

Agreement

by and between

THE NORWEGIAN PETROLEUM DIRECTORATE

(hereinafter called the NPD)

and

(hereinafter called the Supplier)

Concerning options and technologies for flare reductions, Iraq

(hereinafter called the Project)

This Agreement has been drawn up in two copies, one to the NPD and one to the Supplier.

Stavanger

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NPD

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Supplier

Gunnar Mån Østebø
Director

Inquiries

Inquiries: All inquiries concerning this Agreement shall be directed to

NPD

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The Supplier

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1 SCOPE OF THE AGREEMENT

1.1 Work description

The Project shall be carried out in accordance with this Agreement and as described in Appendix 1.

1.2 Financial framework

The NPD will allocate up to NOK 720 000 to the Project, exclusive of any value-added tax.

The amount constitutes the total framework for the Project. The NPD will not cover expenses that exceed the framework unless agreed in writing by the parties.

2 AMENDMENTS

Amendments to the present Agreement must be made in writing and must have been signed by both parties.

3 DURATION

The Agreement is valid from the date of the Agreement to the completion of the Project.

4 PRICE AND PAYMENT

4.1 Prices

a) The price of the services under this Agreement are as follows:

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b) For services carried out at the NPD offices, working hours are to be invoiced from the person arrives at the NPD offices and at most until the person leaves our premises. Lunch breaks must not be invoiced to the NPD, nor will travelling time to and from the NPD offices be covered.

Local travel expenses will not be refunded.

For travel overseas ordered by or agreed with NPD, documented travel and accommodation expenses are refunded according to government rates. NPD may demand certain ways of travelling and types of accommodation to be used. Expenses for overseas travel will only be refunded if NPD has given prior written approval of the proposed travelling.

Travel overseas of more than two (2) hours duration is refunded by NPD for up to eight (8) hours of travel time each way.

- c) Expenses for a workstation and office supplies will be covered by the NPD when the Supplier's personnel is working at our offices.
- d) Other expenses that those mentioned above, including for any subcontractors, will be covered if they have the NPD's prior, written approval.

4.2 Payment

Unless otherwise agreed in connection with the allocation of an assignment, invoicing will take place upon completion of the Project. For lengthy projects, monthly invoicing may be used.

Payment will take place in accordance with the invoice, with payments falling due 30 days after the invoice date. The invoice should be addressed to the NPD, attn. Accounting.

The invoice must specify the charges and provide an overview of hours used. Any expenses, payments and costs which the NPD has agreed to cover, must be documented.

4.3 Price regulation

The price shall remain fixed throughout the Project.

5 INDEPENDENCE

The Supplier must be financially independent of anyone who might influence his objectivity during his execution of the allocated assignment. He must not receive remuneration from others in connection with the allocated assignment without the NPD's consent. He must inform the NPD of any matter that might conceivably affect his objectivity.

6 THE PARTIES' OBLIGATIONS

6.1 The Supplier's obligations

6.1.1 Project management

The Supplier is responsible for the management and execution of the allocated assignment. The assignment must be executed in close consultation with the NPD. The Supplier bears as much responsibility for the work of any subcontractors as he does for his own work.

6.1.2 Quality

The assignment must be executed in accordance with the Agreement and must be carried out in a professional and efficient manner to a high professional standard.

The Supplier must work loyally with the NPD and safeguard the interests of the NPD.

The Supplier must provide services of a satisfactory quality. The services must also be in line with the standard and quality described in the competition specification and in the bidder's tender. It will be considered a deficiency if the service does not hold the agreed quality or standard.

6.1.3 Manning – key personnel

Customer contact and proposed consultants allocated for the assignment may not be replaced except as agreed with the NPD.

6.1.4 Relationship to third parties

The Supplier must not accept obligations or waive rights on behalf of the NPD without our written authorisation.

6.1.5 Wage and working conditions – prohibition against social dumping

The Supplier shall be obliged to have wage and working conditions for his own employees that are not worse than those that follow the prevailing nationwide collective wage Agreement, or what is otherwise normal for the place and profession in question. This also applies to work that is to be performed abroad.

The Supplier is responsible vis-à-vis the NPD for ensuring that the above-mentioned requirements are also complied with by any sub-contractors who directly take part in the performance of the Agreement.

Upon the NPD's request the Supplier shall document wage and working conditions for his own employees and the employees of any sub-contractors who take part in the performance of the Agreement.

If, within 10 working days, the Supplier does not submit documentation of wage and working conditions or fails to comply with the clause's requirements for wage and working condition, the NPD shall be entitled to withhold parts of the Agreement sum until documentation has been submitted to the effect that the matter has been rectified. In the event violation of the clause is deemed to be material breach, this entitles the NPD to cancel the Agreement.

6.1.6 Duty to provide information in accordance with Section 5-6 of the (Norwegian) Tax Assessment Act – applies to persons residing abroad or companies domiciled abroad, etc.

The Supplier is responsible for familiarizing himself with and observing the duty to provide information which, in accordance with Section 5-6 and appurtenant regulations, is imposed on the NPD as a public body and the Supplier himself and any sub-contractors of the Supplier.

The Supplier shall also inform the tax authorities of this Agreement and through such notification particularly draw the tax authorities' attention to the fact that the Supplier, through this present Agreement, is responsible for observing the duty to provide information which is imposed on the NPD in accordance with Section 5-6 of the Tax Assessment Act.

The Supplier shall indemnify the NPD against any and all claims from the tax authorities or others as a result of failure to comply with the duty to provide information or to pay taxes or contributions.

Failure to comply with the duty to provide information shall entitle the NPD to withhold all or parts of the compensation to the Supplier. Failure to comply with the duty to provide information is deemed to be material breach and entitles the municipalities to cancel the Agreement unless agreed in writing by the parties as an addendum to the Agreement.

6.1.7 Prohibition against corruption

The Contractor undertakes to combat corrupt conduct in connection with fulfillment of the Agreement. Furthermore, the Contractor is prohibited from accepting, directly or indirectly, any offer, gift, payment or benefit that could be deemed as illegal or corrupt behavior.

6.2 The NPD's obligations

The NPD will cooperate loyally in the execution of the Project.

All enquiries from the Supplier must be answered without undue delay.

The NPD must inform the Supplier without undue delay of any matter which the NPD understands may affect the execution of the assignment.

6.3 Duty of confidentiality

The Supplier must maintain the same level of confidentiality as the NPD's own employees.

The provisions on confidentiality in the Public Administration Act of 10 February 1967 apply for the parties.

A declaration of confidentiality will be signed if necessary. If so, the declaration must specify what information comes under the duty of confidentiality and how this should be safeguarded.

The Supplier is responsible that all information and data made available or procured in connection with the project is treated as confidential information unless otherwise agreed in writing between the parties.

No more individuals than strictly necessary for the execution of the project must be given access to confidential data and information. The NPD shall at all times be aware of who is given access to such material.

A high ethical standard is expected of the personnel employed to carry out the assignment for the NPD.

6.4 ID

The consultants must carry clearly visible ID cards issued while working at the NPD offices.

7 BREACH OF AGREEMENT

7.1 What is considered a breach of the Agreement

There is a breach of Agreement on the part of the Supplier if the service provided is not in accordance with the objectives, requirements and specifications that have been agreed. There is also a breach of Agreement if the Supplier does not meet his other obligations as stipulated in this Agreement.

However, there is no breach of Agreement if the situation is due to matters in the NPD or force majeure.

7.2 Sanctions in the case of breach of Agreement

In the case of a breach of Agreement, the NPD may withhold a proportionate part of the payment.

The NPD may also demand a refund for remuneration and costs which the Supplier has received, with a deduction for any benefit to the NPD. Such price reductions are meant to compensate for the reduced value of the services delivered, and come in addition to a possible restitution.

If a breach of Agreement is of significance to the NPD and cannot be rectified without significant expense or inconvenience, the NPD is, following a written notification and a reasonable amount of time to rectify matters, entitled to terminate the Agreement with immediate effect.

The NPD may demand restitution for any direct loss which one might reasonably have been able to foresee as a possible consequence of the breach. Losses due to extra work or other costs or expenses which the NPD has incurred as a result of the breach, will be counted as direct losses.

No restitution will be demanded for indirect losses. Loss of income, loss of turnover or loss of expected savings are deemed indirect losses.

Restitution will be limited to an amount corresponding to the agreed remuneration excluding VAT or the maximum estimate agreed for the project.

If the Supplier or anyone in his charge demonstrates gross negligence or intent, the above liability limits do not apply.

7.3 Complaints

The NPD shall complain in writing and within reasonable time, once a breach of Agreement has been discovered or should have been discovered.

8 LIABILITY FOR DAMAGE

- a) between the parties:
The NPD accepts no legal or financial liability for damage or losses occurring in connection with an allocated assignment, such as damage or loss on account of incompetent use of NPD equipment, faults in an IT program, or anything else included in the assignment.
- b) vis-à-vis a third party:
The NPD accepts no legal or financial liability for damage or losses inflicted on a third party through the Supplier's actions in or outside the Agreement, except when the damage or loss is due to malfunctioning NPD equipment.
- c) Each party must repair or replace/compensate for damage he may cause to equipment, buildings, etc., including damage caused through incompetent use of NPD equipment, machines or chemicals.

9 TERMINATION /AMENDMENT

The Parties will accept a termination or any amendment of the Agreement that follows from an order issued by Norwegian authorities or EEA bodies. This will not trigger any liability between the parties.

If a qualified appeals body / court of law finds that a mistake has been made in awarding the Agreement, the Norwegian Petroleum Directorate will be released from the Agreement with immediate effect.

The NPD is at all times entitled to stop the Project and terminate the Agreement against paying the Supplier for work carried out in accordance with this Agreement. The Supplier has an obligation to limit the financial loss as far as possible.

10 COPYRIGHT AND PROPERTY RIGHTS

Property rights, copyright and other relevant material and immaterial rights to the result(s) of the assignment fall to the NPD, with the limitations ensuing from other Agreements or invariable laws. The rights also include the right to make amendments and a further transfer (cf. Section 39b of the Copyright Act).

If something other than the above has been agreed in an Appendix, the NPD will still have a perpetual right, free of charge, to utilize whatever the Supplier has delivered in any form, to the extent:

- a) this utilisation does not conflict with the objective of the assignment
- b) the moral rights pursuant to the provisions of the Copyright Act are not violated
- c) the Agreement's provisions on loyalty and confidentiality are followed, and
- d) the efforts of the other party are not exploited disloyally pursuant to other current laws, e.g. the Marketing Control Act

To the extent there is no conflict with the Agreement's provisions on loyalty and confidentiality, each party may freely use know-how which the party has acquired in connection with the assignment. Unless something else has been stated for the assignment or otherwise agreed, the Supplier's retain the rights to their own tools and methods. Such material must not be used in violation of the Agreement's provisions on loyalty and confidentiality. Any dispute on remuneration will be settled through a court appraisalment.

11 OTHER PROVISIONS

11.1 Transfer of this Agreement

The rights and duties according to this Agreement cannot transferred to a third party without the other Party's written consent.

11.2 Force Majeure

In force majeure situations the Parties are only entitled to terminate the Agreement if the situation lasts or is expected to last for more than 60 days, counted from the time when the situation arises, and then with 15 days' notice.

11.3 Insurance

The Supplier may be ordered to take out an insurance which as far as possible covers the total liability he may incur under the Agreement. The policy must be presented to the NPD on request.

11.4 Anti-corruption

The Supplier must counteract corrupt practices in the execution of the Agreement. Further, the Supplier is committed not to accept, either directly or indirectly, as an inducement or reward in relation to the execution of the Agreement, any kind of offer, gift, payments or benefits, which would or could be construed as illegal or corrupt practice.

11.5 The Supplier and its consultants

The Supplier is an independent company and the consultant is an employee of the Supplier.

The Supplier shall keep his personnel and equipment properly insured according to legal requirements, and at the latest at the signing of the Agreement, take out insurance to cover the Supplier's liabilities under the Agreement, including professional liability and third party liability insurance.

The Supplier is responsible for possible security/safety issues concerning the consultant, and must familiarize with possible official travel advice etc.

Where the force majeure situation lasts less than 60 days, the NPD shall grant the Supplier such extension of time as may be fair in order to complete the services.

11.6 Circumstances regarding tax

The Supplier is responsible for any tax - and duty issues that arise towards the Supplier itself or the Suppliers employees in connection with overseas work.

11.7 Background rules of law

The Norwegian Law on purchases 13. May 1988 no. 27, apply, to the extent appropriate, unless otherwise provided by this Agreement.

12 DISPUTES

The parties' rights and duties under this Agreement are entirely subject to Norwegian law.

If a dispute arises between the parties concerning the interpretations or legal effects of the Agreements, a settlement of the dispute shall be sought through negotiations. If such negotiations do not succeed, either party may take the case to the ordinary courts of law.

The correct legal venue is Stavanger District Court.