantee. **The governing language of letters of guarantee shall be Turkish as per relevant law.**

**10.9.** 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.**

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

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

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

**10.12.1.** 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 Company 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.

**10.12.2.** In case the debts of the Contractor to the Company 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.



**10.12.3.** 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 Company 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 Company at the end of this period and the Contractor shall not claim any right on such securities.

**Article 11- Contact Information of Parties**

The points of contact for Company for the service coordination would be:


The points of contact for Contractor for the service coordination would be:


**Article 12- Termination**

**12.1.** This Agreement may be terminated by the Company by serving a written notification to the Contractor at least prior to thirty (30) days of intended termination date. Termination of this Agreement shall be without prejudice to the rights and obligations of the Parties existing at the date of termination. The Contractor shall not be entitled to any payment for any Services performed or expenses incurred after the date of the termination, and, without approval of the Company, the Contractor shall not incur any further charges, reimbursable expenses, or costs following notice of termination.

**12.2.** Should any Party hereto materially breach the provisions and terms and conditions of this Agreement or any agreement or contract concluded by and between the Contractor and the Company in connection with this Agreement; such Party shall give notice of the breach and where the Party in breach fails to rectify same within a reasonable time, the Contractor or the Company, as the case may be, shall be entitled to terminate this Agreement by serving a notice to the Party violating these provisions at least thirty (30) days prior to intended date of termination.

**12.3.** Without limiting generality of the foregoing, Contractor acknowledges that Contractor's failure in submitting performance bond and any delay at the Work Program submitted at the Attachment 2 - Technical Specifications shall be counted as materially breach of this Agreement. In such case, Agreement shall be terminated in accordance with Article 12.2.



**12.4. Termination for Default**

**12.4.1. Default:** If any of the following events occur, TPAO or Contractor, shall be in default:

- i. A Party becomes insolvent or receivership (for financial or other reasons), insolvency, or bankruptcy proceedings are commenced by or against a Party;
- ii. A party assigns or transfers any right or interest in this Agreement other than as authorized under this Agreement;
- iii. TPAO fails to make payment for services or materials related to the Work in accordance with the terms of the Agreement;
- iv. Contractor fails to fulfill its obligations under the Agreement or fails to complete the Work in accordance with the requirements provided in this Agreement.

**12.4.2. Termination Due To Default of Contractor**

**12.4.2.1** Notwithstanding the Clause 12.4.2.2 below, in the event that the penalty amount payable by the Contractor for a Well under Clause 13.3. exceeds 10 % of the total amount of the Lump Sum Service charge for Directional Drilling Service of the relevant Well as per Attachment-2, TPAO shall, without prejudice to any other right or remedy available to TPAO under this Agreement or at law, and upon giving Contractor written notice to be effective immediately, have the right to terminate the Agreement or any Work being performed hereunder and, at its sole option, take possession of any completed or partially completed Work. In such case, Contractor shall be entitled to receive payment only for the Work satisfactorily performed in accordance with this Agreement up to the date of termination and no demobilization fee, if applicable, shall be payable by TPAO to Contractor.

**12.4.2.2.** Without prejudice to Clause 12.4.2.1 above, in the event, after written notice from TPAO to Contractor identifying any default either with respect to the nature of the Work or the promptness with which the Work is being performed by those in not good and workmanlike manner, Contractor has not begun to correct or corrected such default to the reasonable satisfaction of TPAO within three (3) days, or if Contractor should make a general assignment for the benefit of its creditors, or if a receiver should be appointed as a result of its insolvency, or if Contractor should fail to perform in accordance with this Agreement, TPAO may, without prejudice to any other right or remedy available to TPAO under this Agreement or at law, and upon giving Contractor written notice to be effective immediately, terminate this Agreement or any Work being performed hereunder and, at its sole option, take possession of any completed or partially completed Work. In such case, Contractor shall be entitled to receive payment only for the Work satisfactorily performed in accordance with this Agreement up to the date of termination and no demobilization fee, if applicable, shall be payable by TPAO to Contractor.

**12.4.2.3** If TPAO terminates this Agreement pursuant to this Clause 12.4.2, TPAO shall have the right to finish the Work, with or without the assistance of third parties. If TPAO shall supplement or complete the Work with its own forces or through contracts with third parties, Contractor shall pay TPAO for all actual direct costs reasonably necessitated by the default or termination that would not otherwise have been incurred, including, without limitation, as applicable, any additional mobilizing and demobilizing costs incurred by other contractors and their subcontractors, and excess costs incurred in obtaining performance of the remaining Work by other contractors and their subcontractors or by TPAO, plus any damages resulting from delay incurred as a result of the termination and TPAO's managerial and administrative services provided that Contractor's liability under this term shall not exceed one hundred and thirty percent (130%) of the value of the terminated part of the Work.

**12.4.3. Termination Due to Default of Company**

If Company is in default as per Clause 12.4.1. and Contractor gives notice to Company of Company's act or omission constituting a ground for default, Company shall rectify the default within a reasonable time. If Company fails to rectify the default within such reasonable time, Contractor may terminate this Contract by giving notice to Company. Company shall not be responsible for failing to rectify the default to the extent such failure results from unreasonable delay by Contractor in giving notice to Company of the default. If the Contractor terminates the Agreement pursuant to this term, Contractor shall only be entitled to receive the payment for the Work satisfactorily performed in accordance with this Agreement up to the date of termination plus demobilization fee, if indicated in Attachment-2.

#### **12.5 Termination for Convenience**

TPAO may terminate this Agreement any time for any reason by giving the Contractor a two- week prior written notice. If TPAO terminates the Agreement as per this Clause, Contractor shall only be entitled to receive the payment for the Work satisfactorily performed in accordance with this Agreement up to the date of termination plus demobilization fee, if indicated in Attachment-2.

#### **12.6. Termination for Suspension or Force Majeure**

If the Work is suspended beyond ten (10) days due to Article 15 – Suspension of Work or sixty (60) days due to Article 26 - Force Majeure, i) in the case of Article 15, the Contractor or ii) in the case of Article 26, either Party, upon written notice, may immediately terminate this Agreement. In the event of such termination, Contractor shall only be entitled to receive the payment for the Work satisfactorily performed in accordance with this Agreement up to the date of termination plus demobilization fee, if indicated in Attachment-2.

#### **Article 13 - Late Commencement, Delay and Other Penalties**

**13.1.** Without prejudice to Clause 17.1., Contractor shall pay a compensation fee if it fails to commence the Work after the start date indicated in Company's call out notification, in accordance with clause 9.2, to Contractor provided that such call out notification shall be in accordance with Contractor's expected time of arrival (ETA) information if indicated in Attachment – 2. The late commencement compensation fee is 0,05 % of the estimated value of the Agreement provided in Clause 6.1. for each calendar day delayed up to a maximum of 10 (ten) calendar days.

**13.2.** Save TPAO's any other rights under this Agreement including Clause 9.3 and without prejudice to Clause 17.1., if there is a delay due to sole default of the Contractor during the Work, TPAO shall not pay the standby fee for the equipment and fee for the personnel provided by the Contractor under this Agreement.

**13.3.** In the event of non-compliance with the contract provisions, the penalty rate shall be 0.01% of the initial contract amount. In the case of repeated violations of the same act, this rate shall be applied with a 50% increase, up to maximum ten percent (30%) of the estimated value of the Agreement cumulatively.

#### **Article 14 - Contractor's Personnel and Equipment**

**14.1.** Contractor shall be responsible for the supply, operation, maintenance and repair, and all costs, liabilities and expenses related thereto, of all equipment and shall furnish all of the materials, supplies and work and services, as may be required for the performance and safety of the Work. Contractor shall be responsible for the installation and transportation of all equipment, and all associated costs, fees and charges unless otherwise expressly provided under Attachment-2. Contractor shall not use any worn equipment during the performance of the Work. The Contractor shall be responsible for the maintenance and repair of all equipment and for maintaining readily available and adequate stock levels and supplies of spare parts, and replenishing them as necessary to ensure the continued operation of all equipment in order to fulfil the Contractor's obligations pursuant to this Agreement.

**14.2.** In case of equipment failure or lack of equipment to perform the Work due to Contractor's sole negligence, Company shall have the right to refuse payment for defective equipment, including mobilization and demobilization costs to be calculated per such equipment.

**14.3.** Contractor shall provide and ensure that its subcontractors, if any, provide qualified personnel to perform the Work in accordance with this Agreement. Company shall, at its sole discretion, be entitled at any time during the validity of this Agreement to require Contractor to withdraw any Contractor's personnel in the case of his technical incompetence or incompatibility of temperament. Contractor shall withdraw such personnel within reasonable time upon receipt of Company's notice and provide a replacement acceptable by Company without incurring any cost to Company.

**14.4.** Contractor shall be solely responsible for, supply and shall pay for all costs and expenses including all salaries, wages, allowances and national insurance with respect to the country of domicile of such personnel or the location of the Work and other remuneration and benefits including board and lodging and necessary provisions for all personnel supplied by the Contractor to perform the Work hereunder. In addition, the Contractor shall be solely responsible for and shall pay all costs and expenses including all social expenses, taxes and all other contributions required by any applicable laws. Contractor shall be responsible for, supply and shall pay all costs and expenses including all transportation costs for the crew and all other personnel and all required visas, residence permits and work permits for its personnel, temporary import fees, license fees and any other costs or charges required for the Contractor's personnel to perform the Work, unless otherwise expressly provided under Attachment-2. The list of the Contractor's key personnel indicated in Attachment-2 shall be submitted, before the commencement of the Services, to Company together with their CVs including names, positions and level of experience. Contractor shall ensure the level of competence of all its key personnel in communicating in English, written and verbal.

#### **Article 15 – Suspension of Work**

Subject to Article 12.3, TPAO may, at any time, suspend all or any part of the Work for any reason by giving written notice to Contractor. Contractor shall cease all Work so suspended on the date specified in such notice. Said suspension shall end when TPAO, by written notice to Contractor, either requires Contractor to resume suspended Work or terminates that portion of the Work which has been suspended. During any suspension in the Work, directed by TPAO, TPAO shall pay Contractor the applicable stand-by rates indicated in the table under Attachment-2.

#### **Article 16– Miscellaneous Provisions**

**16.1. Status Independent Contractor.** Contractor shall act as an independent Contractor and not as an agent of Company. Persons engaged by Contractor for the conduct of the Work and for all matters incident thereto, shall be employees or independent subcontractors of Contractor. Neither Company nor Contractor shall have direction or control of the employees of the other Party in the conduct of the Work. Contractor, as an independent Contractor, shall have complete control over the manner and performance of its operations, Company being interested only in the results to be obtained from the Work.

**16.2. Instruction and Direction.** Subject to the other provisions of this Agreement, Company may instruct and direct Contractor, from time to time, as to the results to be obtained from the Work.

**16.3. Contractor to Act in Own Name.** All responsibilities undertaken by Contractor in connection with the Work, including, without limitation, those concerning Contractor's personnel, shall be undertaken in the name of Contractor and not in the name of Company.

**16.4. No Waiver.** No failure or failures on the part of either Party to enforce from time to time all or any portion of the terms or conditions of this Agreement shall be interpreted as a waiver of such terms or

conditions. The waiver by a Party of its right either to exercise any right it has under this Agreement or to enforce any obligation the other Party has under this Agreement shall only be valid and effective if it is in writing, refers specifically to this Agreement, and is signed by a duly authorized representative of the Party waiving such right. Furthermore, such waiver shall not operate as a waiver of such Party's right to exercise such right or enforce such obligation on any future occasion, unless the waiver is expressly stated to have such effect.

**16.5. Survival.** The rights and obligations of the Parties as detailed in this Agreement which by their nature survive termination or expiry of the term of the Agreement shall whether expressly stated to do so or not remain in full force and effect after such termination or expiry.

#### **Article 17– Payment and Invoice**

**17.1. Payment during NPT (non-productive time):** If NPT, delay or late commencement that interrupts the progression of the planned operations arises due to sole default of Contractor, the Contractor shall not receive any payment (operational & stand-by) for not only Contractor's but also all its subcontractors' personnel and equipment until returning to same position before the nonconformance occurred. In the event that Company has another existing 3rd party contractor involved in the operations other than the Contractor and its subcontractors, Contractor shall compensate stand-by and/or operational payments that Company has to make to that existing 3rd party contractor during period of the NPT caused by sole default of the Contractor.

**17.2.** The Contractor shall prepare a service ticket after the completion of Work according to the performed Work, in accordance with the unit prices in Attachment – 2.

**17.3.** The Company shall compensate Contractor for Work delivered or performed per the Agreement and accepted by TPAO by payment of prices as set forth herein Attachment 2 of this Agreement. Contractor shall present the monthly invoices to TPAO until 10<sup>th</sup> of next month during the work is being done. The Company shall pay Contractor for the balance of Work within thirty (30) days from the date of the receipt of the original, signed and stamped invoice and its supporting documents supplied by the Contractor and signed by TPAO representatives. All past due undisputed amounts shall bear interest at the rate of LIBOR plus one percent (1%) per month or the maximum legal rate, whichever is less, from the due date until paid if the delay in payment is not caused by Contractor's fault.

Contractor shall be compensated as detailed within the in Attachments, unless otherwise provided herein the body of the Agreement and agreed in writing between the Parties.

**17.5.** Payments shall be made to Contractor by wire transfer and shall be transmitted to the following address:

<b>Account Holder</b>	:	.....
<b>Account Number</b>	:	.....
<b>Account Bank</b>	:	.....
<b>IBAN</b>	:	.....
<b>Swift Code</b>	:	.....

Contractor will submit the invoice monthly and above stated account details shall be stated in full in the invoice having all supporting documents enclosed. The invoices shall clearly refer to this Agreement (**Agreement No: TDLHZM-2164**) and the items therein shall be separately and clearly itemized, expressed in currency US Dollars and accompanied by all necessary substantiation.

If any bank charges applied due to the Contractor's correspondent bank, this expense shall be at Contractor's account.

**17.6. Company only accepts invoices from Contractor's below registered address:**

.....

**17.7.** All payments under this Agreement shall be in the currency of the United States Dollar (USD).

**17.8.** In the event that the Contractor is a taxpayer in Turkiye, then Turkish equivalent of the related foreign currencies shall also be presented in the invoice. Contractor will show the gross amount and net amount.

**17.9.** The Company shall give the Contractor 15 days written notice on any disputed items in the invoice. Payment of the disputed item may be withheld until settlement of the dispute, but timely payment shall be made of any undisputed portion.

**17.10.** No advance payment shall be made for this Work.

**17.11.** Contractor cannot assign its rights and receivables arising from this Agreement to third parties without written consent of Company.

**17.12.** All invoices to be issued by Contractor under this Agreement shall be sent to TPAO within 90 (ninety) calendar days after the Work is performed by Contractor and approved by TPAO. After 90 (ninety) calendar days, TPAO will not accept invoices issued by the Contractor.

**Article18– Intentionally left blank.**

**Article 19- Insurance and Indemnification.**

**19.1.** The Contractor shall be responsible and pay for keeping in force all necessary insurance to cover its respective liabilities under this Agreement. Each Party shall be responsible for and insure accordingly for any liabilities resulting from the action of their respective servants, agents, subcontractors or co-ventures.

**19.2.** Regardless of cause, Contractor shall be liable for and indemnify Company from claims arising out of personal injury, illness, or death or property loss or damage suffered by Contractor or Contractor's personnel.

**19.3.** Contractor shall be liable for and indemnify Company from and against any and all claims arising out of personal injury, illness, death or property loss or damage suffered by third parties due to Contractor or Contractor's personnel actions.

**19.4. Required Insurances:** Contractor shall insure its obligations arising under the Agreement and shall effect and maintain the following or equivalent minimum insurance from reputable and substantial insurers authorized by the laws of Turkiye and satisfactory to TPAO in any combination of primary and excess. Contractor shall have the responsibility to ensure that any of its subcontractors engaged in the performance of the Service hereunder, anywhere, shall follow, comply with and consent to this insurance policy and its limits which are;

- Comprehensive General Liability with limits of liability of USD-1,000,000.00 per occurrence combined single limit. The Parties agree that Contractor shall be solely responsible for all deficiencies or absences of coverage or policy limits of its subcontractors' insurances.
- Workers' Compensation Insurance, including Occupational Disease, in accordance with the laws of the jurisdiction where work is being performed, and Employers' Liability Insurance with a limit of not less than USD-500,000.00 per occurrence. Employers' Liability Insurance shall also cover



any work injuries or accidents caused or occurred during when the employees are collectively being transported to the Work location or back from the Work location by the vehicles provided by the Contractor and or during when the employees are travelling to a different Work location determined by the Contractor.

- Personnel Accident Insurance which shall cover death, sickness, bodily injury, temporary or permanent partial or total disablement, medical expenses and political violence risks for all personnel/employees with a limit of no less than USD-100,000.00 per capita.
- All Risks Physical Damage Insurance in an amount equal to the value of Contractor Equipment and Materials. All Risks Insurance, as required herein, shall cover transit risks on all transportation, including loading and unloading and storage risks during storage.
- Professional Indemnity Insurance Policy will be provided with a limit of not less than USD-1.000.000 per occurrence and in the aggregate.
- Automobile Liability Insurance with limits of liability as required by law.
- Any other insurance required by laws of the Republic of Türkiye.

**19.5. Notification:** Contractor shall give immediate notice to TPAO in the event of cancellation or material change in respect of the insurance set out in this Agreement and stating that the insurance companies shall not cancel, non-renew or materially reduce coverages, or allow their lapse, without first providing a thirty day (30 days) notice to the TPAO. In the event that the certificate of insurance expires during the performance of the Work under this Agreement, Contractor shall as soon as reasonably practicable furnish TPAO with a renewal certificate of insurance evidencing the same insurance as required above.

**19.6.** Except as otherwise provided in this Agreement, the indemnity obligations under this Agreement shall not be limited in amount or in scope to coverages provided by insurance required under this Agreement. In the event that the above-referred insurances remain insufficient, the Contractor shall be responsible for all legal and financial liabilities of any loss and damage the TPAO incurred.

#### **Article 20- Laws, Rules and Regulations**

**20.1.** Company and Contractor, respectively, agree to comply with all applicable laws which are now or may become applicable to 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.

**20.2.** The Company 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.

**20.3.** In the event, 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 21- Governing Law and Dispute Resolution**

**21.1.** This Agreement and any dispute or claim arising out of or in connection with it (whether contractual or non-contractual in nature) shall be governed and interpreted in accordance with the laws of the Republic

of Türkiye, excluding any choice of law rules which would refer the matter to the laws of another jurisdiction.

21.2. Any and all claims, demands, causes of action, disputes, controversies and other matters in question arising out of or relating to this Agreement, including any question regarding its breach, existence, validity or termination, shall be resolved by the courts and executive offices of Ankara, Türkiye.

#### **Article 22- 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 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 23- Confidentiality**

23.1. All records, data, reports, and other information concerning TPAO's operations supplied by TPAO shall belong to TPAO. Contractor shall consider such information as TPAO's confidential information and shall treat such information in the same manner as Contractor treats its own confidential information. Contractor agrees to hold in confidence, and not to disclose without prior written approval of TPAO, during the term of this Agreement and for a period of 5 years after the termination of the Agreement for any reason, to third parties or use for any purpose other than performance of the Work, all or any part of such confidential information disclosed to Contractor under this Agreement.

23.2. Contractor's confidential information consists of technical information concerning its computer software, information contained and shown in its detailed drawings, the composition of the materials it supplies, and the manner in which it performs its services. TPAO will protect Contractor's confidential information in the same manner, as Contractor is required to protect TPAO's confidential information. TPAO agrees to hold in confidence, and not to disclose without prior written approval of Contractor, during the term of this Agreement and for a period of 5 years after the termination of the Agreement for any reason, to third parties or use for any purpose other than performance of the Work, all or any part of such confidential information disclosed to TPAO under this Agreement.

23.3. Parties shall secure prior written agreements from their employees, subcontractors and suppliers who will be engaged in the performance of the Work or may be exposed to confidential information of a Party ensuring their compliance with the provisions of the Agreement.

23.4. The above obligation of confidentiality shall not extend to confidential information which:

- i. is known to a Party prior to disclosure from the other Party;

- ii. is disclosed to a Party by a third party under no obligation of confidence to the other Party and having a right to disclose such information;
- iii. is or shall become part of the public domain through no fault of the other Party;
- iv. is developed or obtained by a Party wholly independent of the disclosure hereunder; or
- v. is required to be disclosed as a result of a lawful request by any official governmental agency or entity.

**Article 24-Entire Agreement**

The Agreement constitutes the entire agreement and understanding between the Parties hereto and supersedes all prior negotiations, representations or agreements related to the Agreement either written or oral. No amendments to the Agreement shall be effective unless evidenced in writing and signed by the authorized representatives of the Parties to the Agreement

**Article 25-Assignment**

Contractor shall have no right to assign this Agreement in whole or in part and any attempt to do so shall be void without the written consent of TPAO. TPAO shall have the right to assign this Agreement to its Affiliates without the prior consent of Contractor. TPAO shall also have the right to assign this Agreement to any other party with the written consent of Contractor, which consent shall not be unreasonably withheld.

**Article 26-Force Majeure**

**26.1.** Force Majeure is defined as acts of God, war or hostilities (declared or undeclared), riots, blockage, civil disturbance, insurrection, fire, floods, severe storms beyond normal waiting on weather conditions, labor strikes or other labor disturbances, orders, decisions, acts of or interference (actual or threatened) by any governmental authority, including but not limited to confiscation, expropriation, nationalization, and delay, revocations or denials of permits, certificates and licenses necessary for the performance of this Agreement or any other cause whether similar or dissimilar to the causes herein stated beyond the reasonable control of the Party claiming Force Majeure; provided that the conditions related to Covid-19 pandemic at the Effective Date shall not be regarded as Force Majeure unless it is evidenced with a state organization's or authorized organization's document (health report etc.) for the purposes of this Agreement.

**26.2.** Subject to the termination provisions of the Agreement, if either Party is prevented from performing its obligations under this Agreement as a direct result of Force Majeure, such non-performance shall be excused for the duration of such Force Majeure. The Party afflicted, however, shall promptly notify the other Party and shall do all things reasonably possible to remove the cause of such interference. Rates and prices fixed by this Agreement shall not be subject to adjustment as a result of a force majeure occurrence.

**Article 27-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 28- Personnel Data Protection**

As per Personal Data Protection Law No.6698 in Turkiye (PDPL), all information in relation to personal data shall be transferred and submitted to the Company 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 Company 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 contract and pursuant to the PDPL No.6698 in Türkiye.

Upon completion of the Work, the Company 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 29-Acknowledgment

The Agreement that consists of twenty-nine (29) articles after the Company any and Contractor have read and understood the provisions set out in this Agreement, is signed on ..../.../.... as two (2) original copies in English a copy of which will be kept by each Party.

#### COMPANY

#### CONTRACTOR

TÜRKİYE PETROLLERİ A.O.

.....

Name : .....

Name : .....

Title : .....

Title : .....

Sign : .....

Sign : .....

Date : .....

Date : .....

Name : .....

Title : .....

Sign : .....

Date : .....