

IAGC CONSIDERS THE FOLLOWING AS FAIR AND RECOMMENDED KEY PRINCIPLES FOR GEOPHYSICAL SERVICE CONTRACTS ["Contracts"].

A) Indemnities

- Contractor Group and Company Group should have a knock-for-knock relationship in respect of claims involving their respective property, personnel and consequential damages; and
- Contractor Group's liability to Company Group for any Third Party claim should be limited to the extent of Contractor Group's negligence or breach of duty; and
- Contractor Group's liability to Company Group for pollution should be limited to pollution emanating from Contractor Group's property.

In the event that Company instructs Contractor Group to enter into Special Risk Zones then Third Parties within such Special Risk Zones shall be deemed members of Company Group for the purposes of the above indemnities. Specific limits on Contractor Group liabilities would otherwise be necessary.

Contractor may also reasonably require further indemnity protection in the case of Third Party claims arising from Predictable Damages.

B) Performance, Remedies and Guarantees

- Project milestones should reflect both operational realities and delays outside Contractor's Control.
- The Parties should record together project events /performance utilizing regular progress reports. Disputes regarding such report contents should be promptly communicated for resolution and always prior to reassignment of Contractor's assets.
- Variations requested by Company which are not pre-defined options should be mutually agreed prior to their commencement.
- If Company requires the ability to terminate the Contract at its convenience, the Contract should contain a mechanism to adequately compensate the Contractor.
- The Contract should have mechanisms for requiring rectification in the event of a material breach by either Party, which should be the sole initial route for remedy.
- Contracts should contain a general limit of liability of the Contractor based upon a reasonable percentage of the value of the Contract and not generally require the provision of a further indemnity.
- The Contract should contain reasonable mechanisms for requiring remedial action in the case of default such as withholding of the corresponding invoice payment or deliverables until rectification.
- E & P activities and the decisions of Company Group based partially or wholly on the Contract deliverables are-at Company Group's risk.
- If a Parent Company Guarantee is considered necessary by a Party, the liability of the corresponding parent company should not exceed the obligations of its affiliate.
- Performance bonds (including bank guarantees) should not be necessary, and bid bonds are generally inappropriate. If performance bonds are required by either Party they should be:
 - i) reimbursable and project specific;

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- ii) triggered only by a demonstrated event which would normally entitle the Contract to be terminated for cause; and
- iii) for a specified term not extending beyond the completion of the project operations.



C) Intellectual Property and Confidentiality

Intellectual Property ("IP")

- It is in the interest of all parties to create an environment that encourages geophysical contractors to develop IP to improve their services.
- IP includes non-publically disclosed processes and trade secrets, as well as that which is subject to patents (or however defined in the Contract).
- Both parties to a Contract generally bring into a project various elements of their own IP.

The primary objective of geophysical contracts in general is the acquisition or processing of geophysical data, and not the development of new IP. In the case of IP being developed coincidental to a project under such contracts:

1. IP of a Party developed prior to a project remains the property of that Party;
2. IP unrelated to No. 1 developed by one Party during a project is the property of the Party that developed it;
3. IP which is incremental to either No.1 or No.2 above (e.g. refinements, improvements, etc.) is the property of the Party owning the underlying IP; and
4. Ownership of any jointly developed IP must be mutually agreed to via a separate Technology Agreement.

If the primary objective of a contract is the development of IP, then the IP ownership and rights should be clearly detailed under a contract specific to such purpose e.g. a Technical Cooperation Agreement.

Confidentiality

- The default position regarding all lawfully non-public domain information is that it is sensitive, and its confidentiality should be respected by the recipient Party.
- Audits requested by a Party which involve disclosure of the other Party's sensitive information should be conducted by an independent auditor at the requesting Party's cost. The auditor should be under confidentiality obligations to the Party being audited.

D) Project Area Provisions (Seismic Acquisition Operations)

- It is the responsibility of the Company to obtain and continuously provide Contractor with full disclosure of exploration and production activity as well as Third Party activity (including military or construction activity as well as all oilfield operations) that it should reasonably be aware of, and which might impede the Contractor's safe and efficient project operations in the Area of Operations. If formal dispute should occur over the information provided then there should be a right of mutual audit.

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- Security is a continuous and joint responsibility. A security plan should be approved by both parties and continually updated. Loss of working time due to security issues are a standby event, and incremental security provision costs of Contractor should be reimbursed by Company.

E) Establishments of Standards for Operations and Documentation

- Letters of Award ("**LOA**") are a useful vehicle, provided that they:
 - Include references to the outstanding contract issues;
 - Establish a realistic time line to sign contract and mobilize; and
 - Recognize that no assets will be reserved or mobilized or initial preparations commenced until the Contract is executed, unless the LOA provides for payment of Contractor's costs incurred and/or an early termination fee if the Contract is not executed (See Appendix A for a model Letter of Award, the form and elements of which any LOA should follow).
- Invitation to Tender ("**ITT**") and Bid Documents, whether budgetary, technical or complete bids, should respect:
 - The possibility for Contractor to propose modifications or additional alternatives;
 - All ITT's and all Bids should be treated as disclosing Party's confidential property;
 - The need for a reasonable turnaround time to submit/respond to an ITT; and
 - The fact that the assets offered in the Bid are always subject to availability.
- HSE Requirements: Contractor should be reimbursed for the cost of any Company HSE requirements exceeding the prevailing IAGC standard (OGP 432 or its successors), unless such requirements are clearly defined in a tendered scope of work and can be accurately costed.
- Certification: Company should reimburse costs associated with Contractor complying with Third Party vendor certification process required by Company and which is not an industry standard.
- Anti-Bribery / FCPA requirements are fully endorsed, but should provide for:
 - Mutual indemnification and audit rights;
 - The corresponding audits should be performed by an independent Third party, whose scope is limited to anti-bribery issues in connection with the Contract; and
 - Either Party can redact confidential information.
- Company Site Representatives and Company Invitees should comply with the following:
 - Suitably qualified, capable, professional and medically fit for the activities;
 - Agree to and sign reasonable confidentiality agreement;
 - Be mutually approved and agreed; and
 - Comply with Company and Contractor HSE standards/requirements.

Without diluting a Captain's right under maritime law, Company should promptly replace a non-compliant Representative or Invitee if requested by Contractor for good reason.
- The authority of the Parties' respective On-Site Representatives should be set out clearly.

F) Standby (Seismic Acquisition Operations)

Contracts should reflect a general principle that Contractor should be compensated for delays beyond Contractor's control throughout mobilization, operations and demobilization, and those from risks

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associated with regional operations ("**Standby Events**"). A non-exhaustive list of Standby Events is included as Appendix B.

Standby provisions should respect the principle of operating in uncontaminated time to avoid inefficiency, increased costs or project termination. Timeshare should be compensated time and extend to all projects regardless of the ultimate owner of the deliverable products.

This principle should not remove Contractor's responsibility for its own technical downtime when such downtime is not caused by a Standby Event.

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