**11 PREMIUM PAYMENT CLAUSE (LSW 3001)**

Notwithstanding any provision to the contrary within this any contract or any endorsement hereto, in respect of non-payment or premium only the following clause will apply:

The (Re)Insured undertakes that premium will be paid in full to (Re)Insurers within 60 days of inception of this contract (or, in respect of instalment premiums, when due).

If the premium due under this contract has not been so paid to (Re)Insurers by the 60th day from the inception of this contract (and, in respect of instalment premiums, by the date they are due) (Re)Insurers shall have the right to cancel this contract by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to (Re)Insurers on a pro-rata basis for the period that (Re)Insurers are on risk but the full contract premium shall be payable to (Re)Insurers in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this contract.

It is agreed that (Re)Insurers shall give not less than {Missing} days prior notice of cancellation to the (Re)Insured via the broker. If Premium due is paid in full to (Re)Insurers before the notice period expires, notice of cancellation shall automatically be revoked. If not, the contract shall automatically terminate at the end of the notice period.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect

**13 SURVEY FEE ALLOWANCE**

Up to 2.5% shall be allowed in respect of Survey Fees as incurred, subject to sight of invoices and agreement by slip leader only.

**14 LAW AND JURISDICTION**

Notwithstanding any provisions of the reinsurance policy with respect to applicable law and jurisdiction, any dispute between the insured and insurer(s) relating to this insurance or to a claim (including but not limited thereto, the interpretation of any provision of the reinsurance agreement) shall be governed by and construed in accordance with the laws of Pakistan.

Each party agrees to submit to the exclusive jurisdiction of the Courts of Pakistan.

### 15 WAR AND TERRORISM EXCLUSION

### Notwithstanding any provision to the contrary within this Policy or any endorsement thereto it is agreed that this Policy excludes loss, damage, liability, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

(1) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or

(2) any act of terrorism.

For the purpose of this Exclusion an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This Clause also excludes loss, damage, liability, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (1) and/or (2) above.

If the Insurers allege that by reason of this Exclusion, any loss, damage, cost or expense is not covered by this Policy the burden of proving the contrary shall be upon the Assured.

In the event any portion of this Clause is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

1. **INSTITUTE RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL, BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSION CLAUSE (CL370)**

 **This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith**

In no case shall this insurance cover loss damage liability, cost or expense directly or indirectly caused by or contributed to by or arising from:

(A) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;

(B) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;

(C) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;

(D) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes;

(E) any chemical, biological, bio-chemical, or electromagnetic weapon.

It is agreed that the above shall not exclude x-ray equipment as covered for under Clause 6 of Section One.

**17 ENERGY CYBER AFFIRMATION AND LIMITED EXCLUSION (JR2019-**

 **013) 12 November 2019**

1. Subject only to paragraph 3 below, in no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus, computer process or any other electronic system.
2. Subject to the conditions, limitations and exclusions of the policy to which this clause attaches, the indemnity otherwise recoverable hereunder shall not be prejudiced by the use or operation of any computer, computer system, computer software programme, computer process or any other electronic system, if such use or operation is not as a means for inflicting harm.
3. Where this clause is endorsed on policies covering risks of war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power, or terrorism or any person acting from a political motive, paragraph 1 shall not operate to exclude losses (which would otherwise be covered) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

**18 SANCTION LIMITATION AND EXCLUSION CLAUSE**

No Insurer shall be deemed to provide cover and no Insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that Insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, the United Kingdom or the United States of America.

**19** **SPECIAL TERMINATION CLAUSE**

The Reinsured may terminate this Reinsurance Agreement at any time by giving notice in writing to the Reinsurer in the event that any one of the following circumstances has occurred since the inception date of this Reinsurance Agreement (or, in the case of a continuous contract, the immediately preceding anniversary date):

(a) a State Insurance Department or similar regulatory authority outside the USA has ordered the Reinsurer to cease accepting business or;

(b) the Reinsurer has become insolvent or has been placed into liquidation or receivership (whether voluntary or involuntary), or there has been instituted against it proceedings for the appointment of a receiver, liquidator, rehabilitator, conservator, or trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control its operations

(c) the Reinsurer's policyholders' surplus (or total stamp capacity by managing agent in respect of Lloyd's syndicates) has been reduced by 50% of the amount at which it stood at the inception of this Reinsurance Agreement (or, in the case of a continuous contract, the immediately preceding anniversary date) or;

(d) the Reinsurer has merged with, been acquired by, or relinquished control of itself to any other company, corporation or individual(s) or;

(e) the Reinsurer's AM Best rating has been assigned or downgraded below A or;

(f) the Reinsurer's Standard and Poor's rating has been assigned or downgraded below A.

In the event of such termination the liability of the Reinsurer shall cease upon receipt of notice from the Reinsured (except in respect of losses which may have occurred prior to such date of termination but for which settlement remains outstanding) and the Reinsurer shall receive premium pro rata as to time of the Full Premium.

However, if losses have occurred between the inception date of this Reinsurance Agreement (or, in the case of a continuous contract, the anniversary date immediately preceding termination) and the date of termination which exceed pro rata as to time of the Full Premium, then the Reinsurer shall receive premium equal to the losses or the Full Premium, whichever the lesser.

For the purpose of this clause Full Premium shall mean the fully adjusted premium that would have been earned by the Reinsurer for the period of this Reinsurance Agreement had it not been terminated, taking into account any minimum premium condition and including any reinstatement premium in respect of losses occurring prior to termination.

**20 RIOTS, STRIKES, CIVIL COMMOTIONS AND MALICIOUS DAMAGE EXCLUSION**

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith.

In no case shall this insurance cover loss damage liability, cost or expense directly or indirectly caused by or contributed to or arising from Riots and/or Strikes and/or Civil Commotions including fire damage and loss by looting following Riots and/or Strikes and/or Civil Commotion and/or Malicious Damage as described herein.

For the purpose of this Extension:

(A) Riots and/or Strikes and/or Civil Commotions damage shall include but not be limited to loss directly caused by:

(i) any act committed in the course of a disturbance of the public peace by any person taking part together with others in such disturbance; or

(ii) any wilful act of any striker or locked-out worker done in furtherance of a strike or in resistance to a lock-out whether or not such act is committed in the course of a disturbance of the public peace; or

(iii) any act of any lawfully constituted Authority for the purpose of suppressing or minimising the consequences of any existing disturbance of the public peace, or for the purpose of preventing any such act as is referred to in (ii) above or minimising the consequences thereof.

(B) Malicious Damage shall mean all physical loss or damage resulting directly from a malicious act caused by anyone whether or not the aforesaid act is committed during a disturbance of the public peace, and shall include loss caused by sabotage and acts committed by any or all persons who are member(s) of an organisation whose aim is or includes the over-throwing of any legal or de facto Government by terrorism or violence

**21 CLAIMS CONTROL CLAUSE**

It is a condition precedent to any liability hereunder that:

1. The Reinsured shall, as soon as practicable after:
2. receipt by them of advice of any claim under the Original Policy; or
3. upon knowledge of the possibility of any such claim under the Original Policy,

 give written notice thereof to the Reinsurers and shall:

1. furnish to the Reinsurers all available information applicable to such claim or potential claim; and

 b. comply in all material respects with any and all written instructions from the Reinsurers in relation to such claim or potential claim.

 B. The Reinsurers shall have the sole right to appoint adjusters, assessors and/or surveyors and to control all negotiations and/or adjustments and/or settlements in connection with all claims under the Original Policy.

The Reinsured shall furnish the Reinsurers with all information and papers in connection with such claims and co-operate in all things in the settlement, negotiation and adjustment thereof.

C. No settlement and/or compromise shall be made and no liability admitted without the prior written approval of the insurers/reinsurers.

 **22 ZURICH CUT THROUGH CLAUSE**

1. For the purposes of this clause, capitalized words shall have the

 following defined meanings:

Beneficiary means any person other than the Original Insured who is entitled to receive the benefits of the Original Policy;

**Claim** means a claim under the Original Policy;

**Conditions** means each of the conditions precedent to Reinsurers' obligation to make a direct payment of the Loss Amount to the Original Insured or Beneficiary (as applicable) in accordance with this Cut-Through Clause;

**Cut-Through Clause** means this clause;

**Insolvency Event** means, in relation to the Reinsured that:

(a) the Reinsured is:

(i) insolvent or unable to pay its debts within the meaning of the Relevant Laws applicable to the Reinsured;

(ii) has stopped paying its debts as they fall due;

(iii) has commenced negotiations with any one or more of its creditors with a view to the general readjustment or re-scheduling of all or any material part of its indebtedness or made a general assignment for the benefit of, or composition with, its creditors (or any class of its creditors) or that a moratorium has been agreed or declared in respect of, or affecting, all or a material part of its indebtedness; or

(b) any step has been taken in any jurisdiction to initiate any process by or under which:

(i) the ability of the creditors of the Reinsured to take any action to enforce their debts is suspended, restricted or prevented.

(ii) some or all of the creditors of the Reinsured accept, by

agreement or in pursuance of a court order, an amount less than the sums owing to them in satisfaction of those sums with a view to preventing the dissolution of the Reinsured.

(iii) an Insolvency Practitioner is appointed.

(iv) the holder of a charge over all or any of the Reinsured’ s assets is appointed to control the business and/or all or any assets of the Reinsured; or

 (c) any process has been instituted which could lead to the Reinsured being dissolved and its assets being distributed among its creditors, shareholders or other contributors.

**Insolvency Practitioner** means any person appointed pursuant to the Relevant Laws upon the occurrence of an Insolvency Event to manage the affairs, business and assets of the Reinsured on behalf of the Reinsured's creditors, including any receiver, manager, administrative receiver or trustee in bankruptcy or similar under any Relevant Laws

**Loss Amount** means the amount due under this Reinsurance in respect of a Claim which, but for this

Cut-Through Clause would otherwise be payable by the Reinsurers to the Reinsured;

and

**Relevant Laws** means all applicable laws, statutes, regulations, rules, orders, directives, requirements, standards, guidelines and industry codes of practice, including the rules of any stock exchange or listing authority, in each case having legal effect or stipulated by any competent governmental, statutory or regulatory body, and in force from time to time relating to the subject matter of this Cut-Through Clause, including those governing Insolvency Events or currency or exchange controls.

2. If requested by the Original Insured, the Reinsurers will pay the Loss Amount directly to the Original Insured [or, as the case may be, the Beneficiary] 2 in respect of any Claim, provided always that:

(a) the Reinsurers' obligations pursuant to this Cut-Through Clause are subject to the terms, conditions and exclusions of this Reinsurance;

(b) each Reinsurer shall be liable only for the proportion of the Loss Amount for which it is severally responsible under this Reinsurance;

(c) each of the Conditions must be fulfilled to the reasonable satisfaction of the Reinsurers.

3. It is a condition precedent to the obligation of the Reinsurers to make payment of the Loss Amount in accordance with this Cut-Through Clause that each of the following Conditions is satisfied:

(a) the Reinsured must be unable to effect payment in respect of the Claim under the Original Policy to the Original Insured or the Beneficiary (as applicable), whether by reason of an Insolvency Event or for any other reason whatsoever;

(b) the Loss Amount must not have already been paid or credited by or on behalf of the Reinsurers to the Reinsured;

(c) the Reinsured must have either:

(i) admitted the Claim under the Original Policy as to liability and quantum in accordance with the terms and conditions of the Original Policy and in doing so, must have acted in good faith and in a reasonable and business-like manner at all times in the settlement of the Claim; or

(ii) been adjudged liable to make payment in respect of the Claim by a court of competent jurisdiction or arbitration tribunal duly constituted and acting pursuant to the arbitration clause [[set out in the Original Policy] / [whether included in the Original Policy or separately entered into by the Reinsured and the Original Insured]]3 and the decision of such court or arbitration tribunal must be final, binding and not subject to a right of appeal;

(d) the Reinsured or, in the event of the insolvency of the Reinsured, the Insolvency Practitioner appointed in accordance with the laws applicable to the Reinsured, must have provided in writing

 (i) its irrevocable consent to the Reinsurers making the direct payment of the Loss Amount to the Original Insured or the Beneficiary (as applicable) in accordance with the request received;

(ii) confirmation that any direct payment of the Loss Amount to the Original Insured or the Beneficiary (as applicable) relieves the Reinsurers/Insurers of any and all further liability whatsoever towards the Reinsured or its appointed Insolvency Practitioner (as applicable) with respect to the Claim for such quantum of the Loss Amount as is paid by Reinsurers and that the Reinsured waives any and all rights to seek payment of the Loss Amount from the Reinsurers;

(iii) an indemnity irrevocably holding the Reinsurers harmless against any losses or expenses (including legal expenses and the costs of professional advisors) incurred as a result of the Reinsurers making a direct payment of the Loss Amount to the Original Insured or a Beneficiary (as applicable); and

(e) the Reinsured or its appointed Insolvency Practitioner (as applicable) must have proven, to the Reinsurers’ satisfaction, that a direct payment of the Loss Amount to the Original Insured does not violate any Relevant Laws; and

(f) the Reinsured and/or the Original Insured and/or Beneficiary must not have assigned or transferred, or purported to assign or transfer, any of its rights under this Reinsurance (including the rights to any proceeds that are payable under this Reinsurance) except with the prior written consent of the Reinsurers.

4. Before making a direct payment of the Loss Amount pursuant to this Cut-Through Clause, Reinsurers shall have the right to deduct from the Loss Amount any amounts due and outstanding under this Reinsurance from the Reinsured.

5. The rights and/or obligations contained within any claims control clause or claims cooperation clause set out in the Reinsurance shall remain in force notwithstanding anything contained to the contrary in this Cut Through Clause.

6. In all other respects the terms, conditions and clauses of the Reinsurance agreement remain unchanged

**23. JRC COMMUNICABLE DISEASE ENDORSEMENT**

 1. Notwithstanding any provision to the contrary within this insurance, this insurance does not insure any loss, damage, liability, claim, cost, expense or other sum caused by a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.

 2. For the purposes of this endorsement, loss, damage, liability, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:

2.1. for a Communicable Disease, or

2.2. any property insured hereunder that is affected by such

 Communicable Disease.

 3. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:

 3.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and

 3.2. the method of transmission, whether direct or indirect, includes, but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms.

 4. This endorsement applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

All other terms, conditions and exclusions of the policy remain the same.

JR2020-016

17 April 2020

**24. H2S MONITORING**

Mol Pakistan to do the following.

• H2S sampling data at Wellheads, Valve assemblies and Plant inlet

• Partial pressure at downhole conditions, to address any potential issues with downhole corrosion of tubing/production casing

• Details of any signs of pitting/corrosion observed on the tree/wellhead valves during planned maintenance, well integrity testing or workover

• Continued monitoring that the H2S levels remain acceptable in accordance with best industry standards and MOL’s company standards with respect to chemical composition of the produced hydrocarbons versus the specification and current condition of the production liner/casing

**25. ERRORS AND OMISSIONS CLAUSE IN RESPECT OF**

**SECTION 1 – ONSHORE PROPERTY ONLY**

**SUB-LIMIT /- (USD 1,000,000)**

It is agreed that this Insurance shall not be prejudiced by an unintentional delay, error or omission in name or description or amount or reporting or notification, provided any error or omission is corrected when discovered by the Named Insured and provided that prompt notice is given to the Insurers as soon as said delay, error or omission becomes known to the Named Insured and additional premium paid if required by the Insurers. Any wrongful act, error or omission by an Insured shall not operate to the prejudice of any other Insured who is not privy to such wrongful act, error or omission.

However, nothing contained in this clause shall operate to override any specific discovery and/or reporting provisions contained elsewhere in this Policy.

The Insurers’ liability in respect of the coverage provided by this Clause shall not exceed a sub-limit of /- (USD 1,000,000) any one Occurrence

PREMIUM PAYMENT CLAUSE (LSW 3001)

Notwithstanding any provision to the contrary within this any contract or any endorsement hereto, in respect of non-payment or premium only the following clause will apply:

The (Re)Insured undertakes that premium will be paid in full to (Re)Insurers within 60 days of inception of this contract (or, in respect of instalment premiums, when due).

If the premium due under this contract has not been so paid to (Re)Insurers by the 60th day from the inception of this contract (and, in respect of instalment premiums, by the date they are due) (Re)Insurers shall have the right to cancel this contract by notifying the (Re)Insured via the broker in writing. In the event of cancellation, premium is due to (Re)Insurers on a pro-rata basis for the period that (Re)Insurers are on risk but the full contract premium shall be payable to (Re)Insurers in the event of a loss or occurrence prior to the date of termination which gives rise to a valid claim under this contract.

It is agreed that (Re)Insurers shall give not less than 30 days prior notice of cancellation to the (Re)Insured via the broker. If Premium due is paid in full to (Re)Insurers before the notice period expires, notice of cancellation shall automatically be revoked. If not, the contract shall automatically terminate at the end of the notice period.

If any provision of this clause is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect

**GENERAL CONDITIONS APPLICABLE TO ALL SECTIONS AND**

**SUB-SECTIONS OF THIS POLICY EXCEPT WHERE SPECIFICALLY STATED TO THE CONTRARY**

**1 DEFINITIONS**

**(A) Assured**

MOL PAKISTAN OIL AND GAS CO. B.V. and/or Government Holding Private Limited and/or Oil and Gas Development Corporation and/or Pakistan Petroleum Limited and/or Pakistan Oilfields Limited and/or parent and/or associated and/or subsidiary and/or affiliated and/or inter-related companies or shareholders for their respective rights and interests as may be applicable and/or as may be subsequently agreed.

Address:

MOL Pakistan Oil & Gas Co B.V.
ISE Towers, 55 B, 17th  Floor, Islamabad.

P.O.Box 1562, Islamabad, 44000
Pakistan.

**(B) Occurrence**

 The term "Occurrence" shall be defined as one accident, loss, disaster or casualty or series of accidents, losses, disasters or casualties arising out of one event.

(i) As respects windstorm, all tornados, cyclones, hurricanes, similar storms and systems of winds of a violent and destructive nature, arising out of the same atmospheric disturbance within any period of seventy-two (72) consecutive hours commencing during the period of this insurance, shall be considered one event.

(ii) Each earthquake shock or volcanic eruption, unless excluded herein, shall constitute one event hereunder, provided that, if more than one earthquake shock or volcanic eruption shall occur within any period of seventy-two (72) consecutive hours commencing during the period of this Insurance, such earthquake shocks or volcanic eruptions shall be deemed to be one event within the meaning hereof.

(iii) As respects the peril of flood, the sum total of all losses sustained by the Assured during any period of seventy-two (72) hours commencing during the term of this Policy shall constitute one event hereunder.

**(C) Onshore Definition**

Wherever used in this Policy, the term “Onshore” is deemed to be defined as onshore Pakistan landward of the tidal high-water mark.

**2 ASSURED'S INTEREST:**

Unless stated to the contrary, all limits of liability, excesses, deductibles and self-insured retentions, are for a 100% interest. In the event that the interest of the Assured in any one property, item or well insured hereunder does not amount to 100%, then said limits of liability, excesses, deductibles and self-insured retentions, applicable to that property, item or well shall be reduced proportionately and shall apply in the same proportion as the total interest of the Assured in said property, item or well insured hereunder bears to 100%.

In the event of loss under this Policy involving more than one insured operation having varied percentage ownership by the Assured, the loss will be adjusted in such proportion as relates to the applicable varied percentage ownership but in no case shall this provision operate to increase the overall limits of liability contained herein.

**3 INTERMEDIARY**

 All notices, reports or claims advices required under this Policy shall be sent to the following Intermediary appointed by the Assured for onwards transmission as appropriate**:**

**4 NOTIFICATION OF CLAIMS**

The Assured shall give to Insurers as soon as practicable notice of any Occurrence, or receipt of any suit which may result in a claim hereunder, stating the time, place, cause and circumstances of each Occurrence. The Assured shall, if requested by the Insurers, make available to the Insurers or their representatives all records, agreements, contracts or other documents needed to determine or substantiate a claim.

Failure to notify a loss which, at the time of happening did not appear to involve this Policy but which, at a later date, gives rise to a claim hereunder, shall not prejudice the recovery of the claim by the Assured from the Insurers.

The Assured shall render a signed and sworn proof of loss, within sixty (60) days after the occurrence of a loss (unlesssuch period be extended by written agreement of Insurers) stating the time, place and cause of loss, the interest of the Assured and of all others in the property, the sound value thereof and the amount of loss or damage thereto.

**5 LOSS ADJUSTMENT**

It is noted and agreed that, in the event of an Occurrence under the Policy, the Assured may appoint an adjuster from the following panel:

 Permission is hereby given for an alternative adjuster to be appointed upon prior agreement between the Assured and the Leading Insurer.

**6 PREVENTION OF FURTHER CLAIMS**

As soon as the Assured becomes aware of an Occurrence or receives a Claim the Assured shall promptly, and at its own expense, take all reasonable steps to prevent further loss, damage, liability, cost or expense resulting from the same Occurrence.

**7 SUBROGATIONS**

The Insurers shall upon payment of any claim hereunder be exclusively subrogated to all of the Assureds' rights of recovery against any other individual, firm, corporation or entity who may be legally or contractually liable for such loss or expense paid by the Insurers. It is agreed that the Insurers may make claim upon and/or institute legal proceedings against any parties believed responsible for loss or expense paid hereunder in the name of the Assureds, and the Assureds will give the Insurers their full co-operation in pursuing such claim or legal proceeding.

**8 RELEASE AGREEMENTS AND WAIVERS OF SUBROGATION**

(A) The Assured may release from liability any person, firm or corporation for whom the Assured is performing operations or who is performing operations for the Assured, under written contract executed prior to loss, provided the loss or damage subject to said release arises out of or in connection with such operations.

(B) Insurers waive their rights of subrogation against any individual, firm or corporation, their subsidiaries, factors or assigns for whom or with whom the Assured may be operating; and against servicing organisations and/or well servicing companies operating for the Assured, provided such waiver is executed by the Assured under written contract prior to loss.

(C) Insurers waive their rights of subrogation against the Assured's partners in each venture for which coverage is provided hereon. Such waiver shall however only be valid in respect of loss or damage directly arising out of the joint venture in question.

(D) The Assured may accept towage contracts releasing the towing vessel (and/or its owner and/or operator) of liability for loss of or damage to the property insured hereunder, and also for loss or damage caused by the property insured hereunder, and the Assured's right of recovery under this insurance shall not be prejudiced by the acceptance of such towage or towage contracts.

(E) The Assured may release from liability and/or hold harmless operating companies and/or field groups and/or member companies of field groups and/or like organisations holding an interest in the structures and/or facilities insured hereunder or in any way linked to or associated with the structures and/or facilities insured hereunder (by contract, agreement or otherwise) without prejudice to this insurance, Insurers waiving rights of subrogation accordingly.

**9 LAW AND JURISDICTION**

Notwithstanding any provisions of the insurance policy with respect to applicable law and jurisdiction, any dispute between the Insured and Insurer(s) relating to this insurance or to a claim (including but not limited thereto, the interpretation of any provision of the insurance agreement) shall be governed by and construed in accordance with the laws of Pakistan. Each party agrees to submit to the exclusive jurisdiction of the Courts of Pakistan.

**10 SUIT AGAINST INSURERS**

It is a condition of this Policy that no suit, action or proceeding for the recovery of any claim hereunder shall be maintainable in any court of law or equity unless the same be commenced within the two years and one day after the time a cause of action accrues, provided, however, that if by the laws of the state or nation of the address of the Assured such limitation is invalid, then any such claim shall be void unless such action, suit, or proceeding be commenced within the shortest limit of time permitted by the laws of such state or nation.

**11 DEFENCE**

The Insurers shall not be called upon to assume the handling or control of the defence or settlement of any claim made against the Assured but the Insurers shall have the right, but not the duty, to participate with the Assured in the defence and control of any claim which may be recoverable in whole or in part under this Section.

The Insurers shall not be called upon to pay any Defence Costs in relation to any claim until after the final resolution of such claim.

The Insurers shall not be liable to pay any Defence Costs unless the prior consent of the Insurers was obtained before those Defence Costs were incurred.

**12 CANCELLATION**

This Policy may be cancelled at any time at the request of the Assured by notifying the Insurers in writing and may also be cancelled by or on behalf of the Insurers by giving ninety (90) days' notice in writing to the Assured, and the premium hereon shall be adjusted on the basis of the Insurers receiving or retaining pro rata premium.

Notice shall be deemed to be duly received in the course of post if sent by pre-paid letter post properly addressed.

**13 SPECIAL CANCELLATION PROVISIONS (INSURANCE)**

(A) It is understood and agreed that if:-

(i) any Insurer subscribing to this Insurance:

 (a) ceases underwriting or accepting new business, whether entirely or in any class of business which partially or totally includes the coverage under this Policy, or

 (b) enters into a runoff arrangement, or

 (c) is subject to a scheme of arrangement, or

 (ii) any action is taken in any jurisdiction for the suspension of payments by, or the dissolution, winding up, termination of existence, liquidation, insolvency administration or bankruptcy of any Insurer, or

 (iii) a provisional liquidator, liquidator, trustee, administrator, receiver, administrative receiver or similar officer is appointed in respect of any Insurer or in respect of any part of its assets, or

 (iv) any authorisation, approval or consent, licence, exemption, filing, registration or notarisation or other requirement necessary or desirable to enable any Insurer to carry on business is modified, revoked or withheld or does not remain or proves not to have been in full force and effect, or

 (v) it becomes unlawful for any Insurer to perform any of its obligations under the Policy or an intention is announced to take any of the actions stated in paragraphs (i) to (iv) above,

then the Assured or the Intermediary (as agent of the Assured) is entitled at its option to cancel that Insurer’s participation in this Policy at any time after the applicable act stated above.

In that event, the premium due to such Insurer for this Insurance shall be the pro rata proportion of the premium allocated to the risks covered under the Policy which corresponds to the period for which the Insurer has been on risk, but after the deduction of that Insurer's proportion of outstanding claims under the Policy.

(B) Notwithstanding anything to the contrary contained in this Insurance or subsequently endorsed to it, it is understood and agreed between the Insurers and the Assured that if:

(i) the Assured, or

(ii) the agents of the Assured on whose instructions this Insurance may have been effected,

fails to pay the premium or any instalment of the premium by the date it is due, this Policy may be cancelled immediately by giving notice in writing to the Insurers and, if applicable, the Insurers will as a consequence return to pro rata premium calculated from the date of notice or from such later date as may be specified in the said notice.

The foregoing provisions are subject always to the terms and conditions of any letter of undertaking issued by in favour of any assignee or mortgagee of this Policy.

 Nothing contained in this Clause shall prejudice or affect any right which may have in respect of any amount remaining due to them, whether in connection with this Policy or otherwise, or any other rights of against the Assured or their agents.

**14** **SALVAGE AND RECOVERIES**

It is understood and agreed that in case of any payment hereunder, Insurers will act in concert with all other interests (including the Assured) concerned in the exercise of rights of recovery or gaining of salvage. Any nett salvages, recoveries or payments (except other insurance carried by or on behalf of the Insured), including through subrogation or arbitration, recovered or received subsequent to a loss settlement under this insurance shall be applied as if recovered or received prior to such settlement and all necessary adjustment shall then be made between the Assured and Insurers hereunder, provided always that nothing in this Clause shall be construed to mean that losses under this insurance are not recoverable until the Assured's loss has been finally ascertained.

Expenses necessary to the recovery of any such amounts shall be apportioned between the interests (including the Assured) concerned, in ratio of their respective recoveries as finally settled.

**15 SEVERAL LIABILITY**

The subscribing Insurers’ obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscription. The subscribing Insurers are not responsible for the subscription of any co-subscribing Insurer who for any reason does not satisfy all or part of its obligations

**16 OTHER INSURANCE CLAUSE**

It is understood and agreed that this insurance shall be primary and non-contributory with any other insurance available for the benefit of the Assured.

Notwithstanding the foregoing, no loss shall be paid by the Insurers to the extent that the Assured has (have) collected the same from any other party(ies).

**17 DISCOVERY OF RECORDS:**

It is understood and agreed that:

(A) during the currency of this Policy, or

(B) any time thereafter within the period of time provided for bringing suit against the Insurers, or

(C) within the period of time following the bringing of suit against the Insurers until final adjudication of suit including all appeals, if any,

the Insurers shall be permitted, but not obligated, at any reasonable time to inspect and audit the Assured's property, operations, books and records insofar as they relate to the subject matter of this Policy. Neither the Insurers' right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking on behalf of or for the benefit of the Assured or others, to determine or warrant that such property or operations are adequate or safe.

The Assured will co-operate fully with the Insurers should the Insurers decide to investigate any Occurrence notified to the Insurers in relation to all Sections of this Policy.

**18 WAIVER OR CHANGE**

Notice to any agent or knowledge possessed by any agent or any other person shall not effect a waiver or change in any part of this Policy. This Policy can only be changed by a written endorsement signed by the Insurers that becomes a part of this Policy.

**19 EXTENDED EXPIRATION**

If this Policy should expire or be cancelled while an Occurrence giving rise to a loss recoverable under this Policy is in progress, it is understood and agreed that said loss, subject to all other terms and conditions of this insurance, will be covered under this Policy as if the entire loss had occurred prior to the expiration or cancellation.

**20 FALSE OR FRAUDULENT CLAIMS**

If the Assured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Policy shall become void, and all claim hereunder shall be forfeited.

**21 MISREPRESENTATION**

This insurance shall be void if the Assured has willingly or knowingly concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof or in the case of any fraud or false swearing by the Assured touching matters relating to this insurance or the subject thereof, whether before or after a loss.

**22 PAYMENT OF LOSS**

The Insurers agree that in the event of an indemnifiable loss hereunder for which the total cost of the loss has not been quantified, periodic payments on account will be made as agreed with the Insurers. In respect of Section Three, such payments shall be in respect of each 30 day period after expiration of the Waiting Period until Planned Production is resumed.

All net claims, or payments on account, shall be paid by Insurers to the loss payee stated in the Declarations within thirty (30) days from the date of receipt of the loss adjusters' report recommending such claims or payments on account.

**23 ABANDONMENT AND ASSIGNMENT**

There shall be no abandonment to the Insurers of any property nor shall any assignment or transfer of this Policy be valid except with the written consent of Insurers.

**24 DUE DILIGENCE**

It is a condition of this Insurance that the Assured shall exercise due care and diligence in the conduct of all operations covered hereunder, utilising all safety practices and equipment generally considered prudent for such operations, and in the event any hazardous condition develops with respect to any insured property or well, the Assured shall at their sole expense make all reasonable efforts to prevent the occurrence of a loss insured hereunder.

**25 NON-CONTROL CLAUSE**

Notwithstanding the Due Diligence Clause contained herein, it is understood and agreed that:

(A) the Assured's indemnity under this Policy shall not be prejudiced by any act or omission of the Operator, Owners, Co-venturers or Managers where the Assured is an innocent co-venturer, save always that the Assured shall act with due diligence and as a prudent insured in the operations covered under this Policy;

(B) the Assured’s indemnity under this Policy shall not be prejudiced by any willful misconduct, dishonesty, recklessness, malicious actions or gross negligence of the Insured's employees, workmen and/or representatives.

**26 IN REM CLAUSE**

The coverage afforded by this Policy shall not be denied on the basis that any suit or claim against the Assured is asserted by an action “in rem” instead of an action “in personam”.

**27** **PREMIUM ADJUSTMENT CLAUSE**

**Applicable to Sections One and Three**

On or about the expiry date the Assured shall submit a statement of the total 100% values, and the Assured’s percentage interest therein, of real and personal property insured hereunder. If the values as declared shall differ from the amount reported at inception and attached to this Policy then the premium for the Period of Insurance shall be adjusted at Policy rates, allowance being made for premium which has already been paid in accordance with the second paragraph of the Capital Additions/ Automatic Coverage Clause.

Notwithstanding the above, it is agreed that premium hereunder is adjustable only in the event that the increase or decrease in values is greater than two and a half percent (2.5%).

**Applicable to Section Two**

The Assured shall also submit to the Intermediary a statement of drilling wells spudded during the currency of this Policy and insured under Section Two hereunder. If the drilling wells as declared shall differ from the wells reported at inception and attached to this Policy then the premium for the Period of Insurance shall be adjusted at Policy rates based on the comparative total footage and well depths declared at inception and expiry of this Policy.

**28 Breach of Warranty**

Any breach by any Assured or by any operator or co-venturer covered under this Policy shall not serve to suspend, avoid, limit or affect coverage with respect to any Assured under this Policy who is innocent of such breach.

**29** **Errors and Omissions**

It is agreed that this Insurance shall not be prejudiced by an unintentional delay, error or omission in name or description or amount or reporting or notification, provided any error or omission is corrected when discovered by the Named Insured and provided that prompt notice is given to the Insurers as soon as said delay, error or omission becomes known to the Named Insured and additional premium paid if required by the Insurers. Any wrongful act, error or omission by an Insured shall not operate to the prejudice of any other Insured who is not privy to such wrongful act, error or omission.

However, nothing contained in this clause shall operate to override any specific discovery and/or reporting provisions contained elsewhere in this Policy.

The Insurers’ liability in respect of the coverage provided by this Clause shall not exceed a sub-limit of - (USD 1,000,000) any one Occurrence

**30 PROFESSIONAL FEES**

 The insurance provided by each Section and Sub-section of this Policy is extended to include Architects', Surveyors', Consulting Engineers' or other professional fees of similar nature necessarily incurred in the reinstatement of property consequent upon its loss or damage (but not for preparing any claim) subject to the limit stated in Item 5 of the Declarations

**31 TITLES OF PARAGRAPHS**

 The titles of the various Clauses and paragraphs in this Policy (and of any endorsements attached thereto) are inserted solely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

 **GENERAL EXCLUSIONS APPLICABLE TO ALL SECTIONS AND
 SUB-SECTIONS OF THIS POLICY**

### 1 WAR AND TERRORISM EXCLUSION

### Notwithstanding any provision to the contrary within this Policy or any endorsement thereto it is agreed that this Policy excludes loss, damage, liability, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

(A) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or

(B) any act of terrorism.

For the purpose of this Exclusion an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This Clause also excludes loss, damage, liability, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (A) and/or (B) above.

If the Insurers allege that by reason of this Exclusion, any loss, damage, cost or expense is not covered by this Policy the burden of proving the contrary shall be upon the Assured.

In the event any portion of this Clause is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

**2 INSTITUTE RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL, BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS EXCLUSION CLAUSE (CL370)**

 **This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith**

In no case shall this insurance cover loss damage liability, cost or expense directly or indirectly caused by or contributed to by or arising from:

(A) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;

(B) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;

(C) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;

(D) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes;

(E) any chemical, biological, bio-chemical, or electromagnetic weapon.

It is agreed that the above shall not exclude x-ray equipment as covered for under Clause 6 of Section One.

1. **Energy Cyber affirmation and limited exclusion**

Subject only to paragraph 3 below, in no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus, computer process or any other electronic system.

Subject to the conditions, limitations and exclusions of the policy to which this clause attaches, the indemnity otherwise recoverable hereunder shall not be prejudiced by the use or operationof any computer, computer system, computer software programme, computer process or any other electronic system, if such use or operation is not as a means for inflicting harm.

Where this clause is endorsed on policies covering risks of war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power, or terrorism or any person acting from a political motive, paragraph 1 shall not operate to exclude losses (which would otherwise be covered) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

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12 November 2019

**4 SANCTION LIMITATION AND EXCLUSION CLAUSE**

No Insurer shall be deemed to provide cover and no Insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that Insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, the United Kingdom or the United States of America.

**5 RIOTS, STRIKES, CIVIL COMMOTIONS AND MALICIOUS DAMAGE EXCLUSION**insurance inconsistent therewith.

In no case shall this insurance cover loss damage liability, cost or expense directly or indirectly caused by or contributed to or arising from Riots and/or Strikes and/or Civil Commotions including fire damage and loss by looting following Riots and/or Strikes and/or Civil Commotion and/or Malicious Damage as described herein.

For the purpose of this Extension:

(A) Riots and/or Strikes and/or Civil Commotions damage shall include but not be limited to loss directly caused by:

(i) any act committed in the course of a disturbance of the public peace by any person taking part together with others in such disturbance; or

(ii) any wilful act of any striker or locked-out worker done in furtherance of a strike or in resistance to a lock-out whether or not such act is committed in the course of a disturbance of the public peace; or

(iii) any act of any lawfully constituted Authority for the purpose of suppressing or minimising the consequences of any existing disturbance of the public peace, or for the purpose of preventing any such act as is referred to in (ii) above or minimising the consequences thereof.

(B) Malicious Damage shall mean all physical loss or damage resulting directly from a malicious act caused by anyone whether or not the aforesaid act is committed during a disturbance of the public peace, and shall include loss caused by sabotage and acts committed by any or all persons who are member(s) of an organisation whose aim is or includes the over-throwing of any legal or de facto Government by terrorism or violence.”

**6 JRC COMMUNICABLE DISEASE ENDORSEMENT**

 1. Notwithstanding any provision to the contrary within this insurance, this insurance does not insure any loss, damage, liability, claim, cost, expense or other sum caused by a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.

 2. For the purposes of this endorsement, loss, damage, liability, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:

2.1. for a Communicable Disease, or

2.2. any property insured hereunder that is affected by such

 Communicable Disease.

 3. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:

 3.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and

 3.2. the method of transmission, whether direct or indirect, includes, but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms.

 4. This endorsement applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

All other terms, conditions and exclusions of the policy remain the same.

JR2020-016

17 April 2020

**7 H2S MONITORING**

Mol Pakistan to do the following.

• H2S sampling data at Wellheads, Valve assemblies and Plant inlet

• Partial pressure at downhole conditions, to address any potential issues with downhole corrosion of tubing/production casing

• Details of any signs of pitting/corrosion observed on the tree/wellhead valves during planned maintenance, well integrity testing or workover

 • Continued monitoring that the H2S levels remain acceptable in accordance with best industry standards and MOL’s company standards with respect to chemical composition of the produced hydrocarbons versus the specification and current condition of the production liner/casing.

**SECTION ONE - ONSHORE PROPERTY INSURANCE**

**A.L.S. (1989) FORM (Amended)**

**1 INSURING CLAUSE**

Subject to the terms, conditions and exclusions hereinafter contained, this Section insures all real and/or personal property (including improvements and betterments) of the Assured or property of others in the care, custody or control of the Assured or for which the Assured is responsible whilst within the territorial limits stated in the Declarations against all risks of direct physical loss or damage occurring during the Period of Insurance as stated in the Declarations.

**2 EXCLUDED PROPERTY**

This Section does not cover direct physical loss or damage to the following property:

(A) (i) Aircraft, watercraft, vehicles designed for highway use, jewellery, precious stones, furs or garments trimmed with fur, standing timber, growing crops, animals, land and water.

(ii) Accounts, bills, currency, money, notes, securities, deeds, evidences of debt.

(B) Property in due course of ocean marine transit, except as may be provided by Extension hereto.

 (C) Property sold by or under encumbrance to the Assured after it leaves the custody of the Assured or an employee of the Assured.

 (D) Plate glass, or any lettering or ornamentation thereon, unless such loss is caused directly by fire or the combating thereof.

 (E) Building or structures in process of construction, including materials and supplies therefore, except as set forth in the Minor Works Clause 17of this Section.

(F) Power transmission and feeder lines not on the Assured's premises, other than as declared to and agreed by Insurers

(G) Roads, pavements, driveways, runways, railway lines, canals, dams and reservoirs.

**3 EXCLUDED PERILS**

This Section does not insure against:

 (A) Loss or damage caused by or resulting from moth, vermin, termites, or other insects, inherent vice, latent defect, wear, tear or gradual deterioration, expansion or contraction due to change in temperature, metal fatigue, contamination, rust, wet or dry rot, mould, dampness of atmosphere, smog or extremes of temperature, or by normal settling, shrinkage or expansion in buildings or foundations; unless loss; damage or destruction from a peril not otherwise excluded herein ensues and then this Section of the Policy shall cover for such ensuing loss, damage or destruction.

 (B) Loss or damage caused by backing up of sewers or drains, or seepage below ground level.

(C) Loss of use, delay or loss of markets.

 (D) Breakdown or derangement of machinery and/or boiler explosion except as covered by the Electrical and Machinery Breakdown extension contained in this Section; unless loss, damage or destruction from a peril not otherwise excluded herein ensues and then this Section of the Policy shall cover for such ensuing loss, damage or destruction.

(E) Infidelity or any dishonesty on the part of the Assured, inventory shortage or unexplained disappearance.

(F) Loss of or damage to dynamos, exciters, lamps, motors, switches and other electrical appliances and devices, caused by electrical injury or disturbance, unless the loss or damage be caused by a peril not excluded hereunder originating outside the electrical equipment specified in this clause. Nevertheless this clause shall not exclude claims for physical loss or damage resulting from fire or explosion.

 (G) Loss, damage or destruction to personal property caused by processing, renovating or repairing thereof, unless loss, damage or destruction from a peril not otherwise excluded herein ensues and then this Section of this Policy shall insure such ensuing loss, damage or destruction.

(H) The cost of making good defective design or specifications, faulty material, or faulty workmanship; however this exclusion shall not apply to loss, damage or destruction resulting from such defective design or specifications, faulty material, or faulty workmanship.

 (I) Loss, damage or destruction to personal property resulting from shrinkage, evaporation, loss of weight, leakage, breakage of glass or other fragile article, marring, scratching, exposure to light, or change in colour, texture or flavour unless physical loss, damage or destruction not excluded by this Section results, in which event this Section shall insure only such resulting loss, damage or destruction.

(J) Loss or damage caused by:

(i) theft; or

(ii) exposure to weather conditions,

where any personal property insured is left in the open and not contained in buildings on permanent foundations.

This exclusion does not apply to property designed to exist or operate in the open.

 (K) Loss or damage occurring while the building insured or containing the property insured is, to the knowledge of the Assured, vacant or unoccupied for more than thirty consecutive days, or being a manufacturing establishment ceases to be operated and continues to be out of operation for more than thirty consecutive days.

 (L) Loss or destruction or damage caused by pollution or contamination except (unless otherwise excluded) loss, destruction of or damage to the property insured caused by:

 (i) pollution or contamination which itself results directly from fire, lightning, explosion, aircraft or other aerial devices or articles dropped therefrom, riot, civil commotion, strikers, locked-out workers, persons taking part in labour disturbances, malicious persons other than thieves, ~~earthquake~~, storm, ~~flood~~, bursting overflowing discharging or leaking of water tanks apparatus or pipes, sprinkler leakage or impact by any road vehicle or animal;

(ii) any of the perils listed in a) above which itself results directly from pollution or contamination.

(M) Liabilities to third parties.

(N) The deliberate operation of any plant, machine, apparatus, pipeline or other equipment in excess of its design capacity.

~~However, if as a result of any of the exclusions under this Clause 3, any resultant loss or damage which is not otherwise specifically excluded occurs then Insurers shall be liable for such resulting loss or damage.~~

**4 TERRITORIAL LIMITS**

This Section insures property at any locations within the Territorial Limits stated in the Declarations.

**5 DEDUCTIBLES**

Each Occurrence shall be adjusted separately and from the amount of each such adjusted Occurrence, the sum stated in the Declarations shall be deducted.

**6 X-RAY EQUIPMENT**

Subject otherwise to the terms and conditions of this Section, physical loss or damage caused by nuclear radiation or radioactive contamination arising from non-destructive testing equipment, x-rays or other commercial equipment customarily used in the operations of the Assured shall be covered by this Section of the Policy.

**7 VALUATION**

In the event of loss of or damage to property insured hereunder and for the assessment of premium the basis of valuation and adjustment shall be as follows:

(A) On stock in process and finished goods: the value of the raw material and labour expended plus the proper proportion of overhead charges.

(B) On books of account, abstracts, drawings, card index systems and other records (except film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing): not exceeding the cost of blank books, cards or other blank material plus the cost of labour incurred by the Assured for transcribing or copying such records.

(C) (i) On film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing: not exceeding the cost of such media in unexposed or blank form.

(ii) On computer programmes and data: not exceeding the cost of labour incurred by the Assured for transcribing, or copying such programmes and data from duplicates or from originals of the previous generation; but this Section does not insure any other cost including research or other cost of re-creating information lost.

(D) On raw materials, supplies and other merchandise not manufactured by the Assured: the replacement cost at the time and the place of replacement or if such property is not replaced. The value thereof at the time and place of the loss, destruction or damage.

(E) In respect of all other property, settlement shall be based upon the cost of repairing, replacing, or reinstating (whichever is the least) with material of like kind and quality without deduction for depreciation, subject to the following provisions:

(i) The repairs, replacement or reinstatement (all hereinafter referred to as "replacement") must be executed with due diligence and dispatch;

(ii) Until replacement has been effected the amount of liability under this Section in respect of loss shall be limited to the actual cash value at the time of loss;

The Insurers’ liability for loss under this Section including this clause shall not exceed the smallest of the following amounts:

(a) the sum insured of this Section applicable to the destroyed or damaged property;

 (b) the replacement cost of the property or any part thereof identical with such property and intended for the same occupancy and use,

 (c) the amount actually and necessarily expended in replacing said property or any part thereof.

**8 WAIVER OF AVERAGE**

It is understood and agreed that the insurance provided by Section I is not subject to any conditions of average or co-insurance.

**9 IMMEDIATE REPAIRS**

It is agreed that in the event of loss or damage the Assured, if they so elect, may immediately begin the work of reinstatement or repair but such work shall at all times be open to supervision by the Insurers or their representatives, the sole object of this Condition being not to deprive the Assured from the use of operating properties which may be necessary to their Business. The Assured shall not dispose of any damaged property without the prior agreement of the Insurers.

**10 PROTECTION MAINTENANCE**

It is agreed that any protection provided for the safety of the insured property shall be maintained in good order throughout the currency of this Section and shall be in use at all times out of business hours or when the Assured's premises are left unattended, and that such protection shall not be withdrawn or varied to the detriment of the interests of the Insurers without their consent.

**11 PROPERTY AND PLANT TESTING AND COMMISSIONING CLAUSE**

It is hereby noted and agreed that this Section does not cover destruction or damage to property in course of construction or erection, dismantling or undergoing testing or commissioning including mechanical, performance testing and any business interruption resulting therefrom.

Acceptance of property hereon after completion of such construction or erection, dismantling, testing or commissioning and mechanical performance testing is subject to satisfactory completion of the following procedures:

(A) Mechanical completion including Testing;

(B) Testing and Commissioning;

(C) Performance testing conforming to 100% Contract Design Criteria maintained by the entire plant in a stable and controlled manner for a continuous ongoing period of a minimum of 72 consecutive hours duration,

it being understood that no equipment faults or punch list items affecting operational integrity of the plant are outstanding and that no temporary structures and no modifications remain.

It is further noted and agreed that the above provisions do not apply to normal routine maintenance activities, scheduled turnarounds or to the property covered under the Minor Works clause herein.

**EXTENSIONS OF COVERAGE**

**12 PUBLIC AUTHORITY REQUIREMENTS**

This insurance extends to include such additional costs of reinstatement of the lost, destroyed or damaged property insured as may be incurred solely by the reason of the necessity to comply with the building or other regulations under or framed in pursuance of any act of government or with bye-laws of any municipal or local authority provided that:

(A) The amount recoverable under this clause shall not include:

(i) the cost incurred in complying with any of the aforesaid regulations or bye-laws;

(ii) costs relating to loss, destruction or damage occurring prior to the granting of this extension;

(iii) costs in respect of loss; destruction or damage not insured by this Section;

(iv) costs relating to a notice which has been served upon the Assured prior to the happening of the loss, destruction or damage;

(v) the additional cost that would have been required to make good the property lost, damaged or destroyed to a condition equal to its condition when new had the necessity to comply with any of the aforesaid regulations or bye-laws not arisen;

(vi) the amount of any rate, tax, duty, development or other charge or assessment arising out of capital appreciation which may be payable in respect of the property or by the owner thereof by reason of compliance with any of the aforesaid regulations or bye-laws.

(B) The work of reinstatement must be commenced and carried out with reasonable despatch and in any case must be commenced within twelve (12) months after the loss, destruction or damage or within such further time as the Insurers may (during the said twelve (12) months) in writing allow and may be carried out wholly and partially upon another site (if the aforesaid regulation or bye-law so necessitate) subject to the liability of the Insurers under this clause not being thereby increased.

(C) If the liability of the Insurers apart from this clause shall be reduced by the application of any of the terms and conditions of the Policy then the liability of the Insurers under this clause shall be reduced in like proportion.

(D) The total amount recoverable shall not exceed the Limits of Liability applicable to the property concerned as stated in the Declarations.

(E) All the conditions of this Section except insofar as they may be hereby expressly varied shall apply as if they have been incorporated herein.

This clause is also extended to include the additional cost of (a) demolition and (b) reinstatement as described within this clause, in respect of undamaged portions of property provided that such undamaged portions of property require demolition or reinstatement following, and in connection with, a covered loss under this Section.

**13 REMOVAL OF DEBRIS**

This Section also covers, subject to the sub-limit stated in Item 5 of the Declarations, costs and expenses necessarily incurred by the Assured with the consent of the Insurers for removing debris, dismantling or demolishing, and/or shoring up or propping the portion or portions of the property and machinery insured by this Section which have been destroyed or damaged by any contingency hereby insured against under this Section.

Further the insurance under this Section extends to include costs and expenses reasonably incurred by the Assured in removing from any of the insured locations debris of the portion or portions of any property not insured under this Section lost, destroyed or damaged by any contingency insured against under this Section.

The Insurers will not pay for any cost or expenses incurred in removing debris except from the site of such property destroyed or damaged and the area immediately adjacent to such site.

**14 COST OF CLEAN UP**

Notwithstanding the provisions of the preceding Clause 14 above, or any provision respecting seepage and/or pollution and/or contamination, and/or debris removal and/or cost of clean-up in this Section, in the event of direct physical loss or damage to the property insured hereunder, this Section (subject otherwise to its terms, conditions and limitations, including but not limited to any applicable deductible) also insures, within the sum insured, cost of clean-up, at the premises of the Insured, made necessary as a result of such direct physical loss or damage.

Notwithstanding the above, the Insurers will not pay for any costs or expenses:

(A) arising from pollution or contamination of property not insured by this Section; or

(B) for decontamination or removal of water, soil or any other substance on or under such premises.

 The coverage provided by this Extension is subject to the sublimit stated in Item 5 of the Declarations.

**15 CAPITAL ADDITIONS/AUTOMATIC COVERAGE**

It is understood and agreed that this Section is automatically extended to cover additional property and/or interests which may be acquired, constructed, or otherwise become at risk of the Assured during the Period of Insurance, provided that the value of such newly acquired property and/or interests does not exceed the percentage stated in Item 5 of the Declarations.

 If the value of such newly acquired property and/or interests exceeds the percentage stated in Item 5 of the Declarations of the total insured value as declared, information is to be provided to the Insurers within ninety (90) days from the date that such newly acquired property and/or interests becomes at the risk of the Assured. The Insurers agree to provide coverage for the full period that the newly acquired property and/or interests are at the risk of the Assured, or for the remainder of the Policy period. The Insurers reserve the right to charge an additional premium for newly acquired property and/or interests declared for such coverage at agreed rates.

**16 MINOR WORKS CLAUSE**

It is understood and agreed that this insurance includes minor alterations and/or reconstructions and/or maintenance and/or additions and/or modifications and/or works and/or testing and commissioning carried out on the insured properties.

In the event the Estimated Contract Value of any such works exceeds the amount stated in Item 5 of the Declarations, or equivalent in other currencies, the Assured agrees to provide the Insurers with full details of the contract and nature of the work to be carried out and to pay any additional premium that may be agreed between the Assured and the Insurers.

**17 SUE AND LABOUR EXPENSE**

It is further agreed that in case of loss or damage it shall be lawful and necessary for the Assured, their factors, servants and assigns, to sue, labour and travel for, in, and about the defence, safeguard and recovery of the property insured, or any part thereof without prejudice to this insurance, such expenses to be borne by the Insurers subject to the terms and conditions of this Policy and it is expressly understood and agreed that no acts of the Assured in recovering, saving or preserving the property insured shall be considered as a waiver or acceptance of abandonment.

The Insurers’ liability for Sue and Labour Expenses shall not exceed the additional limit stated in Item 5 of the Declarations.

**18 EXPEDITING EXPENSES**

Subject to the sub-limit of liability stated in Item 5 of the Declarations, it is agreed that claims for loss and/or damage in respect of interest(s) insured under this Section shall include the reasonable extra cost of expediting the repair, reconstruction, rebuilding or replacement of insured property lost or damaged by a peril insured against, including but not limited to overtime or night working and the extra cost of express or other rapid means of transportation (for example, airfreight), subject to such costs and expenses being reasonable and necessary in order for the Assured to carry on operations on the basis of a "prudent uninsured" person.

**19 FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES**

The Insurers agree to pay for fire-fighting expenses necessarily and reasonably incurred by the Assured to prevent or minimise the extent of any insured destruction of or damage to the insured property including the cost of materials expended and fire brigade charges but excluding salaries, wages and similar disbursements to own personnel or personnel on contract or secondment to the Assured and only to the extent that such expenses are not recoverable from a public authority or any other party.

The cover provided by this extension is limited to the amount stated in Item 5 of the Declarations and it is agreed and understood that any payment under this extension shall not increase Insurers' total liability under this Section.

**20 TEMPORARY REMOVAL**

Subject to the provisions of this Section, the property insured by this Section (other than stock if insured hereby) is covered whilst temporarily removed for cleaning, renovation, repair or other similar purposes, elsewhere on the same or to any other premises and in transit thereto and therefrom by road, rail or inland waterway.

**21 ELECTRICAL &** **MACHINERY BREAKDOWN**

(A) This Section is extended to indemnify the Assured in respect of breakdown of property insured as covered by this Section One directly and wholly attributable to any cause, except as hereinafter provided, occurring during the currency of the Policy.

Breakdown shall mean sudden and accidental physical loss or damage necessitating repair or replacement before working can be resumed resulting from:

(i) defects in material, design, construction, erection or assembly (but excluding any indemnity in respect of making good defects in material, design, construction, erection or assembly);

(ii) fortuitous working accidents such as vibration, maladjustment, loosening of parts, metal fatigue, centrifugal force, abnormal stresses, defective or accidental lack of lubrication, water hammer or local overheating, failure or faults in protection devices;

(iii) excessive or insufficient voltage or current, failure of insulation, short circuits, open circuits or arcing or the effects of static electricity;

(iv) incompetence, negligent acts or lack of skill of Insured's employees or third parties;

(v) falling, impact, collision or similar occurrences, obstruction or the entry of foreign bodies;

(vi) any other cause not otherwise excluded.

This extension applies whilst the property insured is working or at rest or being dismantled or moved for the purpose of cleaning, inspection, overhauling or being re-erected in another position within the territorial limits shown in the Declarations including during inland transit (including inland waterways) and worldwide as per Temporary Removal Extension.

**(B) Exceptions**

The Insurers shall not be liable for:

(i) loss or damage caused by explosion. As used in this Exclusion, "explosion" shall not mean the bursting or disruption of turbines, boilers, compressors, engine cylinders, hydraulic cylinders, flywheels or other parts subject to pressure, centrifugal force, transformer switches or oil immersed switchgear;

(ii) wastage of material, normal wearing away or wearing out of any part of a machine caused by or resulting from ordinary usage, rust, boiler scale or other deposits, corrosion or deterioration due to chemical or atmospheric conditions or otherwise scratching of painted or polished surfaces;

(iii) loss or damage caused by the wilful act or wilful neglect of the Assured or his representatives. However, acts of malicious damage by employees, workmen and/or representatives of the Assured shall not be excluded by this sub paragraph;

(iv) loss or damage caused by running in excess of design capacity, which is deliberate or known to the Insured and outside safe limits as prescribed in paragraph (D) of this Extension;

(v) accidental loss or damage indemnifiable elsewhere in this Section.

**(C) Valuation and Adjustment of Losses**

In case of loss, destruction or damage to property insured under this Extension, the basis of adjustment, unless otherwise endorsed hereon, shall be the Replacement Cost.

"Replacement Cost" shall mean all expenses necessarily incurred to repair, rebuild or replace with new materials of like kind and quality including dismantling and re-erection charges incurred for the purpose of effecting repair.

Replacement Cost shall be determined as of the date of settlement of any claim for loss or damage under this Section.

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**(D) Due Diligence**

It is agreed by the Assured that during the Period of Insurance the Property shall be maintained in good working order as expected from a prudent operator and not willfully operated beyond safe limits and that Government or other regulations relating to the conditions, operation or inspection of machine(s) are observed.

**(E) Temporary Removal**

Such insurance as is afforded under this Extension shall also apply while the Property Insured is being removed because of imminent danger of loss or damage.

**22 CRUDE OIL AND GAS IN PIPELINES OR STORAGE**

This Section is extended to cover crude oil and/or gas while in pipelines and/or in storage, including oil and gas while in pipelines and/or storage facilities not owned or operated by the Assured.

 **Conditions**

Subject to Bulk Oil Clauses SP13C CLA 219 which are deemed attached hereto as far as applicable.

Notwithstanding anything to the contrary contained therein, this extension shall also include loss arising from leakage from any of the pipelines and/or storage facilities and contamination or commingling of the crude oil arising from the sudden and accidental occurrence of an all risks peril as covered thereunder.

 **Limit of Liability and Deductible**

As per individual declarations, subject always to the overall limit and deductible as contained in the Declarations of the Policy.

**SECTION TWO – OPERATORS’ EXTRA EXPENSE**

**ENERGY EXPLORATION AND DEVELOPMENT INSURANCE 8/86**

**ADDITIONAL GENERAL CONDITIONS**

**1** **CO‑VENTURERS:**

It is understood and agreed that, subject to the provisions of Clause 2 of the General Conditions of this Policy, this Insurance may insure the interests of co‑venturers (defined as co‑owners, partners and/or other party(ies) having a financial and insurable interest in the wells insured hereunder), all of whom individually and collectively are non‑operators (all hereinafter referred to as "Co-Venturers"), and provided the agreement to include such Co-Venturers is executed in writing between and/or among the parties prior to any occurrence giving rise to claim for reimbursement hereunder.

Such Co-Venturers who comply with the above paragraph shall be deemed to be named as additional Assureds hereunder only in respect of wells insured hereunder and only for the period(s) of time operations in respect of said wells are insured hereunder as determined by Clause 8 of these Additional General Conditions.

Any cover granted hereunder to Co-Venturers shall be limited to operations in which a Co-Venturer has a common interest with the Named Assured and shall be subject in all respects to the terms, conditions and rates and Combined Single Limits of Liability specified in the Declarations to this Policy.

If the Named Assured is not the operator of a well, then this Insurance shall not cover the operator without Insurers' prior approval.

**2 RATING PROVISIONS:**

(A). Rates ‑ per Declarations:

(i) drilling rates, if any, apply for the period (a) during which any well is being drilled and/or deepened and/or completed, and (b) during any remaining period of this Policy, if any, during which (i) such well, if any, is in its subsequent producing and/or shut-in and/or plugged and abandoned condition and (ii) the Assured is purchasing coverage hereunder for its other producing and/or shut-in and/or plugged and abandoned wells, if any;

(ii) workover rates, if any, cover for the period during which any well is being serviced and/or worked over and/or reconditioned; and

(iii) producing and/or shut-in and/or plugged and abandoned rates, if any, are annual but shall not apply to producing and/or shut-in and/or plugged and abandoned wells, if any, for which premium at drilling rates under Paragraph 2(A)(i) of these Additional General Conditions has been paid under this Policy.

(B) It is understood and agreed that the rate per foot shall be applied to the total footage drilled, measured through the hole from the surface of the ground or water bottom to the bottom of the well.

(C) Premium applicable to deepening of wells and multiple completions shall be charged at 100% of the applicable drilling rate per foot and such rate shall apply to the final completed depth of the well measured through the hole from the surface of the ground or water bottom to the bottom of the well.

**3 RATING AREAS:**

As per Premium Worksheet

**4 EXCLUSIONS:**

There shall be no indemnity or liability under this Section of the Policy for

(A) any fines or penalties imposed under the laws of any state or nation or other Government entity, or any agency or subdivision damages;

(B) any claims arising directly or indirectly from any occurrence caused, in whole or in part, by any breach of any of the warranties set forth in Clause 7 of these Additional General Conditions or by any breach of any of the conditions set forth in Clause 26 of the General Conditions of this Policy;

(C) loss, damage or expense caused by the infidelity of the Assured or any other person or organisation acting for or on behalf of the Assured;

(D) loss, damage or expense as respects any well in the course of being drilled, deepened, serviced, worked over, completed and/or reconditioned at the inception of this Insurance, until final termination of said drilling, deepening, servicing, working over, completing and/or reconditioning, unless specifically agreed to by Insurers.

**5 RESIDUAL VALUE:**

In the event of an occurrence giving rise to a claim recoverable within the terms and conditions of this Policy, the residual value of any equipment and/or materials used or purchased by the Assured in respect of such occurrence will inure to the benefit of Insurers in the adjustment of such claim.

**6 DEFINITIONS:**

**(A) Wells Insured**

The term "Well(s) Insured" shall be defined as oil and/or gas and/or thermal energy wells:

(i) while being drilled, deepened, serviced, worked over, completed and/or reconditioned until completion or abandonment as set forth in Clause 16. of these General Conditions;

(ii) while producing;

(iii) while shut‑in;

(iv) while plugged and abandoned,

for the account of the Assured and as may be included within the areas and types of wells insured as set forth in the Declarations hereto.

**(B) Defence Costs and Expenses**

The term "Defence Costs" and “Defence Expenses” shall be defined as investigation, adjustment, settlement, litigation and legal expenses, premiums on attachment or appeal bonds, and pre and post judgement interest and shall exclude all expenses for salaried employees, general retainer fees normally paid by the Assured and office expenses of the Assured.

**7 WARRANTIES:**

(A) It is warranted that where the Assured is the operator or joint operator on any insured well being drilled, deepened, serviced, worked over, completed and/or reconditioned, a blowout preventer(s) of standard make will, when in accordance with all regulations, requirements and normal and customary practices in the industry, be set on surface casing or on the wellhead and installed and tested in accordance with usual practice.

When the Assured is a non-operator on any insured well, he will endeavour to see that the operator complies with the warranties set out in this Paragraph 7(A).

(B) It is further warranted that the Assured will use every endeavour to ensure that they and/or their contractors comply with all regulations and requirements in respect of fitting storm chokes and other equipment to minimise damage or pollution, and that all equipment (including drilling and/or workover rigs) will be manned by properly certified personnel where required by regulatory authorities.

(C) It is further warranted that in the event of a well becoming out of control or other escape or flow of drilling fluid, oil, gas or water, the Assured will use every endeavour to control the well or stop the escape or flow.

(D) It is understood and agreed that all wells insured hereunder as defined in Paragraph 6(A) of these Additional General Conditions for which the Named Assured is the operator, or where the Named Assured has a non-operating interest but is responsible for insurance, shall be insured hereunder for not less than the Named Assured's percentage interest therein.

**8 ATTACHMENT AND TERMINATION OF COVERAGE:**

**(A) Attachment of Coverage:**

(i) In respect of any well(s) insured hereunder, coverage shall attach when the Assured acquires an interest in such well(s) unless coverage attaches later by operation of any of Paragraphs 8(A) (ii), (iii) or (iv) below;

(ii) In respect of any well(s) insured hereunder spudded in during the period of this Policy, coverage shall attach at the time of "spudding in";

(iii) In respect of any well(s) in the course of being drilled, deepened, serviced, worked over, completed and/or reconditioned at the inception of this Insurance, and which would have been insured hereunder at inception in the absence of Exclusion 4(D) of these Additional General Conditions, coverage shall attach upon final termination of said drilling, deepening, servicing, working over, completing and/or reconditioning;

(iv) In respect of any other well(s) insured hereunder, coverage shall attach at inception of this Policy.

**(B) Termination of Coverage:**

(i) In respect of any well(s) insured hereunder, coverage shall terminate when the Assured ceases to have an interest in such well(s) unless coverage is terminated sooner by operation of any of Paragraphs 8(B)(ii), (iii) or (iv) below;

(ii) In respect of any well(s) which are insured hereunder during drilling only, by virtue of the Assured's electing not to purchase coverage for producing and/or shut-in and/or plugged and abandoned wells, coverage shall terminate upon either total and/or complete abandonment or completion of such well(s), which shall include the setting of the "Christmas Tree", pumping equipment or wellhead equipment or the dismantling or removal of the drilling equipment from the drill site, or the termination of the Assured's responsibility under contract, whichever shall first occur, except that, if removal of the drilling equipment from the drill site occurs first, then the period of time between complete removal of such equipment and the commencement of completion operations shall not exceed thirty (30) days in order for said completion operations to be covered hereunder;

(iii) In respect of any well(s) insured hereunder in the course of being drilled, deepened, serviced, worked over, completed and/or reconditioned at the expiry or cancellation of this Policy, coverage shall terminate upon final termination of said drilling, deepening, servicing, working over, completing and/or reconditioning, notwithstanding the fact that said final termination may occur later than said expiry or cancellation;

(iv) In respect of any other well(s) insured hereunder, coverage shall terminate at the expiry or cancellation of this Policy or (if plugged and abandoned wells are not insured hereunder) upon total and/or complete abandonment of such well(s), whichever shall first occur.

**9 SCHEDULE:**

 The schedule of producing and/or shut-in and/or plugged and abandoned wells at risk at inception is as scheduled within the slip B1526ENAME1700109.

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**10 REMOVAL OF WRECKAGE AND/OR DEBRIS**

It is hereby agreed in respect of the Assured’s operations insured under this Section of the Policy to indemnify the Assured hereunder for all costs and/or expenses of or incidental to the removal or destruction of wreckage and/or debris caused as a result of an occurrence insured against in this insurance when the incurring of such cost and/or expenses is compulsory by any law, ordinance or regulation or when the Assured hereunder is liable for such costs and/or expenses under contract or otherwise, or when such wreckage or debris interferes with the Assured’s normal operations.

**SECTION TWO – SUB-SECTION A**

**CONTROL OF WELL INSURANCE**

**1 COVERAGE:**

Insurers agree, subject to the Combined Single Limit of Liability, terms and conditions of this Policy, to reimburse the Assured for actual costs and/or expenses incurred by the Assured (a) in regaining or attempting to regain control of any and all well(s) insured hereunder which get(s) out of control, including any other well that gets out of control as a direct result of a well insured hereunder getting out of control, but only such costs and/or expenses incurred until the well(s) is (are) brought under control as defined in Paragraph 2(B) of this Sub-section A; and (b) in extinguishing or attempting to extinguish (i) fire above the surface of the ground or water bottom from well(s) insured hereunder or from any other well(s) which are burning as a direct result of well(s) insured hereunder getting out of control or (ii) fire above the surface of the ground or water bottom which may endanger the well(s) insured hereunder.

Relief Wells are automatically held covered under this Sub-section subject to notice to Insurers as soon as possible and rates to be established by Insurers.

**2 DEFINITIONS:**

**(A) Well Out of Control:**

For the purposes of this Insurance, a well(s) shall be deemed to be out of control only when there is an unintended flow from the well(s) of drilling fluid, oil, gas or water above the surface of the ground or water bottom,

(i) which flow cannot promptly be:

(a) stopped by use of the equipment on site and/or the blowout preventer, storm chokes or other equipment required by the Due Diligence and Warranties Clauses herein; or

(b) stopped by increasing the weight by volume of drilling fluid or by the use of other conditioning materials in the well(s); or

(c) safely diverted into production; or

(ii) which flow is declared to be out of control by the appropriate regulatory authority.

Nevertheless, and for the purposes of this Insurance, a well shall not be deemed out of control solely because of the existence or occurrence of a flow of oil, gas or water into the well bore which can, within a reasonable period of time, be circulated out or bled off through the surface controls.

**(B) Well Brought under Control:**

A well(s) deemed out of control in accordance with Paragraph 2(A) of this Sub-section A shall, for the purposes of this Insurance, be deemed to be brought under control at the time that:

(i) the flow giving rise to a claim hereunder stops, is stopped or can be safely stopped; or

(ii) the drilling, deepening, servicing, working over, completing, reconditioning or other similar operation(s) taking place in the well(s) immediately prior to the occurrence giving rise to a claim hereunder is (are) resumed or can be resumed; or

(iii) the well(s) is (are) or can be returned to the same producing, shut‑in or other similar status that existed immediately prior to the occurrence giving rise to a claim hereunder; or

(iv) the flow giving rise to a claim hereunder is or can be safely diverted into production;

whichever shall first occur, unless the well(s) continues at that time to be declared out of control by the appropriate regulatory authority, in which case, for the purposes of this Insurance, the well(s) shall be deemed to be brought under control when such authority ceases to designate the well(s) as being out of control.

**(C) Expenses:**

Expenses recoverable hereunder shall include costs of materials and supplies required, the services of individuals or firms specialising in controlling wells, and directional drilling and similar operations necessary to bring the well(s) under control, including costs and expenses incurred at the direction of regulatory authorities to bring the well(s) under control, and other expenses included within Clause 1 of this Sub-section A.

**3 TERMINATION OF EXPENSES:**

In any circumstances, and subject always to the Combined Single Limit of Liability of this Section of the Policy, Insurers' liability for costs and/or expenses incurred in regaining or attempting to regain control of a well(s) shall cease when the well(s) is (are) brought under control as defined in Paragraph 2(B) of this Sub-section A.

**4 EXCLUSIONS:**

There shall be no indemnity or liability under this Section for:

(A) any loss of or damage to any drilling or production equipment;

(B) any loss of or damage to any well or wells, or hole or holes;

(C) any loss, damage or expense caused by or arising out of delay (including delayed and/or deferred production) and/or loss of use and/or loss of or damage to production (including that due to loss of reservoir pressure) and/or loss of or damage to any reservoir or reservoir pressure.

**5 MAKING WELLS SAFE**

In respect of wells insured hereunder and subject to all terms and conditions and exclusions stated herein and the Combined Single Limit of Liability applicable thereto, this Sub-section A is extended to cover reimbursement to the Assured for the actual costs and expenses incurred in preventing the occurrence of a loss insured hereunder when the drilling and/or workover and/or production equipment has been directly lost or damaged by lightning; fire, explosion or implosion above the surface of the ground or water bottom; collision with land, sea or air conveyance or vehicle; windstorm, collapse of derrick or mast; collision or impact of anchors, chains, trawl boards or fishing nets; flood; ~~strikes; riots; civil commotions or malicious damage~~; but only when, in accordance with all regulations, requirements and normal and customary practices in the industry, it is necessary to re-enter the original well(s) in order to continue operations or restore production from or plug and abandon such well(s).

Insurers’ liability for costs and expenses incurred by reason of this Clause shall cease at the time that

(A) operations or production can be safely resumed, or

(B) the well is or can be safely plugged and abandoned,

whichever shall first occur.

**6 DELIBERATE WELL FIRING**

In the event that a well which gets out of control within the terms and conditions of this Sub-section A has to be deliberately fired (A) at the provincial or federal government’s direction, or (B) by the operator, due to the fact that governmental personnel are not available, for safety reasons to protect bodily injury (including employees) and/or property damage to third parties, coverage as afforded hereunder shall not be prejudiced.

**7 UNDERGROUND CONTROL OF WELL**

In respect of wells insured hereunder and subject to all terms and conditions and exclusions stated herein and the Combined Single Limit of Liability applicable thereto, this Sub-section A is extended to cover reimbursement to the Assured for the actual costs and/or expenses incurred in regaining or attempting to regain control of an unintended subsurface flow of oil, gas, water and/or other fluid from one subsurface zone to another subsurface zone via the bore of a well insured hereunder, which unless controlled prevents continuation of any operations or status set forth in subparagraphs (ii) or (iii) below.

However, no claim shall be payable by reason of this Clause where such flow can promptly be:

(A) stopped by the use of the equipment on site and/or the blowout preventer, storm chokes or other equipment required by the Due Diligence and Warranties Clauses herein; or

(B) stopped by increasing the weight by volume of drilling fluid or by the use of other conditioning materials in the well(s); or

(C) safely diverted into production.

Nor shall a claim be payable by reason of this Clause where such flow can, within a reasonable period of time, be circulated out or bled off through the surface controls.

Insurers' liability under this Clause shall cease at the time that:

(i) the flow giving rise to a claim payable by reason of this Endorsement stops, is stopped or can be safely stopped; or

(ii) the drilling, deepening, servicing, working over, completing, reconditioning or other similar operation(s) taking place in the well(s) immediately prior to the occurrence giving rise to a claim hereunder is (are) resumed or can be resumed; or

(iii) the well(s) is (are) or can be returned to the same producing, shut‑in or other similar status that existed immediately prior to the occurrence giving rise to a claim hereunder; or

(iv) the flow giving rise to a claim payable by reason of this Endorsement is or can be safely diverted into production,

whichever shall first occur.

**Exclusions**

There shall be no indemnity or liability under this Extension of coverage for:

(a) costs and/or expenses incurred solely for the purpose of extinguishing or attempting to extinguish fire;

(b) costs and/or expenses incurred in regaining or attempting to regain control of a flow declared to be out of control by any regulatory authority but which costs and/or expenses would not have been covered under this Endorsement in the absence of such declaration.

**SECTION TWO – SUB-SECTION B**

**REDRILLING/EXTRA EXPENSE**

**1. COVERAGE**

Insurers agree, subject to the Combined Single Limit of Liability, terms and conditions of this Policy, to reimburse the Assured for actual costs and/or expenses reasonably incurred to restore or redrill a well insured hereunder, or any part thereof, which has been lost or otherwise damaged as a result of an occurrence giving rise to a claim which would be recoverable under Sub-section A of this Policy if the Assured's Retention applicable to Sub-section A were nil, subject to the following conditions:

(A) Insurers shall reimburse the Assured only for such costs and expenses as would have been incurred to restore or redrill a well had the most prudent and economical methods been employed.

(B) There shall be no coverage under this Sub-section B for restoration or redrilling of any well whose flow can be safely diverted into production, including by completing through drill stem left in the well insured hereunder, or which can be completed through a relief well(s) drilled for the purpose of controlling a well.

(C) In no event shall Insurers be liable for costs and/or expenses incurred (a) with respect to drilling wells, to drill below the depth reached when the well became out of control as defined in Clause 2 of Sun-section A and (b) with respect to producing or shut-in wells, to drill below the geologic zone or zones from which said well(s) was (were) producing or capable of producing.

(D) In respect of drilling wells, Insurers’ liability hereunder shall in no event exceed 130% of the cost incurred to drill the original well to the depth reached at the time when the well became out of control or fire occurred.

(E) In respect of producing, shut-in or workover wells, Insurers’ liability hereunder shall in no event exceed 130% of the cost incurred to drill the original well, plus 10% per annum compound thereof from the date of spudding of the original drilling of the well until the date of the occurrence giving rise to the aforesaid claim which would have been recoverable under Sub-section A of this Policy if the Assured’s Retention applicable to Sub-section A were nil, subject to a maximum of 250% of the original cost.

(F) In any circumstances, Insurers' liability under this Sub-section B for costs and expenses shall cease (1) if actual restoration or redrilling has not commenced within 540 days after (a) the date of the accident or occurrence giving rise to coverage under this Sub-section B or (b) the date of cancellation or expiry of this Policy, whichever shall later occur; and (2) in any event when the depths set forth in Paragraph 1(C) of this Sub-section B have been reached and the well restored to a condition comparable to that existing prior to the Occurrence giving rise to the claim, or so far as possible utilising generally available equipment and technology.

**2 EXCLUSIONS**

There shall be no indemnity or liability under this Sub-section B for:

(A) any loss of or damage to any drilling or production equipment;

(B) any loss, damage or expense caused by or arising out of delay (including delayed and/or deferred production) and/or loss of use and/or loss of or damage to production (including that due to loss of reservoir pressure) and/or loss of or damage to any reservoir or reservoir pressure.

(C) costs and/or expenses incurred to restore or redrill any relief well, or any part thereof;

(D) any claim recoverable under this Policy solely by reason of the addition or attachment to Sub-section A of this Policy of the Making Wells Safe coverage;

(E) redrilling and/or recompletion or for in-hole equipment in respect of any well that was plugged and abandoned prior to loss or damage covered under Sub-section A hereof and that remained plugged and abandoned at the time of such loss or damage.

**3 EXTENDED REDRILLING AND RESTORATION COST**

In respect of wells insured hereunder and subject to all terms and conditions and exclusions stated therein and the Combined Single Limit of Liability applicable thereto, this Sub-section B is extended to cover reimbursement to the Assured for actual costs and expenses reasonably incurred to restore or redrill a well insured hereunder, or any part thereof, which has been lost or otherwise damaged as a direct result of physical loss of or damage to the drilling and/or workover and/or production equipment and/or platform by lightning, fire, explosion or implosion above the surface of the ground or water bottom; collision with land, sea or air conveyance or vehicle; windstorm; collapse of derrick or mast; flood; ~~strikes; riots; civil commotions or malicious damage~~; and where covered under Sub-section A, earthquake, volcanic, eruption or tidal wave; and in respect of offshore wells only, collision or impact of anchors, chains, trawl boards or fishing nets.

**SECTION TWO – SUB-SECTION C**

**SEEPAGE AND POLLUTION, CLEANUP AND CONTAMINATION**

**1. INSURING AGREEMENTS**

Insurers, subject to the Combined Single Limit of Liability, terms and conditions of this Policy, agree to indemnify the Assured against:

a) all sums which the Assured shall by law or under the terms of any oil and/or gas and/or thermal energy lease and/or license be liable to pay for the cost of remedial measures and/or as damages for bodily injury (fatal or non-fatal) and/or loss of, damage to or loss of use of property caused directly by seepage, pollution or contamination arising from wells insured herein;

b) the cost of, or of any attempt at, removing, nullifying or cleaning up seeping, polluting or contaminating substances emanating from wells insured herein, including the cost of containing and/or diverting the substances and/or preventing the substances reaching the shore;

c) costs and expenses incurred in the defence of any claim or claims resulting from actual or alleged seepage, pollution or contamination arising from wells insured herein, including Defence Costs and costs and expenses of litigation awarded to any claimant against the Assured, provided, however, that the inclusion of the above costs (and expenses) shall in no way extend the Combined Single Limit of Liability of Insurers over all Sub-sections of this Section of the Policy,

provided always that such seepage, pollution or contamination results from both (1) an Occurrence taking place during the Period of Insurance (including any continuation thereof provided for by Clause 20 of the General Conditions) and of which notice has been given in accordance with Clause 15 of the General Conditions hereto and (2) an Occurrence giving rise to a claim which would be recoverable under Sub-section A of this Section if the Assured's Retention applicable to Sub-section A were nil.

**2 COST AND APPEALS CLAUSE**

In the event of any claim and/or series of claims arising out of one occurrence where the Assured's final gross claim is likely to exceed the retention of the Assured, no costs shall be incurred on behalf of Insurers without the consent of Insurers, and if such consent is given, Insurers shall consider such costs as part of the final claim hereunder. No settlement of losses by agreement shall be effected by the Assured without the consent of Insurers where the Assured's final gross claim will exceed the retention of the Assured.

In the event that the Assured elects not to appeal against a judgement in excess of the retention of the Assured, Insurers may elect to conduct such appeal at their own cost and expense, and shall be liable for the taxable cost and interest incidental thereto, but in no event shall the liability of Insurers exceed the Combined Single Limit of Liability over all Sections of this Policy.

**3 EXCLUSIONS**

There shall be no indemnity or liability under this Sub-section C for:

(A) any loss of or damage to any drilling or production equipment at the site of any well insured herein;

(B) any claim recoverable under this Policy solely by reason of the addition or attachment to Sub-section A of the Underground Control of Well coverage;

(C) any claim arising directly or indirectly from seepage, pollution or contamination if such seepage, pollution or contamination:

(i) is deliberate from the standpoint of the Assured or any other person or organisation acting for or on behalf of the Assured; or

(ii) results directly from any condition which is in violation of or non-compliance with any governmental rule, regulation or law applicable thereto; notwithstanding the foregoing, this Exclusion does not apply with respect to any such condition which at the time of loss is in the process of being corrected by a schedule or programme sanctioned and approved by the appropriate governmental authority with jurisdiction over such rule, regulation or law, to the extent that the Assured is in compliance with such schedule or programme;

(D) any claim for mental injury, anguish or shock unless same results from physical injury to the claimant.

**4 EVACUATION EXPENSES**

In respect of wells insured hereunder and subject to all terms and conditions and exclusions stated therein and the Combined Single Limit of Liability applicable thereto, this Sub-section C is extended to cover reimbursement to the Assured for reasonable costs and/or expenses which the Assured incurs in the evacuation of people (other than the Assured's employees or those of contractors or sub-contractors of the Assured), animals and/or property (other than the Assured's property or that of contractors or sub-contractors of the Assured), but only where and to the extent that the evacuation has taken place by order of any local, state or federal governmental or regulatory authority or public emergency service, and only following a well out of control as defined in Sub-section A, fire, or escape of oil and/or gas or the imminent threat thereof, which has resulted, or would result, in a claim recoverable elsewhere under this Insurance if the Assured's Retention applicable thereto were nil.

Costs and expenses, if covered hereunder by the terms and conditions set forth above, shall include but not be limited to all reasonable costs of transportation, costs of storage, keeping or lodging and/or maintaining evacuated people, animals and/or property.

**Exclusion:**

There shall be no indemnity or liability under this Clause for loss of use of evacuated property and loss of earnings or any other income by any evacuated persons.

**SECTION TWO – SUB-SECTION D**

**CARE, CUSTODY AND CONTROL**

**1 COVERAGE**

Subject to the General Conditions of this Policy and the terms and conditions of Section Two, this insurance is extended to cover the Assured's legal or contractual liability as oil lease operators (or Co-Venturers where applicable) for Property Damage to, oil field equipment, including but not limited to drill pipe, drill collars, subs, drill bits and core barrels, leased or rented by the Assured or in its care, custody and control whilst at the site and/or in transportation to or from any Well Insured under Sub-section A of this Section.

The term Property Damage wherever used in this Sub-section D means physical loss or physical damage to property of others, including expenses of salvage, expenses of removal of wreckage and/or debris of the property so lost or damaged.

**2 LIMIT OF LIABILITY**

Insurers' liability in respect of claims under this Sub-section D is limited to the amount stated in Item 5 of the Declarations.

Notwithstanding the foregoing, Insurers' liability under this Sub-section shall not exceed the amount assumed contractually by the Assured and the basis of recovery under this Sub-section shall be as assumed contractually by the Assured.

**3 ASSURED'S RETENTION**

Insurers' limit of liability specified in Clause 2 of this Sub-section shall be in excess of the Assured's Retention set out in Item 6 the Declarations.

**4 IN-HOLE SALVAGE EXPENSES**

In the event that in-hole salvage expenses or fishing costs are incurred in respect of equipment for which the Assured has assumed responsibility and which is lost or damaged as a result of a peril insured against in this Sub-section, the maximum amount recoverable for such salvage expenses or fishing costs shall be 25% of the value of the lost or damaged equipment in the hole at the time of loss and which is the object of salvage or fishing efforts, always subject to the overall limit of liability specified in Clause 2 above.

**5 EXCLUSIONS**

Notwithstanding anything contained herein to the contrary, Insurers shall not be liable for claims under this Sub-section D in respect of loss of or damage to:

(A) equipment owned by the Assured or in which the Assured has a financial interest;

(B) drilling or workover rigs or any component thereof,

(C) diamond bits and/or diamond bit core barrels;

(D) mud, chemicals, cement, the Well or casing installed therein;

(E) in-hole equipment while in the hole, unless the Assured's liability has resulted from physical loss or damage to such equipment as a result of

(i) an Occurrence giving rise to a claim which would be recoverable under Sub-section A if the Insured's Retention applicable to Sub-section A were nil, or

(ii) fire, windstorm or total loss of the drilling or workover rig,

(F) This Sub-section shall not cover or contribute to any loss, damage or expense caused by or resulting from delay; loss of use; wear; tear; gradual deterioration; mysterious disappearance; inventory shortage; explosion, rupture or bursting of engines, pumps, piping, tanks or any pressure container from internal pressure; electrical injury or disturbance to electrical appliances or wiring resulting from artificial or natural causes (unless fire ensues, and then from loss or damage by fire only); latent defect; faulty design; mechanical failure or breakdown of equipment leased or rented by the Assured or in the Insured's care, custody and control

**6 BASIS OF INDEMNITY**

The Insurers shall not be liable for loss of or damage to equipment beyond the actual sound value of such equipment at the time of loss, ascertained with proper deductions for depreciation, wear, tear and obsolescence. As respects leased or rented equipment, the Insurers shall not be liable for any sum greater than that assumed by the Assured under the terms of the rental or lease agreement, less any trade or volume discount allowed by the leasing or rental company, nor shall the Insurers' liability exceed what it would cost to repair or replace any equipment involved in any loss recoverable hereunder with other equipment of like kind and quality.

The Insurers shall have no liability for loss or damage to equipment if the drilling contract is negotiated on a turnkey or completed well basis.

**7 WRITTEN CONTRACT REQUIREMENT**

This Sub-section shall not afford coverage with respect to any operations performed for the Assured, or for the account of the Assured by another operator, upon which a written contract with the contractor has not been executed within forty eight (48) hours of the commencement of such operations, incorporating all the provisions and conditions to be effective as respects such operations. Further, this Sub-section shall not extend to any oral agreements prior or subsequent to or simultaneously with the execution of the written contract on such operations, and this Sub-section shall not extend to any subsequent written agreement or rider to the original contract, other than to deepen or lengthen any Well beyond the specified total depth of the original contract, affecting the assumption of liability by the Well owner for contractor's equipment.

**2013 CLAIMS MADE POLICY**

THIS IS AN EXCESS CLAIMS MADE LIABILITY POLICY. PLEASE READ THE ENTIRE DOCUMENT CAREFULLY. SOME WORDS CONTAINED HEREIN HAVE SPECIFIC MEANING. PLEASE REFER TO THE DEFINITIONS SECTION.

I. INSURING AGREEMENTS

1. COVERAGE

In consideration of the payment of the premium set out in Item 7 of the Declarations and in reliance upon the proposal for this policy (hereinafter Policy), statements made, and any supplementary information pertaining to the proposal which are all deemed incorporated herein, Underwriters agree, subject to the Insuring Agreements, Conditions, Exclusions, Definitions and Declarations contained in this Policy, to indemnify the “Insured” in respect of its operations anywhere in the World, and any “Additional Insured” as far as applicable for “Ultimate Net Loss” by reason of liability:

(a) imposed upon the “Insured” by law, or

(b) assumed by the “Insured” under an “Insured Contract”, for damages in respect of:

(i) “Bodily Injury”

(ii) “Personal Injury”

(iii) “Property Damage”

(iv) “Advertising Injury”,

caused by or arising out of an “Occurrence” that occurred on or after the Retroactive Date as set out in Item 13 of the Declarations and for which a “Claim” is first made in writing against the “Insured” during the Policy Period as set out in Item 5 of the Declarations.

Nothing contained in this Policy shall make this Policy subject to the terms of any other insurance.

2. LIMITS OF LIABILITY

Underwriters shall only be liable for “Ultimate Net Loss” in excess of:

(a) the Underlying Insurance(s) set out in Item 2 of the Declarations, or,

(b) the Self Insured Retention set out in Item 3 of the Declarations,

whichever is the greater and then only up to the amount stated in Item 4(a) of the Declarations in respect of any one “Occurrence”.

Regardless of the number of “Occurrences” or “Claims” that may be covered by this Policy Underwriters’ total Limits of Liability shall not exceed the amount of “Ultimate Net Loss” set out in Item 4(b) of the Declarations in the aggregate separately in respect of:

(i) “Products Liability” and “Completed Operations Liability” combined,

(ii) All other coverages combined,

for each annual period.

The inclusion or addition hereunder of more than one “Insured” and/or “Additional Insured” shall not increase Underwriters’ Limits of Liability as set out in Item 4 of the Declarations.

3. UNDERLYING INSURANCE(S)/SELF INSURED RETENTION

Regardless of the number of “Occurrences” or “Claims” that may be covered by this Policy:

(a) where the Underlying Insurance(s) is any one “Occurrence” the “Insured” shall always be liable for either the Underlying Insurance(s) or the Self Insured Retention, whichever is the greater, in respect of each and every “Occurrence;”

(b) where the Underlying Insurance(s) is in the aggregate, the “Insured” shall always be liable for the remaining Underlying Insurance(s) or the Self Insured Retention, whichever is the greater, in respect of each and every “Occurrence”.

The Self Insured Retention shall be subject to no aggregate limitation regardless of the number of “Occurrences” or “Claims” that may be covered by this Policy.

Any Underlying Insurance(s) which are self-insured and the Self-Insured Retention shall only be impaired or exhausted by damages which would, except for the amount thereof, be insured by this Policy.

The “Insured” shall have the right to insure all or part of the Underlying Insurance(s) and/or the Self Insured Retention.

4. JOINT VENTURES

As regards any liability of the “Insured” which is covered under this Policy and arises in any manner whatsoever out of the operations or existence of any joint venture, joint lease, joint operating agreement or partnership (hereinafter called the “Joint Venture”) in which the “Insured” has an interest:

(a) the Underlying Insurance(s), or

(b) the Self Insured Retention, and

(c) the Limits of Liability of Underwriters under this Policy,

shall be limited to the product of:

(i) the percentage interest of the “Insured” in said “Joint Venture” or such percentage as takes account of any acceptance by Underwriters as set out in Definition 14(d), and

(ii) the Underlying Insurance(s), the Self Insured Retention and the Limits of Liability specified by this Policy, respectively.

Where the percentage interest of the “Insured” in said “Joint Venture” is not set forth in writing, the percentage to be applied shall be that which would be imposed by law at the inception of the “Joint Venture”. Such percentage shall not be increased by the insolvency, bankruptcy or receivership of any members of the said “Joint Venture” or any other parties. Nothing contained in this Joint Venture clause shall make this Policy subject to the terms of any other insurance.

II. CONDITIONS

This Policy is subject to the following conditions:

1. APPEALS

In the event the “Insured” elects not to appeal a judgement which may, in whole or in part, involve indemnity under this Policy, Underwriters may, following discussion with the “Insured”, elect to make such appeal at their own cost and expense and shall be liable for the taxable costs and disbursements and any additional interest incidental to such appeal; but in no event shall the liability of Underwriters exceed the relevant Limits of Liability set out in Item 4 of the Declarations plus such costs, expenses, disbursements and interest.

2. ASSIGNMENT

Assignment of interest under this Policy shall not bind Underwriters unless and until their written agreement thereto is secured.

3. CANCELLATION

Cancellation of this Policy may be effected either-

(a) by the “Insured”, or

(b) by Underwriters or their representatives.

The “Insured” may cancel this Policy by mailing or delivering advance written notice to Underwriters or their representatives stating when the cancellation is to take effect.

If Underwriters cancel the Policy because of non-payment of premium, they or their representatives must mail or deliver to the “Insured” not less than fifteen (15) days advance written notice stating when the cancellation is to take effect. If Underwriters cancel for any other reason, they or their representatives must mail or deliver to the “Insured” not less than ninety (90) days advance written notice stating when the cancellation is to take effect. Mailing of notice by Underwriters or their representatives to the “Insured” at the mailing address shown in Item 1 of the Declarations will be sufficient to prove notice.

The Policy Period will end on the day and hour stated in the cancellation notice.

If Underwriters cancel the Policy, final premium will be calculated pro rata based on the time that this Policy was in force.

If the “Insured” cancels the Policy, final premium will be more than pro rata; it will be based on the time this Policy was in force and increased by Underwriters’ short rate cancellation table and procedure.

Premium adjustment may be made at the time of cancellation or as soon as practicable thereafter but the cancellation will be effective even if no refund has been made or offered to the “Insured”. Underwriters’ cheque, or their representative’s cheque, mailed or delivered, shall be sufficient tender of any refund due to the “Insured”.

The first named “Insured” in Item 1 of the Declarations shall act on behalf of all other “Insureds” with respect to the giving and receiving of notice of cancellation and the receipt of any refund that may become payable under the Policy.

Any of these provisions that conflicts with a law that controls the cancellation of the insurance to which this Policy applies is changed by this statement to comply with the law.

4. CHOICE OF LAW/JURISDICTION

As per Item 12 of the Declarations.

5. CROSS LIABILITY

In the event of an “Occurrence” resulting in “Bodily Injury” to an employee of one “Insured” hereunder for which another “Insured” is, or may be, liable then this Policy shall cover such “Insured” against whom a “Claim” for damages has been made or may be made in the same manner as if separate policies had been issued to each “Insured” hereunder.

In the event of an “Occurrence” resulting in “Property Damage” to property of one “Insured” hereunder for which another “Insured” is, or may be, liable then this Policy shall cover such “Insured” against whom a “Claim” for damages has been made or may be made in the same manner as if separate policies had been issued to each “Insured” hereunder.

Nothing contained herein shall operate to increase Underwriters’ Limits of Liability set out in Item 4 of the Declarations.

6. CURRENCY AND PAYMENTS OF PREMIUMS

Premiums and indemnity payments due under this Policy are payable in the currencies set out in Item 6 of the Declarations. Payment of premiums shall be made by the first named “Insured” set out in Item 1 of the Declarations to the person or entity set out in Item 8 of the Declarations. If the first named “Insured” or its agent fails to pay the premium due to Underwriters by the due date, Underwriters may issue notice to the named “Insured” set out in Item 1 of the Declarations in accordance with the provisions of Condition 3.

7. DEFENCE

Underwriters shall not be called upon to assume the handling or control of the defence or settlement of any “Occurrence” that may be covered under this Policy but Underwriters shall have the right, but not the duty, to participate with the “Insured” in the defence or settlement of any “Occurrence” which may be indemnifiable in whole or in part by this Policy.

8. EXTENDED CLAIMS MADE PERIOD

(a) If Underwriters cancel or decline to renew this Policy for reasons other than the “Insured's” non-payment of premium or non-compliance with the terms of this Policy; or

(b) If the first named “Insured” declines to renew this Policy; or

(c) If Underwriters require the specific exclusion of an “Occurrence”, product or operation on renewal of this Policy;

then the first named “Insured”, upon payment of an additional premium calculated at the percentage set out in Item 14 of the Declarations of the premium set out in Item 7 of the Declarations, shall have the right to extend the Period in which a “Claim” made against the “Insured” after the Policy Period set out in Item 5 of the Declarations, is treated by Underwriters as made on the expiry date set out in Item 5 of the Declarations:

(i) in respect of (a) or (b) above for a period of seven (7) years;

(ii) in respect of (c) above: for a period of seven (7) years in respect of the excluded “Occurrence”, product or operations,

Provided always that such “Claim” results from an “Occurrence” which first commences on or after the Retroactive Date set out in Item 13 of the Declarations and prior to or on the expiry date set out in Item 5 of the Declarations.

The “Insured” agrees that a change in premium or terms does not constitute a refusal to renew.

This right of extension must be exercised by the first named “Insured” giving written notice which must be received by Underwriters within thirty (30) days after the date the cancellation, refusal to renew or exclusion referred to above takes effect and paying the additional premium to the person or entity set out in Item 8 of the Declarations within forty-five (45) days after such notice has been received by Underwriters. If the notice is not received by Underwriters within such thirty (30) days the “Insured” shall not, at a later date, be able to give such notice. If the first named “Insured” fails to pay the additional premium to the person or entity set out in Item 8 of the Declarations within forty-five (45) days after such notice has been received by Underwriters, all “Insureds’ ” rights under the Extended Claims Made Period shall be rendered null and void and Underwriters shall be relieved of all liability under the Extended Claims Made Period.

In no event shall the liability of Underwriters exceed the relevant Limits of Liability set out in Item 4 of the Declarations; such Limits of Liability shall apply to the Policy Period set out in Item 5 of the Declarations combined with the extended claims made periods set out above.

If the first named “Insured” extends the claims made period in accordance with the above, Underwriters shall not be able to cancel the extension, nor shall the “Insured” be entitled to any return of all or any part of the additional premium paid in the event that the first named “Insured” should cancel the extension.

9. INSOLVENCY

The insolvency, bankruptcy, receivership or any refusal or inability to pay of the “Insured” and/or any other Underwriter shall not operate to:

(a) deplete the Underlying Insurance(s) set out in Item 2 of the Declarations;

(b) deplete the Self Insured Retention set out in Item 3 of the Declarations;

(c) increase Underwriters’ liability under this Policy;

(d) increase any Underwriters’ share of liability under this Policy;

(e) relieve Underwriters from the payment of “Ultimate Net Loss” under this Policy.

10. INSPECTION AND INVESTIGATION

Underwriters may, at any time, audit and examine the books and records of the “Insured” as they relate to this Policy at any time during the Policy Period and for up to three years after the expiration or termination of this Policy.

Underwriters have the right, but are not obligated, to inspect the premises and operations of the “Insured” at any time. The inspections are not safety inspections. They relate only to the insurability of the premises and operations and the premiums to be charged. Underwriters may give the “Insured” reports on the conditions found. They may also recommend changes. Whilst they may help reduce losses, Underwriters do not undertake to perform the duty of any person or organisation to provide for the health or safety of the “Insured’s” employees or the public. Underwriters do not warrant that the premises or operations of the “Insured” are safe or healthful or that they comply with laws, regulations, codes or standards.

11. LOSS PAYABLE

Any amount for which Underwriters are liable under this Policy shall be due and payable solely to the agent of the “Insured” set out in Item 9 of the Declarations within thirty (30) days after it is agreed by Underwriters.

12. MAINTENANCE OF UNDERLYING INSURANCE(S)

During the Policy Period, the “Insured” agrees:

(a) to keep the policies listed in Item 2 of the Declarations in full force and effect;

(b) that any renewals or replacements of the policies listed in Item 2 of the Declarations will not be more restrictive in coverage;

(c) that the limits of insurance of the policies listed in Item 2 of the Declarations shall not change except for any reduction or exhaustion of aggregate limits by payment of “Claims” for “Occurrences” covered by this Policy; and,

(d) that the terms and endorsements of the policies listed in Item 2 of the Declarations will not materially change during the Policy Period.

If the “Insured” fails to comply with any of these requirements, Underwriters will only be liable to the same extent that they would have been, had the “Insured” fully complied with these requirements.

13. NOTICE OF OCCURRENCE

Written notice must be given to Underwriters within ninety (90) days through the persons named in Item 11 in the Declarations by or on behalf of the “Insured” whenever the “Insured” has information:

(a) of any “Occurrence” causing the death of a person; or,

(b) of any “Occurrence” where any injury of the following type occurs:

(i) quadriplegia or paraplegia; or,

(ii) major amputations (leg, arm, foot or hand); or,

(iii) other serious injuries such as head injuries, serious burns, loss of an eye, permanent loss of any of the senses, severe scarring, alleged paralysis;

(c) of any “Occurrence” which the “Insured” should reasonably conclude may deplete the Underlying Insurance(s) or Self Insured Retention by 50% or more; or

(d) of any claim(s) in which Underwriters are named.

14. NOTICE OF POTENTIAL “CLAIMS”

If Underwriters receive notification during the Policy Period set out in Item 5 of the Declarations and up to ninety (90) days thereafter, of an “Occurrence” which first commences after the Retroactive Date set out in Item 13 of the Declarations and prior to or on the expiry date set out in Item 5 of the Declarations, then Underwriters will treat all “Claims” arising out of the notified “Occurrence” made against the “Insured” within seven (7) years from the date of such notification as made on the date on which the notification was received by Underwriters or the expiry date of this Policy, whichever is the earlier.

In no event shall the liability of Underwriters exceed the relevant Limits of Liability set out in Item 4 of the Declarations. Such Limits of Liability shall apply to the Policy Period set out in Item 5 of the Declarations combined with the seven (7) years period set out above.

15. OIL POLLUTION ACT DISCLAIMER

This Policy of insurance is not evidence of financial responsibility under the Oil Pollution Act 1990 or any similar national, federal, state or local laws. Any showing or offering of this Policy by the “Insured” as evidence of insurance shall not indicate that the Underwriters have consented to act as guarantor or to be sued directly in any jurisdiction whatsoever for the purposes of the Oil Pollution Act 1990. Underwriters do not consent to be guarantors or to be sued directly.

16. OTHER INSURANCE

If other insurance applies to a “Claim” also covered by this Policy, this Policy will apply excess of the other insurance regardless of whether the other insurance is valid or collectable. However, this provision will not apply if the other insurance is specifically written to be excess of this Policy.

17. PREVENTION OF FURTHER OCCURRENCES

As soon as the “Insured” becomes aware of an “Occurrence” or receives a “Claim”, the “Insured” shall promptly, and at its own expense, take all reasonable steps to prevent further “Bodily Injury”, “Personal Injury”, “Property Damage” and/or “Advertising Injury” resulting from the same “Occurrence” and /or “Claim” (or conditions which may give rise to a similar “Occurrence” and/or “Claim”).

18. SEPARATION OF “INSUREDS”

Except with respect to Underwriters’ Limits of Liability and any rights or duties specifically assigned to the first named “Insured” designated in Item 1 of the Declarations, this insurance applies:

(a) as if each named “Insured” were the only named “Insured”; and,

(b) separately to each “Insured” against whom “Claim” is made or suit brought.

19. SERVICE OF SUIT

If and as attached to this Policy per Declarations.

20. SUBROGATION

Where an amount is paid by Underwriters under this Policy, the “Insured’s” rights of recovery against any other person or entity in respect of such amount shall be exclusively subrogated to Underwriters. At Underwriters’ request the “Insured” will assist, co-operate and lend its name to the exercise of Underwriters’ rights of subrogation. The “Insured” shall do nothing to prejudice such rights.

All recoveries shall be applied as follows:

(a) any interests, including the “Insured” that have paid an amount in excess of Underwriters’ payment under this Policy will be reimbursed first;

(b) Underwriters then will be reimbursed up to the amount they have paid; and,

(c) lastly, any interests, including the “Insured” over which Underwriters’ insurance is excess, are entitled to claim the residue.

Expenses incurred in the exercise of rights of recovery shall be apportioned between the interests, including the “Insured”, in the ratio of their respective recoveries as finally settled.

21. TRANSFER OF RIGHTS AND DUTIES

The rights and duties of the “Insured” under this Policy may not be transferred without prior written consent of Underwriters.

If the “Insured” dies or is legally declared bankrupt, rights and duties will be transferred to its legal representative but only while acting within the scope of duties as its legal representative. However, notice of cancellation sent to the first named “Insured” designated in Item 1 of the Declarations and mailed to the address shown in Item 1 of the Declarations of this Policy will be sufficient notice to effect cancellation of this Policy.

22. WAIVER OR CHANGE

Notice to any agent or knowledge possessed by any agent or any other person shall not effect a waiver of or change in any part of this Policy. This Policy can only be changed by a written endorsement that becomes a part of this Policy and is signed by or on behalf of Underwriters.

III. EXCLUSIONS

This Policy shall not indemnify for any actual or alleged liability:

1. arising out of breach of contract;

2. (a) arising out of “Occupational Disease”;

(b) arising under any workers’ compensation, unemployment compensation or disability laws, statutes, or regulations;

(c) for “Employers Liability” where the “Occurrence” takes place, and jurisdiction is ruled to be, in any state(s) where the “Insured” is a non-participant in or non-subscriber to regular programmes established by that state’s workers’ compensation, unemployment compensation or disability laws, statutes, or regulations; however this exclusion shall not apply to liability of a “Third Party” assumed by the “Insured” under an “Insured Contract”; or

(d) to any “Leased Employee”, however this exclusion shall not apply to “Employers Liability” if the person is enrolled under the “Insured’s” Workers’ Compensation Program;

3. arising out of “Aviation Products”;

4. for “Discrimination”, “Sexual Harassment” and/or “Inappropriate Employment Conduct”;

5. for “Property Damage” to property:

(a) owned, leased, rented or occupied by the “Insured”;

(b) in the care, custody or control of the “Insured”;

6. for “Property Damage” to the “Insured’s Products” arising out of it or any part of it;

7. for “Property Damage” to property worked on by or on behalf of the “Insured” arising out of such work or any portion thereof, or out of any material, parts or equipment furnished in connection therewith;

8. for the withdrawal, recall, return, inspection, repair, replacement, or loss of use of the “Insured’s Products” or work completed by or for the “Insured” or for any property of which such “Insured’s Products” or work form a part;

9. for any fines or penalties

10. for “Personal Injury” or “Advertising Injury” arising out of:

(a) failure to perform under any contract;

(b) infringement of trademark, patent, service mark or trade name, other than copyright, titles or slogans;

(c) incorrect description or mistake in advertised price of goods, products or services sold, offered for sale or advertised;

(d) unfair competition;

11. for any act, negligence, error or omission, malpractice or mistake arising out of “Professional Services”, committed or alleged to have been committed by or on behalf of the “Insured” in the conduct of any of the “Insured’s” business activities;

12. directly or indirectly caused by or arising out of:- asbestos; tobacco; coal dust; mould; chromium copper arsenate; Exterior Insulation and Finish System (EIFS); polychlorinated biphenyls; silica; benzene; lead; Methyl Tertiary Butyl Ether/Ethyl; talc; dioxin; pesticides or herbicides; electromagnetic fields; pharmaceutical or medical drugs/products/substances/devices; or any substance containing such material or any derivative thereof;

13. in the nature of:- hearing loss or damage; human immuno deficiency virus or acquired immune deficiency syndrome; cumulative trauma disorder; repetitive motion or strain injury; carpal tunnel syndrome;

14. for the failure to supply or from fluctuations in supply of any oil, gas, electricity, chemicals, products, materials or services;

15. directly or indirectly caused by or arising out of seepage, pollution or contamination however caused whenever or wherever happening;

This exclusion shall not apply where all of the following conditions are shown by the “Insured” to have been met:

(a) the seepage, pollution or contamination was caused by an “Occurrence”; and,

(b) the “Occurrence” first commenced on an identified specific date during the period set out in Item 5 of the Declarations; and,

(c) the “Occurrence” was first discovered by the “Insured” within thirty (30) days of such first commencement; and,

(d) written notification of the “Occurrence” was first received from the “Insured” by Underwriters within ninety (90) days of the “Insured’s” first discovery of the “Occurrence” ; and,

(e) the “Occurrence” did not result from the “Insured’s” intentional violation of any statute, rule, ordinance or regulation.

Even if the above conditions (a) to (e) are satisfied, this Policy shall not indemnify for any actual or alleged liability:

(i) to abate or investigate any threat of seepage onto or pollution or contamination of the property of a “Third Party”;

(ii) for seepage, pollution or contamination of property which is or was, at any time, owned, leased, rented or occupied by any “Insured”, or which is or was, at any time, in the care, custody or control of any “Insured” (including the soil, minerals, water or any other substance on, in or under such owned, leased, rented, occupied or controlled property or property in such care, custody or control);

(iii) in respect of any seepage, pollution or contamination which is directly caused by or arises out of the drilling of, production from, servicing of, operation of or participation in wells or holes;

16. arising out of the handling, processing, treatment, storage, disposal or dumping of any waste materials or substances, or arising out of such waste materials or substances during transportation;

17. arising directly or indirectly out of any one or more of the following:

(a) war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, revolution, rebellion, military or usurped power, insurrection or civil strife arising therefrom, or any hostile act by or against a belligerent power;

(b) confiscation or expropriation or nationalisation or requisition or deliberate destruction of, or deliberate damage to property;

(c) capture, seizure, arrest, restraint or detainment and the consequences thereof or any attempt thereat;

(d) any act of terrorism or of any person(s) acting maliciously or from a political motive;

18. arising out of any obligation of the “Insured” under a no-fault, uninsured motorist or underinsured motorist law;

19. (a) arising out of an “Insured’s” capacity, duty or responsibility as an officer, director or trustee of a corporation by reason of any breach of fiduciary duty or improper conduct or conflict of interest in the performance of an “Insured’s” duties, responsibilities or accountability as an officer, director or trustee, including, without limitation, any actual or alleged misstatement, misleading statement, gain of personal profit or advantage to which the “Insured” was or is not entitled legally, any dishonest act, or bad faith conduct, in the “Insured’s” capacity as officer, director or trustee, or with respect to the capital, assets or securities of the corporation, or any action taken beyond the scope of the “Insured’s” authority as an officer, director or trustee;

(b) arising out of any violation of any national, federal, state or local law regulating, controlling and governing stock, bonds or securities of any type or nature, including, without limitation, liability under The Securities Act of 1933, The Securities Exchange Act of 1934, The Trust Indenture Act of 1939, The Public Utility Holding Company Act of 1935, The Investment Company Act 1940, The Investment Advisers Act of 1940, and the so called “Blue Sky” Laws of the various states or other jurisdiction;

(c) of any officer, director or trustee arising out of a shareholder’s derivative action;

(d) which would be payable under the terms of a directors and officers liability insurance policy or a directors and company reimbursement indemnity policy of the type issued by insurance companies of the United States of America, as if any “Insured” had obtained such coverage in an amount sufficient to pay the full amount being claimed against any “Insured” and any defence thereof, whether or not any “Insured” has obtained such coverage;

20. (a) arising out of any violation of any national, federal, state or local law regulating, controlling or governing antitrust or the prohibition of monopolies, activities in restraint of trade, unfair methods of competition or deceptive acts and practices or conspiracies in trade and commerce including, without limitation, the Sherman Act, the Clayton Act, the Robinson-Patman Act, the Federal Trade Commission Act, and the Hart-Scott-Rodino Antitrust Improvements Act and the Racketeer Influenced And Corrupt Organizations Act;

(b) for any “Claim” for damages made by or on behalf of the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the Resolution Trust Company, and other depository insurance corporation, the Comptroller of the Currency, the Federal Home Loan Bank board or any other national, federal, state or local bank regulatory agency, in its capacity as regulator, receiver, conservator, liquidator shareholder, successor in interest or assignee of the “Insured”, whether such liability for damages is brought in the name of such agency or by or on behalf of such agency in the name of any other person;

(c) arising out of or contributed to by the dishonesty, infidelity or fraud of any “Insured.”

21. for any “Claim” not covered by the underlying insurance(s) listed in Item 2 of the Declarations other than such insurance(s) that are self-insured to the extent referred to in Insuring Agreement 3. This exclusion will not apply to the extent that such “Claim” would have been covered except for the reduction or exhaustion of an aggregate limit shown in Item 2 of the Declarations by payment of “Claims” for “Occurrence(s)” which are also covered by this Policy;

22. arising out of an “Occurrence”, “Claim” or potential “Claim” in respect of which the “Insured” either has given notice to underwriters of any other insurance before the inception date set out in Item 5 of the Declarations or where such notice is treated by any insurers as received by such insurers before the inception date set out in Item 5 of the Declarations;

23. arising out of an “Occurrence” that commences prior to the Retroactive Date set out in Item 13 of the Declarations.

Nothing contained in the above Exclusions shall extend this Policy to cover any liability which would not have been covered had these Exclusions not been incorporated herein.

IV. DEFINITIONS

1. ADDITIONAL INSURED

The words “Additional Insured”, wherever used in this Policy, shall mean any person or entity to whom the “Insured” is obliged by an “Insured Contract” entered into before any relevant “Occurrence” and/or “Claim” to provide insurance such as is afforded by this Policy but only with respect to “Bodily Injury” or “Property Damage” arising out of operations conducted by the “Insured” but only to the extent required by any indemnity given by the “Insured” in said “Insured Contract” to the “Additional Insured”.

2. ADVERTISING INJURY

The words “Advertising Injury”, wherever used in this Policy, shall mean injury to a “Third Party” arising out of the “Insured’s” advertising activities, but only if such injury arises out of:

(a) oral or written publication of material that slanders or libels a person or organisation or disparages a person’s or organisation’s goods, products or services;

(b) oral or written publication of material that violates a person’s right to privacy;

(c) misappropriation of advertising ideas or style of doing business; or,

(d) infringement of copyright, title or slogan.

3. AIRCRAFT LIABILITY

The words “Aircraft Liability”, wherever used in this Policy, shall mean liability arising out of the maintenance, operation or use of an aircraft, aeroplane or helicopter which is designed to fly in the air or atmosphere.

4. AUTOMOBILE

The words “Automobile,” wherever used in this Policy, shall mean a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment, but the word “Automobile” shall not include the contents of such vehicle, trailer or semi-trailer.

5. AUTOMOBILE LIABILITY

The words “Automobile Liability,” wherever used in this Policy, shall mean liability arising out of the maintenance, operation or use of any “Automobile”.

6. AVIATION PRODUCTS

The words “Aviation Products”, wherever used in this Policy, shall mean any of the “Insured’s Products” consisting of or being part of an aircraft, aeroplane, helicopter, rocket, missile, satellite or other craft designed to fly in the air, atmosphere or space.

7. BODILY INJURY

The words “Bodily Injury”, wherever used in this Policy, shall mean bodily injury, sickness, disability, or disease. “Bodily Injury” shall also mean mental injury, mental anguish, humiliation, shock or death if directly resulting from bodily injury, sickness, disability or disease.

8. CLAIM

The word “Claim”, wherever used in this Policy, shall mean that part of each written demand received by the “Insured” for damages, including the service of suit or institution of arbitration proceedings.

9. COMPLETED OPERATIONS LIABILITY

The words “Completed Operations Liability”, wherever used in this Policy, shall mean liability for “Bodily Injury” and/or “Property Damage” arising out of the “Insured’s” operations or reliance upon a representation or warranty made at any time with respect thereto, but only if the “Bodily Injury” and/or “Property Damage” happens after such Operations have been completed or abandoned and happens away from the premises owned, rented, leased, or occupied by the “Insured”.

Operations include materials, parts or equipment furnished in connection therewith. Operations shall be deemed completed at the earliest of the following times:

(a) when all operations to be performed by or on behalf of the “Insured” under the contract have been completed; or,

(b) when all operations to be performed by or on behalf of the “Insured” at the site of the operations have been completed; or,

(c) when that portion of the work out of which the “Bodily Injury” and/or “Property Damage” arises has been put to its intended use by any person or entity other than another contractor or sub-contractor engaged in performing operations for a principal as part of the same project.

Operations which may need service, maintenance, correction, repair or replacement, but which are otherwise complete, shall be deemed as completed.

“Completed Operations Liability” does not include liability for “Bodily Injury” and/or “Property Damage” arising out of:

(a) operations in connection with the transportation of property, unless the “Bodily Injury” and/or “Property Damage” arises out of a condition in or on an “Automobile” created by the loading or unloading thereof, or,

(b) the existence of tools, uninstalled equipment or abandoned or unused materials.

10. DEFENCE EXPENSES

The words “Defence Expenses”, wherever used in this Policy, shall mean investigation, adjustment, appraisal, defence and appeal costs and expenses and pre and post judgement interest, paid or incurred by or on behalf of the “Insured”.

The salaries, expenses or administrative costs of the “Insured” or its employees or any insurer or an “Additional Insured” shall not be included within the meaning of “Defence Expenses”.

11. DISCRIMINATION

The word “Discrimination”, wherever used in this Policy, shall mean termination of the employment relationship, a demotion, a failure or refusal to hire or promote, denial of an employment benefit or the taking of any adverse or differential employment action because of race, colour, religion, age, sex, disability, pregnancy, sexual orientation, national origin, or any other basis prohibited by any national, federal, state or local law.

12. EMPLOYERS’ LIABILITY

The words “Employer’s Liability”, wherever used in this Policy, shall mean any liability of an “Insured” to its employee arising out of the employment of that employee.

13. INAPPROPRIATE EMPLOYMENT CONDUCT

The words, “Inappropriate Employment Conduct”, wherever used in this Policy, shall mean:

(a) actual or constructive termination of an employment relationship in a manner which is alleged to have been against the law or wrongful or in breach of an implied employment contract or breach of the covenant of good faith or fair dealing in the employment contract;

(b) allegations of wrongful demotion, or wrongful discipline.

(c) allegations of misrepresentation or defamation made by an employee, a former employee or an applicant for employment which arise from an employment decision to hire, fire, promote or demote;

(d) allegations of infliction of emotional distress, mental injury, mental anguish, shock, sickness, disease or disability made by an employee, a former employee or an applicant for employment which arise from an employment decision to hire, fire, promote or demote;

(e) allegations of false imprisonment, detention or malicious prosecution made by an employee, a former employee or an applicant for employment which arise from an employment decision to hire, fire, promote or demote;

(f) allegations of libel, slander, defamation of character or any invasion of right of privacy made by an employee, a former employee or an applicant for employment which arise from an employment decision to hire, fire, promote or demote; or,

(g) other injury allegations made by an employee, a former employee or an applicant for employment which arise from an employment decision to hire, fire, promote or demote.

“Inappropriate Employment Conduct” does not include damages determined to be owing under a written or express contract of employment or obligation to make payments, including but not limited to severance payments, in the event of the termination of employment.

Inappropriate Employment Conduct shall not include any allegations other than those set forth above.

14. INSURED

The word “Insured”, wherever used in this Policy, shall mean only the following:

(a) the named “Insured” set out in Item 1 of the Declarations;

(b) the named “Insured’s” subsidiary, owned or controlled companies at the Inception Date of this Policy;

(c) any officer, director, stockholder, partner or employee of the “Insured”, but only in respect of an “Occurrence” and/or “Claim” covered hereunder whilst acting within their duties;

(d) such additional percentage of any joint venture, joint lease, joint operating agreement or partnership where the “Insured” is required by written contract to provide insurance for any other partner in the joint venture joint lease, joint operating agreement or partnership and which has been declared to and accepted by Underwriters subscribing to this Policy;

(e) any person or entity that would otherwise fall into (b) or (d) above but for which the first named “Insured” first seeks coverage after the inception date and during the Policy Period, will automatically be covered hereon provided satisfactory advice and full information is received by Underwriters from the first named “Insured” of such additional person or entity within forty-five (45) days after the date such coverage is required. Underwriters reserve the right to charge additional premium and/or impose specific terms upon any person or entity covered under this paragraph (e).

15. INSURED CONTRACT

The words “Insured Contract”, wherever used in this Policy, shall mean any written contract entered into by the “Insured” where the “Insured” assumes the tort liability of another party to pay for “Bodily Injury” or “Property Damage” to which this Policy applies to a “Third Party”. Tort liability means a liability that would be imposed by law in the absence of any written contract. Written contract includes any written indemnity agreement entered into by the “Insured” with a “Third Party”.

16. INSURED’S PRODUCTS

The words “Insured’s Products”, wherever used in this Policy, shall mean goods or products manufactured, sold, handled or distributed by the “Insured” or by others trading under the name of the “Insured”, including any packaging thereof.

17. LEASED EMPLOYEE

The words “Leased Employee”, wherever used in this Policy, shall mean a person leased to the “Insured” by a leasing firm under a written contract between the “Insured” and the leasing firm to perform duties related to the conduct of the “Insured’s” business.

18. OCCUPATIONAL DISEASE

The words “Occupational Disease”, wherever used in this Policy, shall mean any injury, including death, sickness, disease or disability, defined as occupational disease in any workers compensation or disability benefits laws, statutes or regulations of any jurisdiction in which the “Occurrence” falls or the Occupational Disease arises.

19. OCCURRENCE

The word “Occurrence”, wherever used in this Policy, shall mean an accident, including continuous and repeated exposure to substantially the same general harmful conditions which results in liability to which this Policy applies, none of which was expected or intended.

20. PERSONAL INJURY

The words “Personal Injury”, wherever used in this Policy, shall mean injury to a person other than “Bodily Injury” or “Advertising Injury” arising from:

(a) false arrest, false imprisonment, wrongful eviction, wrongful detention of a “Third Party” person;

(b) libel, slander, defamation of character or invasion of right of privacy of such person, unless arising out of advertising activities;

(c) mental injury, mental anguish or shock to such person which results from (a) or (b) above.

21. PRODUCTS LIABILITY

The words “Products Liability”, wherever used in this Policy, shall mean liability for “Bodily Injury” and/or “Property Damage” arising out of the “Insured’s Products” or reliance upon a representation or warranty made at any time with respect thereto, but only if the “Bodily Injury” and/or “Property Damage” happens after physical possession of the “Insured’s Products” has been relinquished to others and happens away from premises owned, leased, rented or occupied by the “Insured”.

22. PROFESSIONAL SERVICES

The words “Professional Services” wherever used in this Policy, shall mean the preparation or approval of audits, accounts, maps, plans, opinions, reports, surveys, designs or specifications and supervisory, inspection, engineering or data processing services.

23. PROPERTY DAMAGE

The words “Property Damage”, wherever used in this Policy, shall mean physical loss of, physical damage to or physical destruction of tangible property of a “Third Party”, including loss of use of the tangible property so lost, damaged or destroyed.

24. SEXUAL HARASSMENT

The words “Sexual Harassment”, wherever used in this Policy, shall mean unwelcome sexual advances, requests for sexual favours or other verbal or physical conduct of a sexual nature that: (1) explicitly or implicitly are made a condition of employment, (2) are used as basis for employment decisions, or (3) create a work environment that interferes with performance.

25. THIRD PARTY

The words “Third Party”, wherever used in this Policy, shall mean any company, entity, or person other than an “Insured” or other than a subsidiary, owned or controlled company or entity of an “Insured”. Notwithstanding Definition 14(c) of this Policy, an employee of an “Insured” shall be treated as a “Third Party”.

26. ULTIMATE NET LOSS

The words “Ultimate Net Loss”, wherever used in this Policy, shall mean the amount the “Insured” is obligated to pay, by judgement or settlement, as damages resulting from an “Occurrence” to which this Policy applies, including the service of suit, institution of arbitration proceedings and all “Defence Expenses” in respect of such “Occurrence”.

27. WATERCRAFT LIABILITY

The words “Watercraft Liability”, wherever used in this Policy, shall mean liability arising out of the maintenance, operation or use of any craft designed to float or travel on, in or under the water, including hovercraft.

**THESE EXCLUSIONS RESTRICT THE POLICY. PLEASE READ THEM CAREFULLY.**

**Supplementary exclusions b**

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS INSURANCE THIS INSURANCE IS SUBJECT TO THE FOLLOWING ADDITIONAL EXCLUSIONS AND THIS INSURANCE DOES NOT APPLY TO:-

1. any liability for

a. loss of or damage to any well or hole

(i) which is being drilled or worked over by or on behalf of the Insured,

or

(ii) which is in the care custody or control of the Insured,

or

(iii) in connection with which the Insured has provided services, equipment or materials.

b. any cost or expense incurred in the redrilling or restoring of any such well or any substitute well or hole.

1. any liability for loss of or damage to any drilling tool, pipe, collar, casing, bit, pump, drilling or well servicing machinery, or any other equipment while it is below the surface of the earth in any well or hole

a. which is being drilled or worked over by or on behalf of the Insured,

or

b. which is in the care custody or control of the Insured,

or

c. in connection with which the Insured has provided services,

 equipment or materials.any liability for costs and expenses incurred in, or incidental to

a. controlling or bringing under control any wells or holes,

or

b. extinguishing fire in or from any wells or holes,

or

c. drilling relief wells or holes, whether or not the relief wells

 or holes are successful.

1. any liability for costs and expenses incurred in, or incidental to

a. the raising, removal or destruction of any wreckage, debris or obstruction, however caused, whether or not the property of the Insured, and whether or not such raising, removal or destruction is required by law, contract or otherwise,

b. the removal or recovery of any drilling tool, pipe, collar, casing, bit, pump, drilling or well servicing machinery or any other equipment while it is below the surface of the earth in any well or hole.

1. ~~any liability for loss of or damage to sub-surface oil, gas, water, or other substance or material, or the cost or expense of reducing to physical possession above the surface of the earth any oil, gas, water, or other substance or material, or expense incurred or rendered necessary to prevent or minimise such loss or damage.~~

any liability for damages to any Co-owner of a working interest with respect to such working interest. As used in this exclusion, the term “Co-owner of a working interest” means any person or entity working with the Insured, a Co-owner, joint venturer or mining partner in mineral properties who participates in the operating expense of such properties or revenues therefrom, or who has the right to participate in the control, development or operation of such properties.