

ARTICLE 1-DEFINITIONS

- 1.1 **"Affiliate"** means any person who: (i) controls either directly or indirectly a Party; or (ii) is controlled directly or indirectly by such Party; or (iii) is directly or indirectly controlled by a person who directly or indirectly controls such Party. "Control" and related terms including "controlling" and "controlled" shall mean (for purposes of the definition of "Affiliate" only) the possession, direct or indirect, of: (i) in the case of a corporation, the power to vote more than 50% of the securities having ordinary voting power for the election of directors of such corporation; and (ii) in the case of a partnership (general or limited), joint venture or other person, either (1) the power to exercise more than 50% of the voting rights in such person; or (2) the power to cause the direction of the management and policies of such person. "Person" shall include (for the purposes of the definition of "Affiliate" only) an individual, partnership, association, body corporate, trustee, executor, administrator or legal representative. For the purposes of this Agreement the Partnership shall be deemed to be an Affiliate of Tartan.
- 1.2 **"Agreement"** means this document executed by the Parties.
- 1.3 **"Claims"** means any and all actions, proceedings, claims, demands, losses, costs, damages, penalties, fines, remedial obligations, interest, legal and other expenses of whatever nature, including legal fees on a solicitor-Client basis.
- 1.4 **"Consequential Damages"** means any or all loss of product, production, revenue, profits (actual or anticipated), use, business opportunity, and consequential loss of any similar kind arising out of or in connection with this Agreement.
- 1.5 **"Change Order"** means a Work Release Order change authorization document used to effect a Change.
- 1.6 **"Commencement Date"** means the date specified in a Work Release Order for commencement of the Work therein described, or if none is specified, the Work shall be commenced within a reasonable time.
- 1.7 **"Final Work Release Date"** means the last date on which Owner and its Subsidiaries may issue a Work Release Order pursuant to the Contract.
- 1.8 **"Geo-Data"** means all data, documentation, including digital media, drawings, sketches, calculations and correspondence that has been incorporated, developed, published or produced in the course of performing geophysical services under this Agreement.
- 1.9 **"Goods"** means all goods, materials, components, supplies, products, equipment, software, data and information to be provided to Tartan as specified in a Work Release Order.
- 1.10 **"herein"/"hereunder"** means in/under this Agreement.
- 1.11 **"include(s)"/"including"** means include(s)/including without limitation.
- 1.12 **"Intellectual Property"** means any trade secret, trademark, copyright, patent, confidential know-how, moral rights and any other intellectual property rights.
- 1.13 **"Laws"** means all applicable federal, provincial, state, territorial and municipal laws, statutes, by-laws, regulations, rules, orders, ordinances, directives, standards, codes, permits and licenses.
- 1.14 **"LEMS"** a complete statement of charges for services billed including Labor, Equipment & Material details.

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- 1.15 **"Parties"** means Subcontractor and Tartan and **"Party"** means one or the other of Subcontractor or Tartan.
- 1.16 **"Personnel"** means Subcontractor's employees, sub-Subcontractors of any tier, suppliers, agents, representatives, invitees and any other individuals, entities or organizations directed by Subcontractor in the performance of its obligations hereunder.
- 1.17 **"Purchaser"** means Tartan Canada Contractors Ltd. and its subsidiaries.
- 1.18 **"Purchase Order"** means written agreement between Tartan and Seller intended to be and governed by this Agreement, pursuant to which the Seller will provide Goods and all ancillary items agreed to by the Parties thereunder, including all specifications, pricing, rates, delivery requirements, schedules and attachments.
- 1.19 **"Rates"** has the meaning set out in Article 15 (Rates).
- 1.20 **"Work Release Order"** means written agreement, as may be amended from time to time, between Tartan and Subcontractor intended to be and governed by this Agreement, pursuant to which the Subcontractor will provide Goods, Services and all ancillary items agreed to by the Parties thereunder, including all specifications, pricing, rates, delivery requirements, schedules and attachments.
- 1.21 **"Services"** means the Work and Goods
- 1.22 **"Scheduled Completion Date"** means the date for completion of Work as specified in Work Release Order, or if none is specified, the Work shall be completed with due diligence in a reasonable time.
- 1.23 **"Warranty Period"** means (i) in the case of Goods, the period commencing on the date that Tartan accepts physical possession of the Goods, or if installed by Subcontractor, the date of such installation, and ending eighteen (18) months thereafter; and (ii) in the case of Work, the period commencing the date Subcontractor completes such Work or Tartan accepts the Work, whichever is later, and ending twelve (12) months thereafter.
- 1.24 **"Work"** means the performance of all work and the provision of all services, management, supervision, personnel, labor, materials, supplies, and Equipment (except materials and Equipment provided by Owner) necessary for the successful and safe completion of Work described in the Scope of Work and/or Work Release Order.
- 1.25 Terms set forth only in an Article shall have the meaning as defined in such Article, unless otherwise provided for herein.

ARTICLE 2 - SCHEDULES

- 2.1 The following Schedules form part of this Agreement:
- I. Schedule 1 – Form of Purchase Order
 - II. Schedule 2 – Form of Work Release Order
 - III. Schedule 3 – Form of Change Order

In the event of a conflict between a Schedule and the body of this Agreement, the body of this Agreement shall govern.

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ARTICLE 3 - PURCHASE ORDER FOR GOODS

- 3.1 Tartan may, from time to time, issue a Purchase Order authorizing Seller to provide Goods. A Purchase Order must be issued prior to provision of any Goods.
- 3.2 Each Purchase Order forms a separate and distinct contract that is deemed to and does incorporate the terms and conditions of Agreement as if fully set out in the Purchase Order.
- 3.3 A Purchase Order may include a specified dollar limit, which Seller shall not exceed in invoicing for Goods.

ARTICLE 4 - REPRESENTATIONS, WARRANTIES AND COVENANTS

- 4.1 For each Purchase Order, Seller expressly represents and warrants that all Goods shall during the Warranty Period:
- 4.1.1 be free of any liens, encumbrances or claims and Seller shall have full right and authority to sell any Goods provided hereunder;
 - 4.1.2 conform to Tartan's specifications (including any performance guarantees), be fit for the intended purpose where a purpose is identified or, where no such purpose is identified, fit for its ordinary purpose, be of at least acceptable industry standards, be of good material and workmanship and be free from defects in design, materials and workmanship;
 - 4.1.3 be new and of the best quality in every respect (unless otherwise specified in the Purchase Order);
 - 4.1.4 comply with all Laws, including those pertaining to manufacturing, supply and delivery, and meet or exceed the minimum standards required by the Canadian Standards Association and any applicable governmental authorities; and
- 4.2 Seller shall assign to Tartan all subsisting assignable warranties relating to the Goods, including warranties of dealers, manufacturers, vendors, suppliers, installers, Sellers, further Sellers and providers of maintenance and overhaul facilities. If any such warranties are not assignable, Seller will take such action, at its own expense, as Tartan may reasonably request to enforce any such warranties.

ARTICLE 5 - PACKING AND SHIPPING

- 5.1 Seller shall comply with all Laws, Tartan Policies and industry standards respecting the safe and proper handling, packing, transportation, cartage, delivery, use or mode of employment of the Goods.
- 5.2 Seller shall provide Tartan with all relevant information concerning the safe and proper mode of employment, handling, use and implementation of the Goods and Tartan shall have the full right to duplicate and use such information, including drawings, manuals and technical documentation, for any purpose relating to the safe and proper mode of employment, handling, use and implementation of the Goods including the purchase and repair of replacement parts.
- 5.3 Seller shall identify hazardous or toxic Goods, or materials used to complete the Goods, with warning labels and shall provide Tartan with written instructions concerning potential hazards in connection with the Goods or applicable materials and recommend procedures for the handling, transportation and maintenance

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of such Goods and materials. Where applicable, Seller shall ensure that the Goods and materials are properly classified in accordance with Workplace Hazardous Materials Information System legislation and shall provide health and safety data for such Goods and materials.

- 5.4 Seller shall ensure that the Goods are delivered to the location and on the date stipulated by Tartan. If Seller fails to do so, in addition to Tartan's other rights and remedies, in Tartan's sole discretion, Seller shall indemnify Tartan for any resulting Claims (including any pre-estimate of damages expressly identified in the applicable Purchase Order) and the applicable Purchase Order shall remain in full force and effect, or Tartan may terminate the Purchase Order, purchase the Goods elsewhere and Seller shall reimburse Tartan for the cost of the Goods and any other resulting Claims and Tartan shall have no further liability to Seller in respect of such Goods.
- 5.5 Tartan is not required to accept partial or incomplete delivery of Goods, unless the Parties have agreed to delivery by instalments and delivery is performed in accordance with such agreement. Acceptance of any partial delivery of Goods shall not bind Tartan to accept any future shipments.

ARTICLE 6 - TITLE AND RISK OF LOSS

- 6.1 Title to the Goods (which do not form part of the Work), or part thereof, shall be vested in Tartan when the first of the following events occurs:
- 6.1.1 the Goods, or part thereof, are first identifiable as being appropriated to the Purchase Order;
 - 6.1.2 Tartan pays for the Goods, or part thereof; or
 - 6.1.3 the Goods, or part thereof, are delivered to the location specified for delivery by Tartan.
- 6.2 Care, custody, control and risk of loss or damage of such Goods remains with the Seller/Subcontractor until Tartan takes physical possession and accepts delivery of the Goods.
- 6.3 Title to Goods which form part of the Work shall pass to Tartan upon the earlier of delivery to the Tartan site or incorporation into the facility. Seller/Subcontractor shall be solely responsible for all loss, damage or destruction of such Goods and the Work in progress until the Work is completed and accepted by Tartan. Seller/Subcontractor shall promptly replace all Goods so lost, damaged or destroyed at its sole risk and expense.

ARTICLE 7 - PAYMENT AND INVOICES

- 7.1 Seller shall submit its invoices for Goods after they have been delivered to the location specified by Tartan and accepted by Tartan, unless otherwise set out in the Purchase Order. Invoices shall contain a complete statement of charges for the Goods billed, net any applicable discounts. Tartan will only be subject to charges agreed to in a Purchase Order. Invoices must be accompanied by all supporting documentation and billing information requested by Tartan. The following information must appear on Seller's invoices:

The information and procedure that must be followed when submitting an invoice:

- I. Unique identifying invoice number
- II. Invoice Date
- III. Tartan Job Number
- IV. Purchase Order Number (if applicable)
- V. Description of Goods supplied

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- VI. PST & GST shown Separately
- VII. Delivery Location

- 7.2 If shipment moves on commercial Bill of Lading, the Seller must submit with his invoice, the original and one (1) copy of Bill of Lading; if transportation charges are for Tartan's account, the original and one (1) copy of the receipted transportation bill must be submitted and shipment shall be by the route and method designated on the Purchase Order and in the event of no such designation, then shipment shall be by the least expensive route and method.
- 7.3 Except for any deductions (including withholding taxes), or set-offs that Tartan is entitled to make under this Agreement or at law, Tartan shall pay the balance of each invoice within 45 (Forty-five) days of receipt. Any amount subject to deduction or set-off shall only be paid, if payable, in accordance with the resolution of the matter in issue.
- 7.4 No payment by Tartan shall limit Tartan's right to later dispute any of the charges invoiced and payment shall not be construed as Tartan's acceptance of the Goods.

ARTICLE 8 – GENERAL PROVISIONS FOR THE SUPPLY OF GOODS

- 8.1 This Agreement, including the terms and conditions herein, constitutes the entire agreement between the parties hereto. No agreement or understanding in any way changing, modifying, amending or adding to this order or any of the terms and conditions thereof will be effective or binding upon Tartan unless made in writing by an authorized representative of Tartan. Unless expressly stated herein, the terms of any acceptance, acknowledgement, invoice or general terms and conditions of the Seller will not apply to this Agreement. In the event of any term or condition set forth on a Purchase Order being contrary or conflicting with any of the terms and conditions herein then the terms and conditions herein shall take precedence.
- 8.2 The cost of packing, crating and cartage of all materials supplied pursuant to this order, shall be at the expense of the Seller unless otherwise stated.
- 8.3 Failure of Tartan to insist upon strict performance of any of the terms and conditions herein shall not be deemed a waiver of any rights or remedies that Tartan has or shall have and shall not be deemed a waiver of any subsequent default of the terms and conditions hereof. The shipping or receiving of any articles or materials under a Purchase order shall not be deemed a waiver of any rights for any prior failure by the Seller to comply with any of the provisions of this Agreement.
- 8.4 Tartan's order number and "marks" are to be shown on all invoices, shipping papers, containers and packing lists.
- 8.5 By acceptance of this Agreement the Seller represents that he has complied, and will comply, with all Federal, State, Provincial and/or other laws or regulations applicable to the materials and/or services ordered, the provision of same and/or the performance of his obligations under this order.
- 8.6 All Goods supplied pursuant to this Agreement shall be those specified on a Purchase Order and the best of the respective kind, and shall be subject to Tartan's inspection at any reasonable time before or during manufacture and within a reasonable time after delivery to destination. Goods other than those specified shall not be supplied without Tartan's written approval. Rejected Goods will be returned at the Seller's

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expense, including all transportation charges paid by Tartan. Tartan shall not be liable for general property or other similar taxes levied against rejected Goods.

- 8.7 The Seller expressly warrants that all Goods covered by a Purchase Order under this Agreement will conform to the specifications, drawings, samples or other descriptions furnished by Tartan and will be merchantable, of good material, and free from defect, and further warrants that the Goods will be reasonably fit for the purposes of Tartan.
- 8.8 The Seller guarantees the workmanship and material of the Goods manufactured by it and described on a Purchase Order under this Agreement, and agrees to replace or repair within a reasonable time without cost to Tartan any item in which defective workmanship or materials is found, provided claim is made within one (1) year from the date of delivery and the Seller shall be liable for any and all losses sustained by Tartan by reason of such defect. In the event that Goods are furnished by the Seller but not manufactured by the Seller then the Seller guarantees same to the extent of and on the terms of the manufacturer's warranty.
- 8.9 To the extent that the provision of materials or the performance of services requested hereunder may result in the infringement, misappropriation or misuse of any of Tartan's intellectual property, the Seller is hereby permitted to use such intellectual property solely in connection with the provision of such Goods only to extent necessary to provide or perform same.
- 8.10 All plans, drawings, designs and specifications supplied by or on behalf of Tartan to the Seller, shall remain the property of Tartan, and any information derived therefrom or otherwise communicated to the Seller, shall be regarded by him as strictly confidential, and shall not, without the prior consent of Tartan, be disclosed to any third party or made use of by the Seller except in connection with providing any materials or performing any services at the direction of Tartan.
- 8.11 Prior to providing any Goods requested herein, the Seller shall at its own cost and expense obtain and maintain thereafter all permits, licenses, certificates and other forms of authorization and documentation required of the Seller to perform such services, and the Seller represents and warrants that it has, or will have prior to, and at all times during, the performance of any services hereunder, all necessary rights, licenses or permissions to perform such services.
- 8.12 Except where expressly provided on a Purchase Order, where the Seller supplies materials to Tartan, the Seller shall obtain all necessary rights, license or permissions so that Tartan shall have the non-exclusive, worldwide, royalty-free right and license to use, modify, adapt, execute, reproduce, display, perform, license (at any level) distribute internally or externally, or in any other way exploit such materials and the Seller hereby warrants that such uses of the materials by Tartan shall not result in the misappropriation of, improper use of or infringe upon the intellectual property or other rights of any other person or entity.
- 8.13 In accepting a Purchase Order the Seller undertakes and agrees to provide all the Goods and/or materials shown or described therein or in any drawings, plans, designs and specifications provided by or on behalf of Tartan, and in strict compliance therewith, and the Seller further undertakes and agrees that all persons other than employees of Tartan, engaged in, or entering upon the premises of Tartan in connection with, the performance of a Purchase Order shall be considered servants or agents of the Seller and not of Tartan.
- 8.14 If the materials to be furnished are to be specifically manufactured in accordance with the drawings, plans, designs and specifications provided by or on behalf of Tartan, Tartan may by written order, make changes in such drawings, plans, designs or specifications and any difference in price or time for performance resulting

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from such change shall be equitably adjusted and the Purchase Order modified in writing accordingly.

- 8.15 The Seller shall be responsible for and shall protect, defend and save harmless and indemnify Tartan and, if applicable, Tartan's client from all losses, costs, expenses, suits, claims and damages of every nature whatsoever arising out of or by reason of the performance or purported performance of this order by the Seller including without limitation those made or sustained in respect of property damage, personal injury (including death) or infringement, misuse or misappropriation of copyrights, trademarks, patents, confidential information or other intellectual property in the use or sale of materials or services covered by this order, except materials or services supplied in accordance with drawings, plans, designs or specifications originating with Tartan and from all liability arising out of any taxes or other assessments levied against rejected materials.
- 8.16 Time shall be of the essence of the Agreement.
- 8.17 This Agreement and all matters pertaining thereto shall be construed in accordance with the laws in force in the jurisdiction where the Agreement originated.

ARTICLE 9 - WORK RELEASE ORDER FOR SERVICES

- 9.1 Tartan may, from time to time, issue a Work Release Order authorizing Subcontractor to perform Work. A Work Release Order must be issued prior to commencement of any Work. Each Work Release Order forms a separate and distinct contract that is deemed to and does incorporate the terms and conditions of Contract as if fully set out in the Work Release Order.
- 9.2 Notwithstanding any requirements with respect to execution of a Work Release Order, work permit, work permission or right subcontractor's undertaking of Work shall be deemed acknowledgement of Contract and Work Release Order.
- 9.3 A Work Release Order may include a specified dollar limit, which Subcontractor shall not exceed in invoicing for Work.
- 9.4 If Tartan requests a price estimate for a Work Release Order, Subcontractor shall estimate, budget, report, forecast and control Work Release Order costs, schedule and progress of Work. Subcontractor shall during the course of such Work:
- I. Make reasonable efforts to monitor and keep costs within Work Release Order cost estimate, complete elements of Work by the time specified in the agreed upon Work Release Order schedule and achieve completion of a Work Release Order on or before Work Release Order Scheduled Completion Date.
 - II. Maintain cost and schedule accounting records that properly reflect the foregoing activities and that can be relied upon as complete and accurate.
- 9.5 The following information will be provided to the subcontractor for requesting services against the Agreement:
- I. Date Service is Required
 - II. Scope description
 - III. Work Location

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- IV. Tartan MSSA Ref#
- V. Tartan Job #
- VI. Client Work Order Number

ARTICLE 10 - REPRESENTATIONS, WARRANTIES AND COVENANTS

- 10.1 For each Work Release Order Subcontractor expressly represents and warrants that all Services shall during the Warranty Period:
- 10.1.1. be free of any liens, encumbrances or claims and Subcontractor shall have full right and authority to sell any Goods provided hereunder;
 - 10.1.2. conform to Tartan's specifications (including any performance guarantees), be fit for the intended purpose where a purpose is identified or, where no such purpose is identified, fit for its ordinary purpose, be of at least acceptable industry standards, be of good material and workmanship and be free from defects in design, materials and workmanship;
 - 10.1.3. be new and of the best quality in every respect (unless otherwise specified in the Work Release Order);
 - 10.1.4. comply with all Laws, including those pertaining to manufacturing, supply and delivery, and meet or exceed the minimum standards required by the Canadian Standards Association and any applicable governmental authorities; and
 - 10.1.5. Comply with the standards set out in section 11.1.
- 10.2 Subcontractor shall assign to Tartan all subsisting assignable warranties relating to the Services, including warranties of dealers, manufacturers, vendors, suppliers, installers, Subcontractors, further Subcontractors and providers of maintenance and overhaul facilities. If any such warranties are not assignable, Subcontractor will take such action, at its own expense, as Tartan may reasonably request to enforce any such warranties.

ARTICLE 11 – RESPONSIBILITIES OF SUBCONTRACTOR SERVICE STANDARDS

- 11.1 Subcontractor shall perform and complete all Services in an efficient, skillful, workmanlike, professional and competent manner in accordance with good business and technical skills applicable to such Services and the Subcontractor's expertise, and in accordance with generally accepted industry standards, unless a higher standard has been specified, in which case the higher standard shall apply.
- 11.2 Subcontractor shall ensure that all its Personnel are properly qualified and experienced in their respective capacities.
- 11.3 Subcontractor shall cooperate fully with Tartan and, if necessary, coordinate the performance of the Services with other work performed by Tartan employees, other Subcontractors or others.
- 11.4 Subcontractor shall ensure that all tools, machinery and equipment used in the Services are maintained and used in accordance with manufacturer's specifications and recommendations and good engineering and operational practices.

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- 11.5 Subcontractor shall obtain and maintain at its own expense all permits, licenses, and other documents required to perform Services, unless the Parties otherwise expressly agree in writing.

LABOR AND LIENS

- 11.6 Subcontractor shall furnish all skills, labor, supervision, transportation, equipment, tools, machinery, materials, supplies and whatever else is required to provide the Services at its own cost and expense, unless otherwise expressly agreed to in writing by Tartan.
- 11.7 Subcontractor shall pay promptly all amounts due for labor, parts, materials, tools, supplies, equipment and services used in connection with the performance of any of the Services and shall not permit any lien or charge pertaining to the Services to attach to any property whatsoever. If any such lien or charge attaches, then Subcontractor shall promptly procure its release and hold Tartan and its Subsidiaries harmless from all Claims incidental thereto.

HAZARDS AND SAFETY

- 11.8 For any Services conducted on a Tartan worksite, Subcontractor shall participate in any general and site specific orientation that may be offered, carefully examine all worksites and surrounding areas and all particulars relating to Services, make all investigations necessary for a full understanding of all difficulties and hazards which may be encountered in the performance of Services and ensure that all identified difficulties and hazards are suitably addressed prior to commencement of Services. Tartan shall accept no responsibility for the failure of Subcontractor to gain a full understanding of any difficulties and hazards and shall not be liable for any increase in consideration to Subcontractor for Subcontractor's failure to reasonably anticipate difficulties and hazards that may be encountered.
- 11.9 Subcontractor shall adequately protect all persons and property of Tartan and others from injury, damage or loss arising out of the provision of Services.
- 11.10 Except as stipulated in the Work Release Order, Subcontractor shall interfere minimally with the worksite operations of Tartan and other Subcontractors. On completion of Services Subcontractor shall leave the worksite clear of all tools, equipment, waste material and rubbish resulting from the Services.
- 11.11 Subcontractor shall immediately report to Tartan all written or verbal communications, including inspections, infractions, violations, orders, notifications, advice from government or regulatory bodies and all incidents, injuries, damage and losses arising out of the provision of Services. Subcontractor shall also provide prompt notice to Tartan of any subpoena, appointment or other legal document obligating Subcontractor to testify regarding any matter relating to the Services before any regulatory agency, governmental body or court of law and cooperate fully with Tartan in the course of providing such testimony.
- 11.12 For any Services conducted on a Tartan worksite, Subcontractor shall have in place environmental, health, safety and drug and alcohol programs which comply with all Laws, Tartan Policies and industry standards. Such programs shall be made available to Tartan upon request and Tartan may audit them from time to time. Tartan requires an alcohol and drug free workplace and reserves the right to conduct safety-sensitive, pre-assignment, post-incident and reasonable cause testing to verify this requirement.

LAW AND POLICIES

- 11.13 Subcontractor shall strictly comply with all Laws.

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- 11.14 Subcontractor shall strictly comply with all Tartan Policies and, upon entering into this Agreement.
- 11.15 Subcontractor shall, and shall cause its Personnel to, avoid situations where any of its interests conflict, could potentially conflict or could appear to conflict with its obligations and duties to Tartan or its Subsidiaries. Subcontractor shall immediately advise its Tartan supervisor of any actual, potential or perceived conflict of interest situation that it becomes aware of.
- 11.16 Subcontractor shall be fully responsible for all acts or omissions of its Personnel in connection with Subcontractor's obligations hereunder. Subcontractor shall ensure that its Personnel are aware of and conform to all of Subcontractor's obligations in this Agreement (including compliance with all Laws and Tartan Policies) and assume obligations identical in principle thereto.
- 11.17 In the event Subcontractor collects, uses or stores personal information about an identifiable individual, whether as part of the Services or incidental thereto, Subcontractor shall strictly comply with all applicable privacy legislation and regulations including the Personal Information Protection Act (Alberta) and the Personal Information Protection and Electronic Documents Act (Canada) and shall comply with all reasonable requirements which may be specified in writing by Tartan regarding the collection, use, storage and/or destruction of such information.
- 11.18 At Tartan request, Subcontractor shall provide proof satisfactory to Tartan of compliance with the terms of this Agreement.
- 11.19 In the event of any conflict between any Laws, Tartan Policies, industry standards or any of the standards set out in Article 11.1 herein, the highest or most stringent shall apply.

TARTAN OBLIGATIONS

- 11.20 Tartan shall take reasonable precautions as are prescribed by Subcontractor for the safety of Subcontractor's Personnel and equipment.

ARTICLE 12 - MILITARY RANGE INSTRUCTIONS

- 12.1 For Services performed on the Cold Lake Air Weapons Range in north-eastern Alberta, Subcontractor shall obtain and acknowledge receipt of, and shall ensure Services are conducted in accordance with "Instructions to all Tartan Personnel including Partner Companies, Subcontractors, Service Companies, Consultants And Others Working within Or Entering The Cold Lake Air Weapons Range (CLAWR)" and "Chapter 7 of Special Range Orders for Alberta Energy Company Ltd.", or any directions of "Tartan Range Safety and Co-ordination Centre", as the case may be.
- 12.2 Any breach of any of Subcontractor's obligations in this Article shall entitle Tartan to immediately terminate this Agreement and/or any or all Work Release Orders and, at Subcontractor's cost and risk, to take whatever other action it deems appropriate to remedy such breach. Reference to all documents in this Article includes those which supplement, amend, or replace such documents.

ARTICLE 13 - INSPECTION

- 13.1 Subcontractor shall be responsible for inspecting and testing Goods that constitute part of the Services. Upon reasonable notice to Subcontractor, Tartan and its representatives shall have reasonable

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access at all times to the location where the Services are performed (at all places and stages of production and installation), and the right to inspect and test all Goods being provided with the Services. Any inspection, including the location where Goods are manufactured or testing in connection with the Services by Tartan or failure to do so shall not relieve Subcontractor of its obligations, warranties, or representations hereunder.

ARTICLE 14 – CHANGE MANAGEMENT

- 14.1 Tartan may, at any time, in writing or verbally direct Subcontractor to make any changes to a Work Release Order, including changes pertaining to quantity (increases, decreases), quality, nature, timing, delivery and terms of the Services. If any change increases or decreases the cost or time required for Subcontractor's performance then, as soon as practicable, the Parties shall agree to an equitable adjustment to the agreed to price and performance schedule, as applicable. In no event may Subcontractor delay initial Services or the Services proposed by the Tartan initiated change while the Parties settle issues of price or performance schedule.
- 14.2 Subcontractor shall not, without Tartan's prior written authorization, alter, substitute, or add to the Services. Subcontractor is not entitled to payment for unauthorized Services.
- 14.3 Contractor / Tartan share a responsibility to address any condition which impacts the Scope of Work identified within the mutually agreed Work Release Order.
- 14.4 Change may take the form of additions to or deletions from the Scope of Work, or, upon encountering any condition which were not foreseen by either party.
- 14.5 When either Contractor or Tartan contemplates a Change, a description of said Change shall be documented on a form of Change Order (Schedule 3).
- 14.6 For Client-initiated Change, Subcontractor shall respond to Change requests by submitting their Change proposal to Tartan's Representative within five (5) calendar days of receiving the initial request. If Subcontractor cannot meet the five-day calendar schedule, its representative shall notify Tartan's Representative promptly, giving the reason for the delay and the date on which the Change proposal will be available for review. Contractor shall include the following data:
- I. Complete description of the contemplated Change (Tartan-originated if Client Scope changes).
 - II. Estimated increase / decrease in Labor, Material, Subcontracts, and any other costs as a result of the change.
 - III. Impact on schedule or scheduled completion date.
 - IV. Impact on Environment, Job Quality, or Safety
- 14.7 On receipt of approved Change Order Authorization, Subcontractor shall take immediate action to incorporate the Change.
- 14.8 Subcontractor to submit a summary of Change Order Authorizations initiated and approved since last reported.
- 14.9 Under any circumstances Work associated or impacted by the contemplated Change shall not proceed until the impacts are known, documented, and authorized by both Subcontractor and Tartan.

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ARTICLE 15 - RATES

- 15.1 Subcontractor shall provide Tartan with a complete list of prices and rates for all Services and any ancillary items necessary to complete the Services under the applicable Work Release Order (the "Rates") to be provided hereunder. The Rates shall include all applicable prices, delivery charges, wage rates (including overhead and profit), equipment rates (including charges for operating personnel, standby charges, labor and supervision), packing, crating, marking, transportation, bracing, dunnage, its percentage mark-up for material and third-party services and all charges of any kind, excluding taxes, duties and assessments as set out in Article 17 (Taxes). Subcontractor shall not increase the Rates without Tartan's prior written consent.
- 15.2 Tartan shall not be liable for any payment not expressly set out in the Rates, unless otherwise expressly agreed to in writing by Tartan, or otherwise contained in this Agreement.

ARTICLE 16 - TAXES

- 16.1 The Rates shall exclude the Goods and Services/Harmonized Sales Tax as provided for in the Excise Tax Act (Canada), as amended, or any other successor or parallel provincial or federal legislation that imposes tax on the recipient of goods and services under this Agreement ("GST/HST") or any other sales or similar taxes ("PST"). GST/HST, PST and customs duties and other like charges (if applicable) shall be shown as separate items on Subcontractor's invoice and the invoice shall bear Subcontractor's GST/HST and PST registration number if applicable.
- 16.2 Subcontractor represents and warrants that it is not a non-resident of Canada within the meaning of the Income Tax Act (Canada). If Subcontractor cannot make such representation and warranty, then Subcontractor acknowledges that Services performed in Canada by Subcontractor may be subject to withholding taxes and that Tartan is required to withhold tax at the applicable rate from the payments made to the Subcontractor pursuant to this Agreement, in compliance with paragraph 153(1) (g) of the Income Tax Act (Canada) and Section 105 of the Income Tax Regulations, as may be amended from time to time. If Subcontractor successfully applies to the Canada Revenue Agency ("CRA") for a waiver of the withholding tax and delivers to Tartan a copy of the letter from the CRA granting such waiver, Tartan shall release the amount specified in the waiver to Subcontractor. When the total amount shown in the CRA letter has been released, Tartan shall recommence withholding tax until Subcontractor obtains and provides Tartan with another waiver from the CRA. At no time shall Tartan be required to release to Subcontractor an amount greater than the amount specified in the applicable waiver granted by the CRA.

All Services performed in Canada by a non-resident shall be invoiced separately and noted as such on the invoice.

- 16.3 Except for any GST/HST or PST payable by Tartan as purchaser of the Services, Subcontractor is exclusively liable for and shall pay before delinquency all taxes, duties, assessments, lien able claims, charges or other impositions imposed or levied on Subcontractor or Tartan in respect of Services and Subcontractor shall indemnify Tartan against all Claims incurred due to Subcontractor's failure to do so.

ARTICLE 17 - PAYMENT AND INVOICES

- 17.1 Subcontractor shall submit its invoices for completed Work after inspection and approval of the Work by Tartan, and for Goods after they have been delivered to the location specified by Tartan and accepted by Tartan, unless otherwise set out in the Work Release Order. Invoices shall contain a complete statement of charges for the Services billed, net any applicable discounts. Tartan will only be subject to charges based on

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the Rates or as otherwise agreed to in a Work Release Order. Invoices must be accompanied by all LEMS (Labor, Equipment, Material sheets), third party invoices and any other supporting documentation and billing information requested by Tartan. The following information must appear on your LEMS and invoices:

The Information that must appear on daily LEMS prior to submitting to Tartan for approval:

- I. Unique identifying number on LEMS
- II. Date work performed
- III. List of services provided in alignment with the work schedule and AGREEMENT
- IV. Labor Hours
- V. Number of personnel
- VI. Tartan Job Number
- VII. Client Work Order
- VIII. Description of work performed
- IX. Work Location/Item ID number

The work ticket (LEMS) will then need to be signed by a Tartan Supervisor daily and the Tartan Copy supplied to the Tartan onsite admin group.

The information and procedure that must be followed when submitting an invoice:

- X. Unique identifying invoice number
- XI. Invoice Date
- XII. Tartan Job Number
- XIII. Client Work Order
- XIV. Description of work performed and total Cost
- XV. PST & GST shown Separately
- XVI. Work Location
- XVII. Copy of approved LEM Sheet(s) for matching Tartan Job Number /Client Work Order

The Vendor will use their copy of the work ticket (LEMS) as back-up to their invoice. Each combination of Job # and Work Order will require a separate invoice but if the vendor prefers can contain multiple days of billing to the same job number and work order. The detail on the invoice only needs to be a summary of costs by LEMS.

- 17.2 Except for any deductions (including withholding taxes), or set-offs that Tartan is entitled to make under this Agreement or at law, Tartan shall pay the balance of each invoice within 45 (Forty-five) days of receipt. Any amount subject to deduction or set-off shall only be paid, if payable, in accordance with the resolution of the matter in issue.
- 17.3 No payment by Tartan shall limit Tartan's right to later dispute any of the charges invoiced and payment shall not be construed as Tartan's acceptance of the Services.

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ARTICLE 18- WITHHOLDING PAYMENT, DEDUCTIONS AND SET OFF

- 18.1 Tartan shall be entitled to withhold payments or deduct amounts due Subcontractor without liability or interest:
- 18.1.1. until Tartan is satisfied as to the quality and performance of the Services;
 - 18.1.2. until Tartan is satisfied that Subcontractor has paid all amounts required to be paid by Subcontractor under this Agreement or otherwise in connection with the Services (including all payments for workers ' compensation, and all payments for labor, services, materials and supplies);
 - 18.1.3. for Claims or liabilities which may be the basis of a claim made by third parties against Tartan by reason of Subcontractor's acts or omissions or breach of any of its obligations hereunder;
 - 18.1.4. for any matter being disputed in good faith by Tartan;
 - 18.1.5. for costs incurred by Tartan as a result of Subcontractor's negligence or breach of its obligations hereunder;
 - 18.1.6. upon the occurrence of any event in sections 19.3.2;
 - 18.1.7. in accordance with any Law, including any holdbacks pertaining to labor, materials or non- residents;
 - 18.1.8. for any amount owing to Tartan as a result of an Audit;
 - 18.1.9. in accordance with any direction to pay made by a third party; or
 - 18.1.10. as otherwise provided for in this Agreement.

Any amount withheld or deducted as provided for above shall correspond to the amount in issue, as determined by Tartan in its sole discretion to the extent it deems necessary, and any payments or adjustments in respect of such amount shall be made in accordance with the resolution of the matter in issue.

- 18.2 Tartan shall be entitled to set off against any amount owing to Subcontractor hereunder, any amount owed by Subcontractor to Tartan or any of its Subsidiaries under this or any other agreement.
- 18.3 Tartan's failure to deduct, withhold or set off payments shall not affect Subcontractor's obligations to Tartan or prejudice any of Tartan rights and remedies.

ARTICLE 19 - TERM AND TERMINATION

- 19.1 This Agreement shall commence as of the date hereof and, subject to earlier termination as herein provided, shall continue in effect until terminated by either Party upon at least thirty (30) days written notice to the other Party.
- 19.2 Termination of this Agreement or any Work Release Order shall not affect any rights or obligations which have accrued under this Agreement or Work Release Order and shall not relieve either Party from its

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obligations which may have arisen prior to such termination. Article 10 (Representations, Warranties and Covenants), Article 22 (Liability and Indemnity), Article 24 (Audit), Article 25 (Confidentiality), Article 26 (Intellectual Property) and Article 35 (Limitations) shall survive termination of this Agreement and any Work Release Order. If this Agreement is terminated while any Work Release Order is in effect, and such Work Release Order is not terminated as provided for in this Agreement, then this Agreement shall continue only in respect of such Work Release Order until the Work Release Order is completed or terminated, in accordance with Tartan's instructions.

DEFAULT AND TERMINATION OF WORK RELEASE ORDER

19.3 In addition to Tartan's rights and remedies under this Agreement and at law and in equity, and notwithstanding the commencement of Services, Tartan may terminate all or any part of a Work Release Order immediately upon giving written notice of termination to Subcontractor:

19.2.1 at any time without cause ("Without Cause"); or

19.2.2 upon the occurrence of any of the following ("With Cause"):

19.2.2.1 Subcontractor materially violates any Law or any of the Tartan Policies or disregards the instructions of Tartan;

19.2.2.2 in Tartan's opinion Subcontractor has conducted itself dishonestly or fraudulently or has engaged in serious misconduct or a serious conflict of interest with respect to its obligations hereunder;

19.2.2.3 Subcontractor (or its Affiliate under contract with Tartan or Tartan/s Affiliate) (a) makes an assignment for the benefit of creditors, (b) admits in writing its inability to pay debts as they become due, (c) becomes insolvent, (d) institutes or is the subject of any proceedings under any Law for relief of debtors, insolvency, receivership, bankruptcy, winding-up, dissolution, or the Companies' Creditors Arrangement Act (or similar legislation), (e) appoints a receiver, trustee, monitor or liquidator over any assets of Subcontractor, (f) has any of its equipment become subject to an attachment, or (g) Subcontractor ceases to carry on business;

19.2.2.4 except as provided for in Article 32 (Force Majeure) Subcontractor fails, neglects, refuses, or is unable to provide ample supervision, labor, materials or equipment to perform the Services at a rate and in a manner deemed sufficient by Tartan to give reasonable assurance that Subcontractor will complete the Services on or before the specified completion date and satisfy its other obligations under this Agreement;

19.2.2.5 if a third party claim or lien is filed in respect of anything pertaining to the Services and is not immediately discharged;

19.2.2.6 Subcontractor is in default of any of its other obligations hereunder and fails to remedy such default within the time expressly provided for in this Agreement and, if no such time is expressly provided for, then within 3 (three) days or any other shorter or longer time period specified by Tartan in its sole discretion, after receipt of notice of default;

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- 19.2.2.7 Subcontractor subcontracts, assigns or transfers any of its rights or obligations hereunder without Tartan's prior written consent; or
- 19.2.2.8 as otherwise provided in this Agreement, except Article 32 (Force Majeure).

SUBCONTRACTOR'S RESPONSIBILITIES UPON RECEIPT OF TERMINATION NOTICE

- 19.4 Upon receipt of a notice of termination, Subcontractor shall terminate the Services as soon as reasonably practical and in accordance with Tartan instructions. Subcontractor shall also take all reasonable steps to mitigate any resulting costs and losses, and preserve the Services to the extent performed.
- 19.5 Upon request by Tartan, Subcontractor shall withdraw from the applicable Tartan site, assign to Tartan such of Subcontractor 's subcontracts as Tartan may request, remove the materials, equipment, tools, and instruments used by Subcontractor in the performance of the Services, and deliver the Services to Tartan, whether complete or not.

TARTAN'S RIGHTS AND RESPONSIBILITIES UPON TERMINATION OF A WORK RELEASE ORDER

- 19.6 In the event of termination of a Work Release Order, Tartan shall have the right to complete the Services and remedy any deficiencies itself or with the assistance of third parties.
- 19.7 If the Work Release Order is terminated pursuant to section 19.3.1 (Without Cause), Tartan shall pay Subcontractor the Rates, for any portion of the Services completed at the time of termination, plus either:
- 19.6.1 any termination costs agreed to prior to termination; or
- 19.6.2 if termination costs have not been agreed to prior to termination, any direct, reasonable and substantiated costs incurred or committed to by Subcontractor for the Services prior to the time of termination, that are neither cancellable nor recoverable and for which Tartan has not otherwise already paid.
- 19.8 If the Work Release Order is terminated pursuant to section 19.3.2 (With Cause), Tartan shall be entitled to withhold the payment of any further sums due to Subcontractor under this Agreement until such Services are completed. Upon final completion of the Services, the Parties shall determine by mutual agreement the amount, if any, of excess cost incurred by Tartan to complete the Services and remediate any deficiencies and the amount to which Subcontractor is entitled for its performance of the Services up to the date of termination. Upon such determination, Subcontractor shall pay Tartan or Tartan shall pay Subcontractor the net amount which may be due to the other in accordance with such determination.
- 19.9 Upon termination of a Work Release Order, Tartan shall have no further liability to Subcontractor under such Work Release Order except for payments pursuant to section 19.7 and 19.8 above and Tartan shall not be liable to Subcontractor for any Claims, including Consequential Damages, resulting from the termination.

ARTICLE 20 - SUSPENSION OF SERVICES

- 20.1 Tartan may, from time to time, by written notice to Subcontractor, suspend the Services in whole or in part for any reason whatsoever. Upon receipt of such notice, Subcontractor shall discontinue the Services to the extent specified in the notice and take such steps as are necessary to minimize costs associated with such suspension. During the suspension, Subcontractor shall store, preserve and maintain Services in accordance

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with industry practice, any applicable specifications and as stipulated in the applicable notice of suspension. Subject to section 19.2, if the Work Release Order is suspended in accordance with this section Tartan shall pay Subcontractor for any reasonable and substantiated costs (if any) directly related to the suspension for which Subcontractor has submitted to Tartan all supporting documentation. Upon receipt of notice to resume Services, Subcontractor will immediately resume performance to the extent required in the notice.

- 20.2 If Tartan has suspended the Services due to a material breach of any of Subcontractor's obligations hereunder, or for as long as necessary to prevent or stop any unsafe practice or any violation of Subcontractor's obligations hereunder with respect to environment, health and safety, then Subcontractor shall not be compensated for any loss or damage as a result of such suspension and the time for performing the Services shall not be extended.
- 20.3 Tartan shall have no liability for suspending or failing to suspend any Services and any suspension or failure to do so shall not relieve Subcontractor of any of its responsibilities hereunder.

ARTICLE 21 - REMEDIES

- 21.1 If any Services are not provided in accordance with the provisions of this Agreement, including any specifications made by Tartan pertaining to quality, quantity and delivery time and location and any other representations and warranties, Tartan shall be entitled to any or all of the following remedies, in addition to any other right or remedy that Tartan may have hereunder, at law or in equity:
- 21.1.1 at any time terminate or suspend all or any part of the Work Release Order in accordance with the termination and suspension provisions of this Agreement;
- 21.1.2 reject the Goods and return them to Subcontractor at Subcontractor's sole risk and expense on Subcontractor's instructions. If Subcontractor does not provide instructions within a reasonable time after request then the Goods will be disposed of as determined by Tartan at Subcontractor's risk and expense. Upon request Subcontractor shall promptly refund to Tartan any money paid for Goods that are returned or disposed of; and
- 21.1.3 require Subcontractor to remediate any deficiencies as follows:
- 21.1.3.1 Tartan shall notify Subcontractor of any deficiencies in the Services and Tartan shall, at its convenience, make the deficient Services available to Subcontractor for remediation. Subcontractor, at its sole cost, risk and expense, shall thereafter promptly and within a time frame acceptable to Tartan, correct any defect, including repairing or replacing any defective parts (which decision to repair or replace shall be at Tartan's discretion), and re-performing any Services. Subcontractor shall re-perform any performance tests that may be required for the achievement of the performance guarantees.
- 21.1.3.2 If, after 3 (three) days' notice to Subcontractor, the deficiency is not corrected or Tartan is of the opinion, in its sole discretion, that it cannot be corrected by Subcontractor within a time acceptable to Tartan, Tartan may correct the deficiency and the total cost of such correction, including all labor, materials, transportation, services, including re- performance of Services and any performance tests, shall be charged to Subcontractor.
- 21.1.3.3 Notwithstanding sections 21.1.3.1 and 22.1.3.2, if remediation of a deficiency is required on

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an urgent basis, Tartan may notify Subcontractor to remediate it on an urgent basis. If Tartan is of the reasonable opinion that Subcontractor will be unable to remedy the deficiency within the time required by Tartan, Tartan may correct the deficiency and the total cost of such correction, including all labor, materials, transportation, services, including re-performance of Services and any performance tests shall be charged to Subcontractor.

- 21.2 The obligation to remediate deficiencies in the Services shall continue and survive until the deficiencies are corrected, notwithstanding the expiry of the initial Warranty Period. Any deficiencies corrected pursuant to section 21.1.3 shall be subject to remediation on the same basis as provided in this Article for a further 12 months after the correction of such deficiencies.
- 21.3 Tartan is not obligated to accept any Services that are not in compliance with this Agreement. Any acceptance of title, risk of loss or damage, payment, acceptance, use or occupancy, or execution of any document by Tartan, in respect of the Services, shall not relieve Subcontractor from any obligations pertaining to the Services and shall not prejudice any rights of Tartan hereunder, in law or in equity in respect of the Services.

ARTICLE 22 - LIABILITY AND INDEMNITY

- 22.1 Without limiting Tartan's rights and remedies hereunder or at law or in equity, Subcontractor shall:
- 22.1.1 be liable to Tartan and its Subsidiaries, and their respective employees, Subcontractors, further Subcontractors, consultants, agents, representatives, directors and officers (in the remainder of this Article called "Tartan") in respect of, and
- 22.1.2 indemnify and hold Tartan harmless from and against any and all Claims which may be brought against or suffered by Tartan or which it may sustain, pay or incur by reason of any matter or thing arising out of or in any way attributable to any a) breach of this Agreement by Subcontractor; or b) negligent acts or omissions, tortious acts, strict liability offences or willful misconduct of Subcontractor or any of its Personnel, or any of their respective directors and officers in connection with, related to or arising out of the performance, purported performance or non-performance of this Agreement or Services hereunder including any relating to or resulting from: (i) deficient or defective Services, (ii) damage or destruction to property, (iii) imperfections in material furnished by Subcontractor or Tartan (if reasonably obvious) or equipment, (iv) environmental damage (v) Intellectual Property rights (including infringement), (vi) confidentiality obligations (vii) non-compliance with Law or Tartan Policies (including any pertaining to environment, health or safety) (viii) any alleged claim, lien or encumbrance arising in connection with the Services (ix) failure to pay when due taxes, duties and other like charges for which Subcontractor is responsible.
- 22.2 Subject to section 22.3, neither Party shall be liable to the other for Consequential Damages.
- 22.3 Nothing herein shall exclude or limit Subcontractor's liability for Claims sustained or incurred by Tartan as a result of third party claims against Tartan that arise out of the performance, non-performance or purported performance of this Agreement or Services by Subcontractor or any of its Personnel.
- 22.4 In addition to any rights and remedies of Tartan (including damages), Tartan shall be entitled to injunctive and other equitable relief in order to protect Tartan's rights and property as set out in Article 25 (Confidentiality) and Article 26 (Intellectual Property).
- 22.5 Tartan shall have the right at its option to participate in the defense of any Claim against Tartan without

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relieving Subcontractor of its obligations hereunder in respect of the defense of such Claim and costs thereof.

ARTICLE 23 - INSURANCE

- 23.1 Without limiting its obligations or liabilities herein, Subcontractor shall, at its sole cost and expense, obtain and continuously carry for the duration of the Services (including all remedial Services) the insurance coverage set out in section 23.7 herein with reputable and reliable insurers that are acceptable to Tartan.
- 23.2 Subcontractor's insurance policies set out in section 23.7 (except for Workers' Compensation and automobile liability insurance) shall include Tartan and its Subsidiaries, and their respective directors, officers, employees, Subcontractors, further Subcontractors, consultants, representatives, and agents as additional insureds (the "Additional Insureds") to the extent of Subcontractor's liabilities and indemnities hereunder.
- 23.3 Prior to the commencement of Services, Subcontractor shall provide Tartan with valid certificates of insurance confirming the existence of the insurance described above, and shall provide annually thereafter, or upon request by Tartan, proof of continuation of these policies. Subcontractor shall make all reasonable modifications and additions to its insurance coverage as may be requested by Tartan from time to time.
- 23.4 The insurance maintained by Subcontractor in accordance with this Agreement shall:
- 23.4.1 be primary to any other insurance available to the extent of Subcontractor's liability and indemnity obligations under this Agreement;
- 23.4.2 provide that no material change or termination shall be made without 30 (thirty) days written notice to Tartan; and
- 23.4.3 not permit the insurers to have any subrogation or transfer rights against Tartan and the other Additional Insureds in respect of any claim thereunder, except with respect to Automobile Liability Insurance.
- 23.5 All deductibles in Subcontractor's insurance policies are the responsibility of the Subcontractor.
- 23.6 Subcontractor shall ensure that any of its further Subcontractors performing any of the Services obtain and maintain insurance coverage comparable to the insurance coverage Subcontractor is required to maintain pursuant to this Agreement.
- 23.7 Insurance coverage required pursuant to section 23.1 is as follows:
- 23.7.1 **Workers' Compensation**
Workers' Compensation covering Subcontractor and all its Personnel engaged in performing the Services in accordance with the statutory requirements of the province or territory having jurisdiction over such Personnel.
- 23.7.2 **Employers' Liability Insurance**
Employers' Liability Insurance covering Subcontractor and all its Personnel engaged in performing the Services with limits of not less than one million dollars (\$1,000,000.00) per occurrence where not covered by statutorily imposed Workers' Compensation.
- 23.7.3 **Directors. Partners. Proprietors. Tartan-Operators**

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If any person who is not an employee of Subcontractor (including directors, partners, proprietors, and Tartan-operators) is, or may be from time to time, involved in the actual performance of Services hereunder on behalf of Subcontractor, Subcontractor shall ensure that such person is covered by either the optional coverage available through Workers' Compensation, or under Employers' Liability Insurance as described above.

23.7.4 Commercial General Liability

Commercial General Liability Insurance containing the following:

- 23.7.4.1 provision for a combined single limit of not less than five million dollars (\$5,000,000.00) for each occurrence or incident;
- 23.7.4.2 provision in respect of coverage for bodily injury (including death at any time resulting therefrom) and personal injury sustained by any persons and for injury to or destruction of property (including loss of use or occupancy) arising out of the performance of any of the Services; and
- 23.7.4.3 provision in respect of coverage for contractual liability, tortious liability, personal injury, Subcontractor's protective liability, products liability, completed operations liability, cross liability, severability of interest, non-owned automobile liability and occurrence basis property damage.

23.7.5 Automobile

If Subcontractor operates an automobile in the course of performing the Services and where not otherwise covered by Subcontractor's commercial general liability policy, Subcontractor shall obtain and maintain Automobile Liability Insurance covering all motor vehicles, owned or non-owned, operated, used or hired in connection with the Services with an inclusive bodily injury, death and property damage limit per occurrence of not less than two million dollars (\$2,000,000.00).

23.7.6 Owned or Non-Owned Aircraft or Watercraft

If aircraft or watercraft are used in connection with Services, and where not otherwise covered by Subcontractor's commercial general liability policy, Subcontractor shall carry aircraft liability or watercraft liability insurance, as applicable, covering all aircraft or watercraft owned or non-owned which are operated by or on behalf of Subcontractor with an inclusive bodily injury, death and property damage limit per occurrence of not less than ten million dollars (\$10,000,000.00). In addition, where such aircraft or watercraft are owned or operated by Subcontractor, such coverage shall also insure against damage to the aircraft or watercraft for not less than its full replacement value.

23.7.7 Construction Machinery

If construction machinery, tools and equipment are used by Subcontractor or its Personnel in performing the Services Subcontractor shall carry all risks property insurance covering loss or damage to construction machinery, tools and equipment owned by or on bare rental (uninsured) from a third party or parties and used by Subcontractor or its Personnel in performing Services, with coverage in accordance with the replacement value of each.

23.7.8 Any other insurance that the Supplier is required by law to provide.

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ARTICLE 24 - AUDIT

- 24.1 Tartan or its representative shall have the right at any reasonable time until 2 years following the termination of the contract or completion of the applicable Work Release Order to inspect and audit Subcontractor's accounts, records and information in connection with its obligations under this Agreement, including any compensation required to be made by Tartan to Subcontractor (including charges on a reimbursable or unit rate basis, hourly charges, cost plus charges, termination or suspension charges); any relating to duty and tax payments (for the purpose of recovering overpayments and obtaining relief from government authorities for taxes or duties assessed on any Goods); and any relating to Subcontractor's compliance with Laws and the Tartan Policies (an "Audit").
- 24.2 For a period of 2 (two) years after the completion of all of Subcontractor's obligations under the applicable Work Release Order or this contract, Subcontractor shall maintain, in accordance with generally accepted accounting principles, a true and correct set of books and records pertaining to Services, including original payroll records, invoices issued to Subcontractor by its Personnel, documents required to support claims pertaining to duty and tax payments (including invoices, customs documents, returns and product literature), documentation for all items for which Tartan has agreed to reimburse Subcontractor, and all other relevant records and information, whether in writing or in electronic form or reproduced by any other means ("Records").
- 24.3 If any Records require special equipment or specialized knowledge to convert the data into readily readable form, Subcontractor shall provide all assistance and facilities reasonably required for that purpose in connection with any Audit.
- 24.4 Audits shall be conducted at no cost to Tartan.
- 24.5 Subcontractor shall respond to any claims or discrepancies disclosed by an Audit in writing within 30 (thirty) working days after the receipt of a claim from Tartan. Items established to be inaccurate as a result of any Audit shall be rectified forthwith and either credited or reimbursed appropriately, with interest at the Canadian Dollar commercial loan rate of annual interest posted by Royal Bank of Canada from time to time. Such interest shall accrue from the date Tartan first paid the excess amounts to the date of credit or reimbursement, as the case may be. Subcontractor shall retain records pertaining to any unresolved claim or discrepancy until such claim or discrepancy is resolved, notwithstanding the aforesaid 2 (two) year retention period.
- 24.6 Subcontractor shall require that its Personnel keep Records in accordance with the provisions of this Article and shall ensure that its Personnel grant Tartan the same rights of Audit.

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ARTICLE 25 - CONFIDENTIALITY

- 25.1 Subcontractor shall, and shall ensure its Personnel and assignees, keep secret and confidential during the term of this Agreement (including all renewals and extensions) and for a period of 5 (five) years thereafter, all information, written or oral, furnished by Tartan or any other source, or derived from or coming to the knowledge of the Subcontractor, its Personnel or assignees, directly or indirectly in the course of performing the Services or otherwise obtained, which is or may be either applicable to or related in any way to the assets, business or affairs of Tartan or its Subsidiaries, together with all Inventions and Documentation (as defined in Article 26 - Intellectual Property) analyses, compilations, studies, reports or other documents seen or prepared, in whole or in part, by Subcontractor, its Personnel or assignees in relation to the Services (collectively "Confidential Information").
- 25.2 The Subcontractor agrees that the Confidential Information:
- 25.2.1 is the sole property of Tartan and shall be returned, if tangible, to Tartan at its request;
 - 25.2.2 shall not be used for any purpose other than for the purpose of providing the Services;
 - 25.2.3 shall not, without Tartan's prior written consent (such consent to be in Tartan's sole discretion), be disclosed to any person other than, to the extent required, Subcontractor's Personnel who have a need to know the Confidential Information or any part thereof in order to perform the Services; and
 - 25.2.4 shall not be disclosed to any court or administrative tribunal without firstly, providing Tartan written notice of a request, subpoena or order of a court, regulatory body or other authority of competent jurisdiction to disclose any information that may be Confidential Information, and secondly, enabling Tartan the opportunity to seek a protective order or other appropriate remedy regarding such disclosure. In any event under these circumstances, Subcontractor shall furnish only that portion of the Confidential Information which is legally required, and, further, shall exercise its best efforts to obtain confidential treatment for such Confidential Information.
- 25.3 Subcontractor shall not, without the prior written consent of Tartan, issue any public statement, press release, publicity handout, photograph or any other material relating to or disclosing in any way whatsoever to the public the existence of this Agreement, or the scope, term or value of the Services, or anything else relating thereto.
- 25.4 The confidentiality obligations in this Article shall not apply to Confidential Information:
- 25.4.1 Which at the time of disclosure is in the public domain;
 - 25.4.2 Which after disclosure is published or otherwise becomes part of the public domain through no fault of Subcontractor or any of its Personnel (but only after it is published or otherwise becomes part of the public domain);
 - 25.4.3 Not subject to any confidentiality obligations, and which Subcontractor can show was in its possession prior to disclosure hereunder; or

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- 25.4.4 Which Subcontractor can show was received after the time of disclosure hereunder from a third party who did not require that it be held in confidence and who did not, to Subcontractor's knowledge, acquire it, directly or indirectly, from Tartan or a third party under an obligation of confidence.
- 25.5 Subcontractor shall comply with any other reasonable confidentiality requirements specified by Tartan which may include execution of a confidentiality letter or agreement.

ARTICLE 26 - INTELLECTUAL PROPERTY

- 26.1 All documentation, analysis, compilations, studies, reports, data, charts, digital media, drawings, sketches, calculations, correspondence, maps, Geo-Data and other information developed or incorporated by Subcontractor and any of its Personnel, or any of them, for Tartan in providing the Services hereunder (collectively, the "Documentation") shall be the property of Tartan. Subcontractor hereby assigns (and shall cause its Personnel to assign) all Intellectual Property rights in such Documentation, to or in favor of Tartan. Subcontractor further waives any right to assert any rights whatever respecting such Documentation and Intellectual Property. Subcontractor shall deliver all such Documentation to Tartan immediately upon completion of any Services, or at any other time upon request by Tartan and shall execute all documents required to give effect to the assignment of Intellectual Property rights referred to above.
- 26.2 If Subcontractor and its Personnel, or any of them, make or develop an invention, discovery, design, modification, enhancement, improvement, patented, patentable or copyrightable work (collectively, the "Invention"), in the course of performing the Services hereunder, Subcontractor shall:
- 26.2.1 Promptly disclose to Tartan full details thereof to enable Tartan to assess the Invention;
- 26.2.2 Hold all such Inventions in trust for Tartan, which Inventions shall be deemed to be the property of Tartan, and shall at the request and expense of Tartan do any and all things necessary (including, without limitation, assign and waive all Intellectual Property rights therein) to enable Tartan or its nominee to obtain the benefit thereof and to obtain appropriate Intellectual Property or other protection therefore; and
- 26.2.3 Refrain (except as provided herein or as required by Laws) from disclosing or making use of any such Invention without Tartan's prior written consent.
- 26.3 Section 26.2 shall not apply to any Invention owned, completed or acquired by Subcontractor prior to, or unrelated to, the provision of Services to Tartan hereunder. Tartan shall not be responsible for any royalties, fees, costs or charges whatsoever pertaining to any such Invention, other than the compensation expressly agreed to by the Parties hereunder or in the applicable Work Release Order.
- 26.4 Any modifications, enhancements or improvements (collectively, the "Modifications") to any such Inventions excluded from section 26.2, made or developed by Subcontractor and its Personnel, or any of them, in the course of performing Services for Tartan hereunder shall be owned by Subcontractor provided that such Modifications do not embody or in any manner appropriate or infringe any confidential information, Intellectual Property or other rights of Tartan or any of its Subsidiaries and Tartan and its Subsidiaries shall have a worldwide, perpetual, royalty free, non-transferable, unrestricted license to use such Modifications, otherwise such Modifications shall be owned by Tartan.
- 26.5 Subcontractor shall not use the names, logos or trademarks of Tartan or any of its Subsidiaries in advertising, promotional material or publicity releases (in any media whatsoever, including electronic or web-based)

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without Tartan's prior written consent.

ARTICLE 27 - INFRINGEMENT

- 27.1 Subcontractor shall not provide any Services which infringe any Intellectual Property rights of a third party.
- 27.2 If all or any portion of the Services infringe any third party Intellectual Property rights then Tartan shall be entitled, in its sole discretion to:
- 27.2.1 Terminate or suspend the applicable Work Release Order in accordance with section 21.3.2.8 or section 20.2; or
- 27.2.2 Require Subcontractor, at no expense to Tartan and within a time frame acceptable to Tartan, to:
- a) procure for Tartan the right to use such infringing third party Intellectual Property; or
 - b) replace or modify those Services containing such Intellectual Property to make such Services non-infringing, while yielding substantially equivalent results to the Services as specified in the Work Release Order.
- 27.3 Subcontractor shall promptly give notice to Tartan if Subcontractor has knowledge of a suit for infringement that could reasonably be brought in connection with the Services. Subcontractor shall defend, indemnify and save harmless Tartan from and against all Claims which Tartan may suffer, sustain, pay or incur in connection with or arising out of actual or alleged infringement in connection with Services.

ARTICLE 28 - ELECTRONIC COMMERCE

- 28.1 Subcontractor shall use all reasonable efforts to employ any electronic processes that may be required by Tartan in its dealings with Subcontractors, and each Party shall be responsible for its own costs of adopting such processes. The Parties agree to amend this Agreement as required to accommodate such processes.

ARTICLE 29 - SUBSIDIARIES

- 29.1 Subcontractor shall provide Services to any Subsidiaries of Tartan upon request by Tartan. The terms and conditions of this Agreement shall govern the provision of Services to a Subsidiary and shall constitute a separate contract between the Subsidiary and Subcontractor and any reference to Tartan in this Agreement shall be deemed to refer to the Subsidiary for whom Subcontractor is providing Services.

ARTICLE 30 - INDEPENDENT SUBCONTRACTOR

- 30.1 Subcontractor shall be an independent Subcontractor for all purposes of this Agreement. Nothing herein shall render Subcontractor or any of its Personnel as a partner, agent, representative, joint venture participant or employee of Tartan and none shall hold itself out as such. Tartan shall have no direction or control of Subcontractor or its Personnel. Neither Party shall be liable for the actions nor omissions of the other Party except as stated in this Agreement. Neither Subcontractor nor any of its Personnel shall pledge the credit of Tartan, sign any document, enter into any agreement or make any promise on behalf of Tartan without Tartan's prior written consent.

ARTICLE 31 - ASSIGNMENT, SUBCONTRACTING AND REPLACEMENT OF PERSONNEL

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- 31.1 Subcontractor shall not subcontract, assign or transfer any of its rights or obligations hereunder without Tartan's prior written consent. At Tartan's option, any such subcontract, assignment or transfer without Tartan 's prior written consent shall be totally ineffective for all purposes and shall entitle Tartan to immediately terminate this Agreement, any Work Release Order (with cause) or both.
- 31.2 In respect of the Services hereunder, Subcontractor shall replace any of its Personnel that Tartan may request be replaced.

ARTICLE 32 - FORCE MAJEURE

- 32.1 "Force Majeure" means any occurrence beyond the reasonable control of the Party claiming suspension of an obligation hereunder, which such Party was unable to prevent or provide against or mitigate its effect by the exercise of all reasonable efforts at a reasonable cost and without any fault or negligence of such Party. Force Majeure shall include strikes, lockouts, acts of God or the Queen's enemies, wars , terrorism , laws, orders or regulations of government bodies or agencies implemented after the date of acceptance of a Work Release Order which prevent its performance, floods, unusually severe weather conditions that could not reasonably have been anticipated, fires, explosions or other catastrophes . Lack of funds shall not be considered to be an event of Force Majeure.
- 32.2 Upon the occurrence of a Force Majeure the claiming Party shall promptly give the other Party notice of the Force Majeure, the affected obligations, including full particulars, and the likely result. The claiming Party shall use reasonable diligence to remedy the same.
- 32.3 If a claiming Party is prevented by Force Majeure from fulfilling any obligations hereunder, the obligations of the Party, insofar only as its obligations are affected by the Force Majeure, shall be suspended while the Force Majeure continues to prevent the performance of such obligations and for the time thereafter as that Party may reasonably require to commence to fulfil such obligations. The corresponding obligations of the other Party shall be similarly suspended. Nothing in this clause shall impose upon any Party any obligation to settle any labor dispute on terms which, in the sole discretion of the claiming Party, are not in the best interests of such Party.
- 32.4 If Tartan is of the reasonable opinion that as a result of the Force Majeure the performance of Services will be delayed for 7 (seven) or more days, or the performance of Services is in fact delayed for seven (7) days or more, then Tartan shall be entitled to cancel all or a portion of the Work Release Order or authorize any necessary delays and adjustments.
- 32.5 In no event shall Tartan be liable to Subcontractor for any Claims, including Consequential Damages, resulting from any event of Force Majeure.

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ARTICLE 33 – DISPUTE RESOLUTION PROCEDURE

- 33.1 Any Dispute will be resolved in accordance with the Dispute Resolution Procedure set out in this Article and shall be followed in the order set out below unless both parties agree otherwise in writing:
- a) unless expressly provided otherwise in this Article or the Agreement, the Dispute Resolution Procedure shall be started by delivery of a Dispute Notice by one party to the other;
 - b) the parties shall attempt to resolve the Dispute by a Settlement Meeting under Article Sub Section 33.3;
 - c) if the Settlement Meeting does not result in a resolution of the Dispute, either party may refer the Dispute to Arbitration under Article Sub Section 33.5.

SETTLEMENT MEETING

- 33.2 In the event that a Dispute which is not resolved in the normal course of business, either party may deliver a Dispute Notice to the other party. Within five (5) business days from the receipt of the Dispute Notice, officials designated by Tartan and the Sub Contractor will meet at a mutually acceptable time and place to attempt to resolve the Dispute. The parties, through their representatives will make all reasonable efforts to resolve the Dispute. If resolution cannot be reached at the Settlement Meeting within 15 days from delivery of the Dispute Notice, then it will be referred to a Referee in accordance with Article Sub Section 33.4. All negotiations held pursuant to Article Sub Section 33.3 are to be held without prejudice basis and will not be used by either party as evidence at any other proceeding.

ARBITRATION

- 33.3 If the Dispute is not completely resolved by agreement between the parties within 10 business days after the completion of a Settlement Meeting, or the parties have agreed to waive the requirement of a Settlement Meeting, then either party may refer the Dispute to arbitration.

A Dispute referred to arbitration shall be decided by a single arbitrator. Arbitration proceedings shall be commenced by the party desiring arbitration (“Initiating Party”) giving notice to the other party (“Responding Party”) specifying the matter to be arbitrated and submitting the names of three (3) potential arbitrators that would be acceptable to the Initiating Party. Within 14 business days of receipt of such notice, the Responding Party shall either select one of the proposed arbitrators, or submit the names of three (3) arbitrators that would be acceptable to the Responding Party. If the parties are unable to agree on the selection of an arbitrator within 28 business days of the receipt of notice, then either party may apply to the Court of Queen’s Bench of Alberta to have an arbitrator appointed. The parties will use their best efforts to select an arbitrator who is qualified by a profession or occupation to decide the matter in Dispute and who has at least ten (10) years of related experience. The arbitrator will have the authority to award any remedy or relief that a judge of court of competent jurisdiction with the Province of Alberta could order or grant in accordance with the Agreement.

Meetings and hearings of the arbitrator will take place in the City of Calgary. Subject to the foregoing, the arbitrator may fix the date, time and place of meetings and hearings and will give all parties adequate notice of same. Subject to any adjournments which are allowed by the arbitrator, the final hearing will be continued on successive business days until it is concluded. All meetings and hearings will be in private unless the parties agree otherwise and both parties are entitled to be represented at any meetings and hearings by legal counsel. Either party may examine and re-examine all its own witnesses at the arbitration and may cross-

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examine all of the other party's witnesses.

The arbitration will be kept confidential and the existence of the proceedings and any element of it (including but not limited to: pleadings, briefs, other documents submitted & exchanged, any testimony or other oral submission and any awards) will not be disclosed beyond the arbitrator, the parties, their counsel and any person necessary to the conduct of the proceeding, except as may be lawfully required in judicial proceedings relating to the arbitration or otherwise.

The arbitrator will make and send a decision in writing, no later than 15 business days after the conclusion of the hearing and, unless the parties agree otherwise, will set out reasons for the decision. Costs will be awarded in accordance with the *Arbitration Act* (Alberta) unless the parties have previously agreed on the basis for appointment of costs.

The decision of the arbitrator will be final and binding on the parties and subject only to judicial review or an appeal in accordance with the provisions of the *Arbitration Act* (Alberta).

STRICT COMPLIANCE WITH TIME LIMITS

33.4 The parties agree that timely resolution of any Dispute is mutually beneficial and in order to achieve timely resolution, the time limits of this Article shall be strictly enforced.

PERFORMANCE OF OBLIGATIONS

33.5 Notwithstanding the existence of any Dispute, Tartan and the Sub Contractor will, to the extent not precluded by the matter in Dispute, continue with the performance of their relative obligations under the Agreement (including Tartan's obligation to make payments to the Sub Contractor) without prejudice to the right of contest, dispute and challenge the relevant matter in accordance with the provisions of the Agreement.

ARTICLE 34 - NOTICES

34.1 All communications and notices required or permitted to be given hereunder, unless otherwise specifically provided for, must be given in writing and may be delivered personally or by facsimile, courier, e-mail or registered mail (postage prepaid) to the recipient's address as follows:

Tartan Canada Corporation
960 – 401-9th Avenue SW
Calgary, Alberta T2P 2H7
Attention: Subcontracts
E-Mail: subcontractors@tartan.ca
Telephone: 403-538-4802

34.2 Any notice or other communication given personally or by courier shall be deemed to have been given on the date delivered, any delivery by facsimile or e-mail shall be deemed to be given at the commencement of the next following business day, and any notice or other communication given by prepaid mail shall be deemed to have been given on the business day following deposit in the mail. In times of labor strikes or slow-down affecting the mail delivery, notice shall be effective only if delivered. Any party may change its address for service by notice as set above.

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ARTICLE 35 - LIMITATIONS ACT

- 35.1 The 2 year period for seeking a remedial order under section 3(1)(a) of the Limitations Act, R.S.A. 2000 c. L-12, as amended, for any claim (as defined in that Act) arising in connection with this Agreement is extended to:
- 35.1.1 For claims disclosed by an Audit, 2 (two) years after this Agreement permitted that Audit to be performed; or
- 35.1.2 For all other claims, 4 (four) years.

ARTICLE 36 - GENERAL PROVISIONS FOR PROVISION OF SERVICES

- 36.1 This Agreement includes all Schedules attached hereto, documents and all text and images found at the website locations referred to herein, and constitutes the entire and complete agreement between the Parties respecting the subject matter and supersedes and replaces all other prior written or oral agreements between the Parties (or any of their predecessors) respecting the subject matter. Nothing in this Agreement shall be construed as authorizing any employee of either Tartan or Subcontractor to modify, alter, amend or waive in any manner this Agreement. This Agreement may be amended, modified or otherwise altered or its provisions waived only by a written amendment, signed by an authorized representative of each Party. The waiver of any requirement or provision in this Agreement on any particular occasion shall not be deemed a waiver of such requirement or provision, or serve as a precedent, on other occasions. Although Tartan may from time to time sign Subcontractor's field tickets, forms for receipt, acknowledgements, documentation, terms of service or similar forms, the terms and conditions associated with such forms or similar forms (by whatever title) shall not amend, modify, waive or release any aspect of this Agreement or any Work Release Order. In the event of a conflict between this Agreement and a Work Release Order or any other document, this Agreement shall take precedence.
- 36.2 The Parties expressly exclude the application of the United Nations Convention on Contracts for the International Sale of Goods.
- 36.3 The legal interpretation of this Agreement shall be governed by the laws of the Province of Alberta and the Parties each irrevocably attorn to the jurisdiction of the courts of the Province of Alberta.
- 36.4 This Agreement and the provision of Services hereunder shall be subject to the Laws pertaining to the locations where the Services are performed, including those jurisdictions through which Goods are transported.
- 36.5 If any provision of this Agreement is or becomes illegal, invalid or unenforceable, such provision shall be deemed to be separate and severable from this Agreement and in all other respects this Agreement shall continue in full force and effect.
- 36.6 Tartan shall be entitled to strict performance of Subcontractor's obligations hereunder, and such right shall not be affected by any prior waiver, forbearance or course of dealing. Any waiver by Tartan of its rights hereunder shall not be binding unless in writing and signed by Tartan.
- 36.7 All rights, powers and remedies of Tartan under this Agreement are cumulative and are in addition to (not in substitution for) any rights, powers and remedies it has under this Agreement, at law, statute, in equity or otherwise and any may be exercised concurrently or partially exercised or abandoned, without prejudice to any other rights, powers or remedies of Tartan, and shall extend to Tartan's successors and assigns.

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- 36.8 Except as expressly provided for in this Agreement, the provisions of this Agreement are for the benefit of the Parties and the Partnership.
- 36.9 All compensation to be paid pursuant to this Agreement shall be in Canadian currency.
- 36.10 Time shall be of the essence for the performance of Services.
- 36.11 The representations, warranties, covenants, conditions and provisions contained in this Agreement, Work Release Orders and in any related documents shall survive and not terminate or merge on the completion of any Services hereunder, but to the extent that they have not been fulfilled or satisfied shall continue and remain in full force and effect.
- 36.12 Whenever in this Agreement the singular or masculine is used the same shall be construed as meaning plural or feminine or body politic or corporate or vice versa, as the context so requires.
- 36.13 All headings herein are for convenience of reference and shall not be used in interpreting this Agreement.
- 36.14 This Agreement shall be binding upon and ensure to the benefit of the Parties and their successors, heirs and assigns.

ARTICLE 37 - NON - EXCLUSIVE

- 37.1 Subcontractor acknowledges that this Contract is a non- exclusive agreement permitting Tartan and its Subsidiaries to obtain Work through the issuance of Work Release Orders, and each Work Release Order is a non- exclusive contract for providing Work.
- 37.2 Tartan and its Subsidiaries may require and authorize Subcontractor to perform certain Work as generally described in Job Specification, without in any way guaranteeing additional Work, throughout Term of Contract. No representation is made as to the number, frequency or dollar value of Work Release Orders for Work to be issued under this Contract.
- 37.3 Tartan and its Subsidiaries are free to deal with any other further Subcontractor during the Term of Contract.

ARTICLE 38 - SUBCONTRACTOR'S REPRESENTATIONS

- 38.1 Subcontractor shall provide certain services for Tartan as described in Contract. Subcontractor represents and warrants that as of Contract Date:
- 38.1.1 it is familiar with all conditions, risks, contingencies, and other circumstances including, without limitation, weather, labor relations, and the supply of materials, services and Equipment that may affect performance of Work and has taken them into account in agreeing to the sums, rates, and prices set forth in Contract;
- 38.1.2 it is, and will keep itself, knowledgeable of and comply with all legal requirements and industry business practices, standards and codes that must be followed or observed in performing Work;
- 38.1.3 it has adequate financial and other resources including, without limitation, the necessary tools, materials, equipment and personnel to successfully complete its obligations under Contract;
- 38.1.4 it has the expertise, experience, specialized knowledge and capabilities to perform the Work and
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where applicable it is cognizant of and familiar with the particular conditions relating to working offshore for the location of Work;

- 38.1.5 it shall perform all Work in good faith, promptly, with due diligence and competence in a professional manner using qualified personnel;
 - 38.1.6 it shall use sound and accepted industry practices to perform Work. Where Work is specified to meet industry standards, it shall meet the requirements of the latest published edition of those standards in effect on Contract Date unless Tartan has agreed in writing to deviations from said standards;
 - 38.1.7 it fully comprehends the requirements and has the required skills and capacity to provide the services and Work;
 - 38.1.8 it shall incorporate into the results of Work only new materials, supplies and equipment that are fit for the purpose and meet all regulatory and industry standards and requirements, unless otherwise agreed to by Tartan in writing; and it shall use sound and accepted quality assurance programs and practices in the performance of Work and control of quality; and comply with all necessary codes, practices and certifying authority requirements applicable to the Work and as otherwise required by Tartan.
 - 38.1.9 it shall use sound and accepted quality assurance programs and practices in the performance of Work and control of quality; and comply with all necessary codes, practices and certifying authority requirements applicable to the Work and as otherwise required by Tartan.
- 38.2 Subcontractor represents and warrants that it shall not perform any aspect of the Work that it knows or has reason to believe cannot be performed in conformity with the provisions of this Contract. If Subcontractor determines that it cannot perform Work in conformity with these provisions, Subcontractor shall immediately advise Tartan and work with Tartan to develop a mutually satisfactory resolution for the inability to perform. Subcontractor further represents and warrants that it shall determine whether any drawings and specifications applicable to the Work are at variance with any applicable Law and good engineering and operational practices before beginning any Work. If Subcontractor discovers any variance, it shall promptly notify Tartan in writing and ensure the necessary changes are made before proceeding with the part of Work affected.

ARTICLE 39 - USE OF TOOLS AND EQUIPMENT

- 39.1 Tartan or Tartan's Affiliate may loan or furnish Equipment and facilities to Subcontractor as an accommodation for use in connection with any Work. Any Equipment and facilities is loaned or furnished on an AS IS WHERE IS basis. Subcontractor agrees:
- 39.1.1 to inspect the Equipment and facilities and make its own determination, before commencing to perform Work, that Equipment and facilities is adequate for the safe and efficient performance of the Work by Subcontractor.
 - 39.1.2 that the Equipment and facilities will be loaned or furnished by Tartan and accepted by Subcontractor without warranty or representation by Tartan as to its condition or fitness for Subcontractor's purpose.

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39.1.3 to return the Equipment and facilities to Tartan at the conclusion of use in as good condition as when received, ordinary wear and tear excepted; however, Subcontractor's liability for damage to the Equipment and facilities is limited by section 22.3 of this Agreement.

39.2 Notwithstanding anything to the contrary in this Article 39 or section 22.3, Subcontractor shall be responsible to Tartan for damage to or loss of Equipment and facilities loaned or furnished by Tartan to the extent such damage or loss is caused by Subcontractor's failure to provide regular maintenance of such Equipment and facilities.

ARTICLE 40 - SPILLS AND MIXES

40.1 In the event of any Spill during performance of Work, however caused, Subcontractor shall, with due diligence:

40.1.1 use every means available to immediately limit, contain, clean up, dispose of and remedy the results of the Spill in a safe manner, ensure adequacy of same and in addition, do everything that may be required by law or any government agency to prevent, eliminate or ameliorate all adverse effects resulting from the Spill. Where applicable, this remedy, clean up and disposal shall include but not be limited to land, subsurface land, subsurface aquifers, water and the atmosphere;

40.1.2 immediately notify by phone the Tartan or the 24- hour emergency number shown on the shipping document;

40.1.3 contact the agent, proprietor, or occupier of the premises affected by the Spill;

40.1.4 comply with all instructions and requirements prescribed by Tartan or Tartan Affiliate and by environmental protection legislation or any other applicable legislation.

40.1.5 immediately report the Spill incident to such persons, municipalities or government agencies as may be prescribed by law and Tartan from time to time.

40.2 Tartan reserves the right in all circumstances to direct any portion or all of the cleanup operations required by a Spill, and the Subcontractor agrees to promptly comply with such directions at Subcontractor's expense. In the exercise of such rights, Tartan may at its sole discretion, direct that cleanup operations be carried out, at Subcontractor's expense, by a third party specialized in the relevant field and selected by Tartan.

40.3 If a Mix occurs, the Subcontractor shall, with due diligence:

40.3.1 take immediate action to limit the amount mixed;

40.3.2 immediately notify by telephone to Tartan;

40.3.3 contact agent, proprietor or occupier of the premises where the Mix has occurred; and

40.3.4 comply with all instructions and requirements prescribed by Tartan or Tartan Affiliate and by environmental protection or any other applicable legislation.

40.4 If any Mix or Spill occurs, Subcontractor shall make an immediate verbal report to Tartan, followed by an immediate written report describing the incident and outlining the cause of the Mix or Spill and any remedial action taken and when applicable in accordance with Job Specification.

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- 40.5 If there is any inconsistency between this Article 41 and any instructions prescribed by Tartan or Tartan Affiliate, then the provisions of this Article shall prevail to the extent of the inconsistency.
- 40.6 The provisions of this Article are in addition to any other rights or remedies Tartan or Tartan Affiliate may have at law or under Contract.

ARTICLE 41 - BUSINESS STANDARDS AND WORKPLACE HARASSMENT

- 41.1 Subcontractor, in performing its obligations under Contract, shall establish and maintain appropriate business standards, procedures, and controls including those necessary to avoid any real or apparent impropriety or adverse impact on the interests of Tartan, Tartan's Subsidiaries, or Tartan's associates. Subcontractor shall comply with Tartan's policy, which discourages the giving or receiving of gifts, entertainment, or favors of any kind.
- 41.2 Subcontractor shall review with Tartan, at Tartan's request, Subcontractor's obligations under Contract, such business standards, procedures, and controls, including, without limitation, those related to the:
- I. activities of Subcontractor's employees, agents and representatives, further Subcontractors, and other third parties;
 - II. avoidance of any conflict of interest; and
 - III. giving of gifts, entertainment, or favors of any kind.
- 41.3 Subcontractor represents that all financial settlements, reports, and billings rendered to Tartan under Contract shall properly reflect the facts of all activities and transactions handled for Tartan account and may be relied upon as being complete and accurate in any further recording or reporting made by Tartan for any purpose. Subcontractor shall require the same covenant from its suppliers and further Subcontractors involved in furnishing materials or services for Work.
- 41.4 Subcontractor shall notify Tartan in writing promptly upon discovery of any failure to comply with section 41.1.
- 41.5 Tartan and Subcontractor are aware of a practice (referred to as "Illegal Information Brokering") where certain parties approach Subcontractors, vendors or other suppliers, and offer confidential information or illicit influence in order to obtain business through corruption of competitive bidding processes. Subcontractor recognizes that the practice of Illegal Information Brokering or any other corruption of the contract award process is not permitted by Tartan and Subcontractor warrants and represents that it has not and will not utilize Illegal Information Brokering in connection with the Contract or any Work Release Order.
- 41.6 Subcontractor agrees that it will promptly notify Tartan if anyone approaches Subcontractor for the purpose of Illegal Information Brokering concerning the Contract or any other related business interest of Tartan and its Subsidiaries. Tartan undertakes that such notice and any related information provided by Subcontractor will be treated with the utmost discretion. Tartan also undertakes that it will handle the Contract with extra security measures, as appropriate; in order to prevent any Subcontractor, further Subcontractor or other supplier from gaining any unfair advantage subsequent to such notice.
- 41.7 Workplace Harassment. Subcontractor employees, agents and further Subcontractors engaged by the Subcontractor shall be subject to the standards of conduct set forth in the Tartan's "Harassment in the Workplace" policy while performing Services for or communicating with the Tartan's employees, agents,

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customers and other Subcontractors. Subcontractor will promptly notify the Tartan contact for the applicable Services of any report or complaint of harassment of any violation of the standards of conduct. Subcontractor will cooperate with the Tartan in any investigation the Tartan may make, including making Subcontractor employees, agents and further available for questioning by the Tartan's designated investigators. Subcontractor agrees not to retaliate against anyone who reports an incident of harassment or who cooperates in any investigation of such incidents.

ARTICLE 42 - MEASUREMENT AND TEST DATA

- 42.1 Subcontractor shall be responsible and accountable for the integrity of any test or measurement data to be provided by Subcontractor, its agents or further Subcontractors including its generation, recording, reporting and retention. This shall include any test and measurements needed to assure the integrity of Work.
- 42.2 Subcontractor shall ensure that for any such data, measurement and test activities and information reported from measurements and tests shall be complete, accurate, and timely.
- 42.3 Applicable API, ASTM or specified industry standard test methods, measurement standards, and instrument calibration procedures and controls shall be used without modification, unless that modification is an approved industry standard or approved by Tartan.
- 42.4 For any quantity measurement, Subcontractor shall provide documentation to Tartan verifying that appropriate ASTM, API or specified industry standards have been used. This includes without limitation operational procedures, testing methods and calibration requirements for weigh scales, stationary tanks, shore tanks, watercraft tanks, tank cars, meters, gauges and volume correction processes.
- 42.5 Subcontractor shall ensure a quality assurance system is in force to assure the ongoing integrity of the measurement and test system. This system shall serve to deter, detect and correct the generation of incorrect data and shall include the maintenance and calibration of measurement and test instruments. Subcontractor shall utilize a monitoring and self- assessment system to measure performance and compliance against requirements and the integrity of the quality assurance system. This shall include the resolution of all variances identified in the assessments, with plans and responsibilities for appropriate follow-up and correction.
- 42.6 Personnel involved in measurement, testing and calibration shall be trained with the necessary skills. Tartan or its representatives shall at all times during term of Contract have the right to witness, inspect and verify measurements and tests, measurement and test techniques, measurement and test records, calibration records and quality assurance systems. Any such inspection, witnessing or verification by Tartan shall not relieve the Subcontractor of its responsibilities pursuant to Contract. If quantity measurement errors are detected that exceed Tartan established tolerances Subcontractor shall make appropriate invoice adjustments and promptly refund overpayments to Tartan.

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ARTICLE 43 - SUBCONTRACTOR RESPONSIBILITIES

- 43.1 All Work shall be carried out according to Job Specification, as well as in accordance with the latest edition of applicable codes and standards.
- 43.2 Subcontractor Services: Subcontractor is responsible for providing all services as generally described in Schedule 2 – Scope of Work. These services cover all Work released to Subcontractor through Work Release Orders. Subcontractor is responsible for providing appropriate personnel, supervision and work procedures to successfully execute the Work. Subcontractor is responsible to provide the appropriate amount of safety personnel to execute the work. The minimum required number of Safety Personnel (1:25 ratio, 1 per 50 after). Unless otherwise specified, the Subcontractor is to provide all tools, equipment, consumables (including fuel), computers & signage, to successfully execute the Work. Unless otherwise specified, Subcontractor is responsible for costs of Regulatory Compliance, Drug & Alcohol Compliance, and training costs.
- 43.3 Subcontractor Facilities: Unless otherwise specified, Subcontractor is responsible to provide all site work facilities required for their employees and further subcontractor employees to successfully execute the Work. Examples include office space, office equipment, change rooms, drying rooms, lunch rooms, washrooms and storage for consumables and for employee work clothing, coveralls, winter gear & PPE.
- 43.4 Subcontractor Supplied Materials: Subcontractor shall provide material as requested by Tartan to successfully complete Work except those that are specifically identified as supplied by Tartan. The Subcontractor must meet or exceed the combination of Tartan's and the Clients minimum PPE & Safety requirements at their own cost. Should the contractor fail to meet this requirement Tartan reserves the right to offset the costs associated with supplying the subcontractor with said PPE or refuse access to the jobsite/provision of services, at no cost to Tartan. Any Vendor or subcontractor supplied material and dispensers must be returnable (i.e. pails) Personal Protection Equipment (PPE) will be supplied by Subcontractor for all Subcontractor Employees. (Included in the all-inclusive rates) Subcontractor supplied PPE (but not limited to):
- I. Fire Retardant outer wear (FRC) – As required
 - II. CSA Approved Footwear & Head gear
 - III. Ice Cleats
 - IV. Personal H2S Detector (As required)
 - V. Respirators (As required)
 - VI. All PPE Consumables
 - VII. Hearing Protection
 - VIII. Safety Glasses
 - IX. Gloves
 - X. Respirator cartridges
 - XI. Specialty Gloves – as required
- 43.5 Work Practices & Procedures: Subcontractor shall develop and maintain work practices & procedures addressing all maintenance risks and concerns. Subcontractor shall use a documented "Procedures Management System", acceptable to Tartan, to manage deviations to Subcontractor's work procedures and maintenance methods. Tartan retains the right to require Subcontractor to use specified work procedures where in Tartans experience and opinion the identified risk exposure is sufficient to warrant this requirement.

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- 43.6 Work site Hazards: Subcontractor, their employees and further subcontractors need to be aware that the Cold Lake site is an oil extraction site and brings with it all the hazards associated with this type of environment.
- 43.7 General Requirements – Equipment:
- 43.7.1 The Subcontractor shall ensure that all Equipment and other items used in performing the Work are maintained in a safe, sound working condition and capable of performing the functions for which they are intended.
- 43.7.2 Subcontractor shall supply procedures and work methods for the safe and efficient operation of all equipment supplied for the purpose of this Work and will assist Tartan in development of job specific procedures.
- 43.8 Subcontractor's Equipment Management Program shall include PM requirements, Equipment check lists and prestart check list.
- 43.9 Tartan may inspect Subcontractor-supplied Equipment prior to Work start. In addition, periodic inspections may be conducted throughout Contract term.
- 43.10 Equipment must meet the minimum requirements and standards established by Tartan. At a minimum, all working vehicles and Equipment shall be equipped with the following:
- I. Two-way communication via cell phone (where permitted/required)
 - II. Back-up alarm for equipment - pick-up trucks
 - III. Hazardous labeling
 - IV. Seat belts
 - V. Class A first aid kit & survival kit where applicable
 - VI. Site approved fire extinguisher
 - VII. Subcontractor signage on each side of vehicle
 - VIII. Displayed identification number min 4" (10cm) high on rear window
- 43.11 Positive air shut offs, where required, must be provided on the air intakes of all diesel-powered engines operated in restricted areas. Subcontractor shall conduct testing of this device as necessary to ensure its functionality.
- 43.12 Unless otherwise specified, Tartan will provide no Equipment or Tools to complete this Work. Should the Subcontractor have the need to borrow a tool or device from Tartan, Subcontractor shall sign out/in tools from the Tartan's tool crib or site store. Lost or missing tools shall be replaced (at similar quality) at Subcontractor's expense.
- 43.13 Government Regulations and Tartans Standards: The Subcontractor shall abide by all Government Regulations (Incl. OH&S) and all Tartan's Standards. Any deviation of Tartan's Safety Management System (SMS) Guidelines requires written Tartan approval prior to commencing work.

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43.14 Contract Execution Plan: Where requested; Subcontractor must have an overall documented Contract Execution Plan addressing all Coordination Procedures deliverables in this Job Specification. Any exceptions must be addressed.

ARTICLE 44 – PERFORMANCE REVIEW TEAM (PRT)

44.1 Where requested, reports are to be reported by the Subcontractor at the Performance Review Team (PRT) meetings. The stewardship reports are to be prepared and e-mailed to the Tartan's members of the PRT at least 5 working days prior to the scheduled date of the meeting.

44.2 Development, review and sustainment of the Continuous Improvement issues summary including the following elements where applicable:

- I. Continuous Improvement Log
- II. Site Execution Issues Log
- III. Contract Issues Log

44.3 QA summary including the following elements where applicable:

- I. The number of Tartan non-conformance reports (NCR's) submitted
- II. The number of Tartan NCR's successfully resolved
- III. The number of Tartan NCR's outstanding
- IV. The productivity indicators
- V. Customer satisfaction indicators

44.4 Aboriginal Content Summary including the following elements where applicable:

- I. Monthly reporting

44.5 Work Execution summary including the following elements where applicable:

- I. Schedule compliance and non-compliance reason codes
- II. Scope changes both volume and Impact
- III. Schedule break in, by volume, impact and % of total work
- IV. Work Order resource allocation estimate vs. actual

44.6 Review all other reports, summaries and stewardship documents as outlined in this agreement.

ARTICLE 45 – INTERPHASE MANAGEMENT PLAN

45.1 Where required, Tartan and Subcontractor will jointly develop an Interface Management Plan which will include any of the items below, where applicable:

45.2 Defined program for Subcontractor's Senior Site Managers to develop a one-on-one relationship with Senior Tartan Managers.

45.3 Pre-mobilization Expectations and Plan (if applicable): Tartan formally reviews Subcontractor plans to effectively mobilize the Subcontractor's organization and Equipment to site as a minimum:

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- I. HSE Plan
- II. Subcontractor Management Plan
- III. Management Interface Plan
- IV. Supervisor Competency
- V. Logistics Plan for site
- VI. Site hook up Plan (as required)
- VII. Pre-job Kick Off
- VIII. Management Process in place

45.4 Annual Performance Review: Both the Tartan and Subcontractor will annually review performance. Components of Annual performance review are:

- I. Membership (Subcontractor and Tartan titles)
- II. Purpose or Charter
- III. Desired Outcomes of Review
- IV. Performance Score Card

45.5 Safety Councils, Safety Meetings, Incident Interfaces:

- I. Attendance at safety meeting and safety council shall be mutually agreed with the PRT
- II. Incident Interfaces process shall be mutually agreed with the PRT

ARTICLE 46 – PERSONNEL

46.1 Qualifications: Subcontractor shall ensure, through procedures and systems, the competency of all Subcontractor personnel supplied, whether hired directly or by further subcontract, including trade certification, successful completion of required training, training documentation, and training records. Subcontractor shall maintain records demonstrating competency checks of Subcontractor and Subcontractor Supervisors and Personnel for Tartan's audit.

46.2 Aboriginal Employment Recruitment: Where required, Subcontractor shall maintain an Aboriginal Recruitment Policy in alignment with Tartan's Aboriginal Relations Guiding Principles and Guidelines. In addition, where the Tartan has made specific commitments to Local First Nations regarding hiring practices, Subcontractor's Representative shall coordinate efforts with Tartan's Local Contract Leader to support Tartan's commitments. Subcontractor is encouraged to understand the local demographics in the region and use this as a tool to measure its ability to recruit and retain qualified local aboriginal workers. See section 11 for reference.

46.3 Training: Where required, Subcontractor shall demonstrate training.

46.4 Supervision: Subcontractor shall ensure that as a minimum, Subcontractor supervision is adequate for the Work being performed, meeting all applicable laws, codes and regulations, ensuring safe work execution and address Worker to Supervisor ratio. Subcontractor shall supply backup for Supervision.

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- 46.5 Short Service Worker Program: Subcontractor is required to have a Short Service Worker program to cover all workers on site.

ARTICLE 47 – SAFETY

- 47.1 General: This section outlines the Tartan’s commitment to (SSHE) Safety, Security, Health and Environment. Subcontractor to follow, at minimum, the standard set out in this Article.

- 47.2 Tartan’s Risk Process: Subcontractor at a minimum shall ensure compliance with the Tartan’s risk process.

- 47.3 Subcontractor Self-Monitoring Report: Subcontractor shall prepare for review.

- 47.4 If required, Subcontractor to provide a HSE Summary that may include the following:

- 47.4.1 Subcontractor’s (& their sub-Contractor’s) incidents since the last review – Incident Investigation Review / Root cause / Gap closure plan & execution (Verification & Validation):

- I. At current Tartan work site
- II. At all work sites

- 47.4.2 Results of the Subcontractor’s self-monitoring at Tartan’s work sites vs. performance targets:

- I. Trend analysis
- II. Lost Time Incident Ratio (LTIR) and Total Recordable Incident Ratio (TRIR)
- III. Environmental, security and regulatory incidents

- 47.4.3 Review of the Subcontractor’s Corporate SSHE Performance report:

- I. Trend analysis
- II. LTIR and TRIR
- III. Environmental, security and regulatory incidents

- 47.4.4 Review of Safety Observation results from Tartan and Subcontractor supervisors:

- I. Behavior Based Safety (BBS) Program,
- II. Lost Prevention Observation (LPO) or
- III. Job Observation (JOB),
- IV. Hazard Identification (HID),
- V. Near Miss events
- VI. At local work site
- VII. And at all Client sites

- 47.4.5 Review Subcontractor Safety Management System, specifically verification of formal training and competency assessment program; review of Safety System Improvement Plans; Risk Reduction Plans and status of execution & Annual Safety Plan (if appropriate).

- 47.4.6 Review Subcontractor compliance with A&D policy – random testing program (as required), tests conducted (site access, post incident, for cause) and results (Note: no individual/private information to be divulged).

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- 47.4.7 Review Subcontractor compliance with Security Policy, including but not limited to an initial (pre-employment) and periodic background screening checks for Subcontractor personnel in security sensitive positions (Note: no individual/private information to be divulged); results of Subcontractor's senior management visibility to site safety processes; other safety-related items; the program's use of safety tools program & feedback on Subcontractor supervisor evaluations, etc.

ARTICLE 48 – WORK RELEASE ORDER

48.1 Procedures:

- 48.1.1 Prior to commencement of any Work, Tartan shall provide authorization to begin Work by issuance to Subcontractor of a Work Release Order (See Schedule 2 – Form of Work Release Order).
- 48.1.2 For Work Release Order, of significant value, as determined by Tartan, prior to issuing a Work Release Order to Subcontractor. Tartan shall provide Subcontractor with a detailed Specification ("Specification") and/or Scope of Work required. The Specification or Scope of Work shall include a Schedule, Tartan work methods that must be followed in performing the Work (e.g. road crossing and signage standards), appropriate drawings and other items applicable to the Scope.
- 48.1.3 Tartan/ and Subcontractor shall review the Specification or Scope of Work for discrepancies and agreement on the following:
- I. Task Plan to be followed
 - II. Work Release Order cost or resource estimate (if applicable) and
 - III. Work Release Order scheduled completion date.
- 48.1.4 Subcontractor shall steward to the Specification or Scope of Work including the Work Release Order Cost or resource estimate and Work Release Order Scheduled Completion Date. Subcontractor shall not make any commitments inconsistent with the Work Release Order Cost or resource Estimate or the Work Release Order Scheduled Completion Date without obtaining the written approval of Tartan.
- 48.1.5 Subcontractor shall take corrective action whenever Subcontractor identifies a trend which indicates that there may be a deviation from the Work Release Order Cost Estimate or the Work Release Order Scheduled Completion Date. Subcontractor also shall identify areas where Cost or Resource reductions can be made in order to counteract overrun trends. After Subcontractor institutes corrective action, it shall review the results of the action to determine its effectiveness.
- 48.1.6 Work Release Orders shall be as per Tartan's Specification format. In emergency situations, a Work Release Order may take the form of an oral request by Tartan. In such cases and where circumstances allow, Subcontractor shall comply with the provisions of this Section regarding Task Plans, estimated Costs and Schedule. Tartan shall confirm written Authorizations by issuance of a signed document containing the Task Plan, Cost or Resource Estimate and Scheduled Completion Date issued by Subcontractor. Within a reasonable time after receipt of the Work Release Order, Subcontractor shall sign and return it to Tartan.
- 48.1.7 Work Release Order Cost Estimate and Completion Date shall be subject to adjustment only by Change Orders or formal Scope change. A Change Order or formal Scope change, when issued, shall

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be deemed to include the effect of the change in Work or the circumstance covered therein on all previously authorized Work.

ARTICLE 49 – COST OR RESOURCE CONTROL

49.1 When required, Subcontractor shall implement a Cost or Resource Control Program for the purpose of controlling the Costs or Resources to keep them within the Work Release Order Cost Estimate:

49.1.1 Subcontractor's Cost Control Program shall cover the following points:

- I. Provision of personnel for Cost or Resource Control;
- II. Cost or Resource Control Organization
- III. Cost or Resource Analysis methods;
- IV. Cost or Resource Forecasting methods;
- V. Corrective Action;
- VI. Procedures for linking Work Release Order to Tartan's appropriate business unit for use in Cost or Resource Reporting;
- VII. Cost or Resource Reporting to Tartan.

49.1.2 Subcontractor shall submit to Tartan a written plan describing Subcontractor's proposed Cost or Resource Control Program.

49.1.3 To report and control Work Release Order costs, Subcontractor shall maintain a code-of accounts for Tartan's Cold Lake Operations by Work Release and charge number.

49.1.4 Subcontractor shall maintain Cost or Resource files for each Work Release, as required, for an accurate audit and verification of Work costs by Tartan. The files shall include without limitation:

- I. Year-to-date expenditures;
- II. Duly approved time tickets complete with applicable charge numbers;
- III. Material costs and invoices;
- IV. Third party further Subcontractor costs and invoices management and Supervisions costs with time sheets and charge numbers;
- V. Equipment list and costs;
- VI. Other costs applicable for each Work Release.

49.2 Cost Approval and Reporting Procedure:

49.2.1 Subcontractor shall list in summary form all time tickets for the appropriate time period, indicating a Work Release Order number and Charge Code;

49.2.2 Bi-weekly, on a date agreed to by Subcontractor and Tartan, Subcontractor shall submit to Tartan Representative, an applicable Cost Report for each of Tartan's Maintenance activities that include the following:

- I. Tabulations of each Work Release Order Cost Estimate including the summary of time tickets.
- II. A narrative analysis and discussion of all significant deviations from a Work Release Order

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Cost Estimate. If deviations are indicated, the Cost Report shall explain whether these deviations result from differences in quantity, purchase price, schedule delays, estimate errors, or other factors. Subcontractor shall meet with each Tartan Representative as required to review and explain the Cost Reports.

49.2.3 Tartan Representative shall review Cost Report and approve it for reasonableness.

49.2.4 All reporting will be via computerized systems and forwarded to Tartan.

49.3 Administrative Reporting, Where Applicable: In addition, the following reports are required to be provide by the Subcontractor for review by the PRT:

49.3.1 Total Person Hours: Summary of Total Person-Hours including both Subcontractor and third party person-hours by area (e.g, plant, mine.)

49.3.2 Percentage of Hours Overtime: Percentage of Total Person Hours which were spent on overtime by area (e.g. plant, mine.)

49.3.3 Employee Attrition: Attrition rate of Subcontractor's primary trades, including a narrative analysis of significant factors.

49.3.4 Direct vs. Subcontract Labor: Ratio of labor costs spent on Subcontractors' direct labor vs. third party labor and percent of person-hours spent on Subcontractor's direct labor vs. third party labor.

49.3.5 Subsistence Summary: Summary of all Subcontractor's employees, including further Subcontractors that are working on site and receiving subsistence (this will be by exception only).

49.3.6 Time Sheet Reporting: Report showing the timeliness or Time sheet entry by Subcontractor.

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