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INTERNATIONAL ASSOCIATION OF DRILLING CONTRACTORS



**DRILLING BID PROPOSAL
AND
FOOTAGE DRILLING CONTRACT – U.S.**

TO: _____

Please submit bid on this drilling contract form for performing the work outlined below, upon the terms and for the consideration set forth, with the understanding that if the bid is accepted by _____ this instrument will constitute a Contract between us. Your bid should be mailed or delivered not later than _____ P.M. on _____, 20____ to the following address:

**THIS CONTRACT CONTAINS PROVISIONS RELATING TO INDEMNITY, RELEASE OF LIABILITY,
AND ALLOCATION OF RISK -
SEE PARAGRAPHS 4.7, 6.2, 15, AND 19**

This Contract is made and entered into on the date hereinafter set forth by and between the parties herein designated as “Operator” and “Contractor”.

OPERATOR: _____

Address: _____

CONTRACTOR: _____

Address: _____

IN CONSIDERATION of the mutual promises, conditions and agreements herein contained and the specifications and special provisions set forth in Exhibit “A” and Exhibit “B” attached hereto and made a part hereof (the “Contract”), Operator engages Contractor as an independent contractor to drill the hereinafter designated well in search of oil or gas on a Footage Basis.

For purposes hereof, the term “Footage” or “Footage Basis” means Contractor shall furnish the equipment, labor, and perform services as herein provided to drill a well, as specified by Operator, to the Contract Footage Depth. Subject to terms and conditions hereof, payment to Contractor at a stipulated price per foot of hole drilled is earned upon attaining such Contract Footage Depth or other specified objective. While drilling on a Footage Basis Contractor shall direct, supervise and control drilling operations and assumes certain liabilities to the extent specifically provided for herein. Notwithstanding that this is a Footage Basis contract, Contractor and Operator recognize that certain portions of the operations as hereinafter designated, both above and below Contract Footage Depth, will be performed on a Daywork Basis. For purposes hereof, the term “Daywork” or “Daywork Basis” means Contractor shall furnish equipment, labor, and perform services as herein provided, for a specified sum per day under the direction, supervision and control of Operator (inclusive of any employee, agent, consultant, or subcontractor engaged by Operator to direct drilling operations). **When operating on a Daywork Basis, Contractor shall be fully paid at the applicable rates of payment and assumes only the obligations and liabilities stated herein as being applicable during Daywork operations. Except for such obligations and liabilities specifically assumed by Contractor, Operator shall be solely responsible and assumes liability for all consequences of operations by both parties while on a Daywork Basis, including results and all other risks or liabilities incurred in or incident to such operations.**

1. LOCATION OF WELL:

Well Name and Number: _____

Parish/County: _____ State: _____ Field Name: _____

Well Location Land Description: _____

The above is for well and Contract identification only and Contractor assumes no liability whatsoever for a proper survey or location stake on Operator's lease.

2. COMMENCEMENT DATE:

Contractor agrees to use reasonable efforts to commence operations for the drilling of the well by the _____ day of _____, 20____, or _____.

3. DEPTH:

Subject to the provisions hereof, the well shall be drilled to the depth as specified below:

3.1 Contract Footage Depth: The well shall be drilled to _____ feet or _____ formation, or to the depth at which the _____ inch casing or liner is set, whichever depth is first reached, on a Footage Basis and Contractor is to be paid for such drilling at the footage rate specified below, which depth is herein referred to as the Contract Footage Depth.

3.2 Daywork Basis Drilling: All drilling below the above specified Contract Footage Depth shall be on a Daywork Basis as defined herein and Contractor shall be paid for such drilling at the applicable Daywork rate specified in Paragraph 4.

3.3 Complete Daywork Basis Drilling: If all operations hereunder are performed at applicable Daywork rates, provisions of this Contract applicable to drilling on a Footage Basis shall not apply.

3.4 Maximum Depth: Contractor shall not be required to drill said well under the terms of this Contract below a maximum depth of _____ feet.

4. FOOTAGE RATE, DAYWORK RATES, BASIS OF DETERMINING AMOUNTS PAYABLE TO CONTRACTOR:

Contractor shall be paid at the following rates for the work performed hereunder.

4.1 Footage Rate: For work performed on a Footage Basis the rate will be \$ _____ per linear foot of hole drilled determined by steel line measurement from the surface of the ground if Contractor provides cellar, or from the bottom of the cellar if Operator provides cellar, less footage made in regular size hole while working on Daywork Basis.

4.2 Operating Rate: For work performed on a Daywork Basis the operating rate per twenty-four hour day with _____ man crew shall be:

DEPTH INTERVALS		WITHOUT DRILL PIPE	WITH DRILL PIPE
FROM	TO		
ft	ft	\$ _____ per day	\$ _____ per day
ft	ft	\$ _____ per day	\$ _____ per day
ft	ft	\$ _____ per day	\$ _____ per day

Using Operator's drill pipe \$ _____ per day.

If under the above column "With Drill Pipe" no rates are specified, the rate per twenty-four hour day when drill pipe is in use shall be the applicable rate specified in the column "Without Drill Pipe" plus compensation for any drill pipe actually used at the rates specified below, computed on the basis of the maximum drill pipe in use at any time during each twenty-four hour day.

DRILL PIPE RATES PER 24-HOUR DAY					
STRAIGHT HOLE			DIRECTION OR UNCONTROLLABLE DEVIATED HOLE		
COST	SIZE	GRADE	COST	SIZE	GRADE
\$ _____ per day			\$ _____ per day		
\$ _____ per day			\$ _____ per day		
\$ _____ per day			\$ _____ per day		

Directional or uncontrolled deviated hole will be deemed to exist when deviation exceeds _____ degrees or when the change of angle exceeds _____ degrees per one hundred feet.

Drill pipe shall be considered in use not only when in actual use but also while it is being picked up or laid down. When drill pipe is standing in the derrick, it shall not be considered in use, provided, however, that if Contractor furnishes special strings of drill pipe, drill collars, and handling tools as provided for in Exhibit "A", the same shall be considered in use at all times when on location or until released by Operator. In no event shall fractions of an hour be considered in computing the amount of time drill pipe is in use but such time shall be computed to the nearest hour, with thirty minutes or more being considered a full hour and less than thirty minutes not to be counted.

4.3 Work Stoppage Rate: \$ _____ Per Twenty-four (24) Hour Day \$ _____ Per Hour

This rate shall apply under the following circumstances:

(a) During any continuous period that normal operations are suspended or cannot be carried on due to conditions of Force Majeure as defined in Paragraph 23 hereof. It is understood, however, that Operator shall have the right to release the rig in accordance with Operator's right to direct stoppage of the work (See Paragraph 6), effective when conditions will permit the rig to be moved from the location.

(b) During any period when Contractor has notified Operator that the rig is available for movement to the drilling site and movement cannot be accomplished because of Operator's failure or inability to furnish and/or maintain adequate roadway and/or canal to location and/or location and/or weather prevents positioning the rig on a water location drill site.

(c) During any period after operations under this Contract have been completed and Operator has released the rig and the same cannot be dismantled and/or transported from the location due to inadequate roadway or canal, or weather or water conditions which will not allow such activity to be conducted with reasonable safety.

4.4 Repair Time: In the event it is necessary to shut down Contractor's rig for repairs, excluding routine rig servicing, while Contractor is on a Daywork Basis hereunder, Contractor shall be allowed compensation at the applicable Daywork rate for such shut down time up to a maximum of _____ hours for any one rig repair job, but not to exceed _____ hours of such compensation for any calendar month. Routine rig servicing shall include, but not be limited to, cutting and slipping drilling line, changing pump or swivel expendables, testing BOP equipment, lubricating rig, and _____

4.5 Standby Time Rate: \$ _____ per twenty-four (24) hour day. Standby time shall be defined to include time when the rig is shut down although in readiness to begin or resume operations but Contractor is waiting on orders of Operator or on materials, services or other items to be furnished by Operator.

4.6 Drilling Fluid Rates: For work performed on a Daywork Basis, when drilling fluids of a type and characteristic that increases Contractor's cost of performance hereunder, including, but not limited to, oil-based mud or potassium chloride, are in use Operator shall pay Contractor in addition to the operating rate specified above:

(a) \$ _____ per man per day for Contractor's rig-site personnel;

(b) \$ _____ per day additional operating rate; and

(c) Cost of all labor, material and services plus _____ hours operating rate to clean rig and related equipment.

4.7 Reimbursable Costs: Operator shall reimburse Contractor for the costs of material, equipment, work or services which are to be furnished by Operator as provided for herein but which for convenience are actually furnished by Contractor at Operator's request, plus _____ percent for such cost of handling. **When, at Operator's request and with Contractor's agreement, the Contractor furnishes or subcontracts for certain items or services which Operator is required herein to provide, for purposes of the indemnity and release provisions of this Contract said items or services shall be deemed to be Operator furnished items or services. Any subcontractors so hired shall be deemed to be Operator's contractor, and Operator shall not be relieved of any of its liabilities in connection therewith.**

4.8 Daywork Operations: In addition to other work specified herein the following work performed by Contractor shall be on a Daywork Basis:

(a) All drilling below the Contract Footage Depth as provided in Subparagraph 3.1, including the setting of any string of casing below such depth;

(b) All work performed by Contractor, whether or not prior to reaching the Contract Footage Depth in an effort to restore the hole to such condition that further drilling or other operations may be conducted, in the event of loss or damage to the hole as a result of any delay by Operator or the failure, at any time, of materials, equipment, goods or services provided by Operator, including without limitation to the foregoing, the failure of Operator's casing or equipment either during or after the running and setting of such casing or as a result of the subsequent failure of the cementing job resulting in parted casing;

(c) All work performed when conditions set forth in Paragraph 12 are applicable;

(d) All other work performed by Contractor at the request of Operator, regardless of depth, which is not within the scope of the work to be performed on a Footage Basis, including all coring, drill stem testing, bailing, gun or jet perforating, electric logging, acid treatment, shooting, cleaning out, hydraulic fracturing, plugging, running tubing, setting liners, squeeze cementing, abandoning well and installation of well head equipment.

4.9 Daywork Time: In determining the amount of Daywork time for which Contractor is to be compensated at the applicable Daywork rate, it is agreed that such Daywork time shall begin when Contractor, in accordance with the terms hereof, suspends normal Footage drilling operations. There shall be included in Daywork time any time required to condition the hole preparatory to performing such Daywork and also the time required to restore the hole to the same drilling conditions which existed when operations were suspended for the purpose of beginning Daywork, in order to again resume normal Footage drilling operations.

4.10 Revision in Rates: The rates and/or payments herein set forth due to Contractor from Operator shall be revised to reflect the change in costs if the costs of any of the items hereinafter listed shall vary by more than _____ percent from the costs thereof on the date of this Contract or by the same percent after the date of any revision pursuant to this Subparagraph:

(a) Labor costs, including all benefits, of Contractor's personnel;

(b) Contractor's cost of insurance premiums;

(c) Contractor's cost of fuel, including all taxes and fees; the cost per gallon/MCF being \$ _____ ;

(d) Contractor's cost of catering, when applicable;

(e) If Operator requires Contractor to increase or decrease the number of Contractor's personnel;

(f) Contractor's cost of spare parts and supplies with the understanding that such spare parts and supplies constitute _____ percent of the operating rate and that the parties shall use the U.S. Bureau of Labor Statistics Oil Field and Gas Field Drilling Machinery Producer Price Index (Series ID WPU119102) to determine to what extent a price variance has occurred in said spare parts and supplies;

(g) If there is any change in legislation or regulations in the area in which Contractor is working that alters Contractor's financial burden.

5. TIME OF PAYMENT:

Payment is due by Operator to Contractor as follows:

5.1 If the well is drilled to total depth on a Footage Basis, payment becomes due for all services (Footage and Daywork) when Contractor completes the performance of the services which he agrees to perform under this Contract, provided, however, if Contractor prior to the completion of the Contract performs a substantial amount of Daywork, payment for such Daywork shall be due and payable upon presentation of invoice therefor at the end of the month in which such Daywork was performed.

5.2 If the entire hole is drilled on a Daywork Basis or for work performed after the Contract Footage Depth is reached, payment shall become due and payable upon presentation of invoice therefor, upon rig release or at the end of the month in which such work was performed or other charges incurred, whichever shall first occur.

5.3 Disputed Invoices and Late Payment: Operator shall pay all invoices within _____ days after receipt except that if Operator disputes an invoice or any part thereof, Operator shall, within fifteen days after receipt of the invoice, notify Contractor of the item disputed, specifying the reason therefor, and payment of the disputed item may be withheld until settlement of the dispute, but timely payment shall be made of any undisputed portion. Any sums (including amounts ultimately paid with respect to a disputed invoice) not paid within the above specified days shall bear interest at the rate of _____ percent or the maximum legal rate, whichever is less, per month from the due date until paid. If Operator does not pay undisputed items within the above stated time, Contractor may suspend operations or terminate this Contract as specified under Subparagraph 6.2.

6. STOPPAGE OF WORK BY OPERATOR OR CONTRACTOR:

6.1 By Operator: Notwithstanding the provisions of Paragraph 3 with respect to the depth to be drilled, Operator shall have the right to direct the stoppage of the work to be performed by the Contractor hereunder at any time prior to reaching the specified depth, and even though Contractor has made no default hereunder, and in such event Operator shall be under no obligation to Contractor except as set forth in Subparagraph 6.3 hereof.

6.2 By Contractor: Notwithstanding the provisions of Paragraph 3 with respect to the depth to be drilled, in the event of Force Majeure necessitating a termination of operations, or in the event of total or constructive total loss of the rig, or if Operator shall become insolvent or be adjudicated a bankrupt, or file, by way of petition or answer, a debtor's petition or other pleading seeking

adjustment of Operator's debts, under any bankruptcy or debtor's relief laws now or hereafter prevailing, or if any such be filed against Operator, or in case a receiver be appointed of the Operator or Operator's property, or any part thereof, or Operator's affairs be placed in the hands of a Creditor's Committee, or, following three business days written notice to Operator, if Operator does not pay Contractor within the time specified in Subparagraph 5.3 all undisputed items due and owing, Contractor may, at its option, elect (1) to terminate further performance of any work under this Contract and Contractor's right to compensation shall be as set forth in Subparagraph 6.3 hereof or (2) suspend operations until payment is made by Operator in which event the standby time rate contained in Subparagraph 4.5 shall apply until payment is made by Operator and operations are resumed. **In addition to Contractor's rights to suspend operations or terminate performance under Paragraphs 6 and 19, Operator hereby expressly agrees to protect, defend and indemnify Contractor from and against any claims, demands and causes of action, including all costs of defense, in favor of Operator, Operator's co-venturers, co-lessees and joint owners, or any other parties arising out of any drilling commitments or obligations contained in any lease, farmout agreement or other agreement, which may be affected by such suspension of operations or termination of performance hereunder.**

6.3 Early Termination Compensation:

(a) Prior to Commencement: In the event this Contract is terminated prior to commencement of operations hereunder, Operator shall pay Contractor as liquidated damages and not as a penalty a sum equal to the footage rate (Subparagraph 4.1) multiplied by the Contract Footage Depth (Subparagraph 3.1) plus the standby time rate (Subparagraph 4.5) for a period of ____ days for estimated Daywork drilling below Contract Footage Depth; or a lump sum of \$ _____.

(b) Prior to Spudding: If such work stoppage occurs after commencement of operations but prior to the spudding of the well, Operator shall pay to Contractor the sum of the following: (1) all expenses reasonably and necessarily incurred and to be incurred by Contractor by reason of the Contract and by reason of the premature stoppage of the work, excluding, however, expenses of normal drilling crew and supervision; (2) ten percent (10%) of the amount of such reimbursable expenses; and (3) a sum calculated at the standby time rate for all time from the date upon which Contractor commences any operations hereunder down to such date subsequent to the date of work stoppage as will afford Contractor reasonable time to dismantle its rig and equipment.

(c) Subsequent to Spudding: If such work stoppage occurs after the spudding of the well, Operator shall pay the Contractor (1) the amount owing Contractor at the time of such work stoppage under the Footage rate, applicable Daywork rate, and standby time rate; but in such event Operator shall pay Contractor for a minimum footage of _____ feet regardless of whether or not the well has been drilled to such depth at the time of work stoppage; or (2) at the election of Contractor and in lieu of the foregoing, Operator shall pay Contractor for all expenses reasonable and necessarily incurred and to be incurred by Contractor by reason of this Contract and by reason of the premature stoppage of work plus the sum of \$ _____.

7. CASING PROGRAM:

7.1 The casing program to be followed in the drilling of said well is set forth in Exhibit "A", and Contractor shall drill a hole of the size specified in Exhibit "A" to set at the approximate depth therein indicated the size of casing so specified. The exact setting depths for each string of casing shall be specified by Operator. Operator may modify said casing program provided any modification thereof which materially increases Contractor's hazards or costs of performing its obligations hereunder can only be made by mutual consent of Contractor and Operator.

7.2 The setting of any string of casing within the Contract Footage Depth shall be performed as specified in Exhibit "A".

7.3 The setting of any string of casing below the Contract Footage Depth shall be performed by Contractor on a Daywork Basis.

7.4 Operator reserves the right to require Contractor to set strings of casing or liners in addition to those listed (subject to the limitations upon Operator's right to modify the casing program as provided for in Subparagraph 7.1) and in such event Contractor agrees to run casing, cement and test cement on such liners and strings of casing and to perform cement squeezing jobs as required by Operator. All such work shall be on a Daywork Basis.

8. LABOR, EQUIPMENT, MATERIALS, SUPPLIES, AND SERVICES:

The furnishing of labor, equipment, appliances, materials, supplies, and services of whatever character necessary or proper in the drilling and completion of said well and not otherwise specifically provided for herein shall be furnished by Contractor or Operator as specified in Exhibit "A".

9. DRILLING METHODS AND PRACTICES:

9.1 Contractor shall maintain well control equipment in good condition at all times and shall use all reasonable means to prevent and control fires and blowouts and to protect the hole.

9.2 Subject to the terms hereof, at all times during the drilling of the well, Operator shall have the right to control the mud program, and the drilling fluid must be of a type and have characteristics acceptable to Operator and be maintained by Contractor in accordance with the specifications shown

in Paragraph 2 of Exhibit "A". No change or modification of said specifications which materially increases Contractor's hazards or costs of performing its obligations hereunder shall be made by Operator without consultation with and consent of Contractor. Operator shall have the right to make any tests of the drilling fluid which may be necessary. Should no mud control program be specified by Operator in Exhibit "A", Contractor shall have the right to determine the mud program and the type and character of drilling fluid during the time that Contractor is performing work upon a Footage Basis under the terms of this Contract.

- 9.3** Contractor shall measure the total length of drill pipe in service with a steel tape at the point where the Contract Footage Depth has been reached; and when requested by Operator, before setting casing or liner and after reaching final depth.
- 9.4** Contractor agrees to furnish equipment, workmen and instruments acceptable to Operator and to make slope tests as provided in Exhibit "A". Unless operations are on a Daywork Basis, all such slope tests shall be made at Contractor's sole risk, cost and expense. If, in the opinion of Operator, it becomes advisable to obtain the use of an additional slope test instrument and accessory equipment for the purpose either of checking previous readings or of determining the direction of the drift, the rental charges therefor shall be paid by Operator, and the running of same shall be on a Daywork Basis. Should the hole at any depth during the time Contractor is performing work on a Footage Basis, have either a deviation from vertical or a change of inclination in excess of the limits prescribed in Exhibit "A", Contractor agrees to restore the hole to a condition suitable to Operator either by conventional methods and procedures while drilling ahead or by cementing off and re-drilling. While operations are being performed on a Daywork Basis, Contractor agrees to exercise due diligence and care to maintain the straight hole specifications, if any, set forth in Paragraph 3 of Exhibit "A" but all risk and expense of maintaining such specifications or restoring the hole to a condition suitable to Operator shall be assumed by Operator.
- 9.5** Each party hereto agrees to comply with all laws, rules, and regulations of any federal, state or local governmental authority which are now or may become applicable to that party's operations covered by or arising out of the performance of this Contract. When required by law, the terms of Exhibit "B" shall apply to this Contract. In the event any provision of this Contract is inconsistent with or contrary to any applicable federal, state or local law, rule or regulation, said provision shall be deemed to be modified to the extent required to comply with said law, rule, or regulation and as so modified said provision and this Contract shall continue in full force and effect.

10. COMPLETION TESTS AND INSTALLATION OF WELL CONNECTIONS OR ABANDONMENT:

Contractor will either complete the well and install well head equipment and connections or plug and abandon same, in accordance with Operator's instructions, at the applicable rates set forth in Paragraph 4 above, using equipment, materials and services to be furnished and paid for by either Operator or Contractor as specified in Exhibit "A".

11. CORING AND CUTTINGS:

- 11.1** As directed by Operator and utilizing the type of coring equipment specified and furnished as shown in Exhibit "A", Contractor agrees at any time to take either rat-hole or full hole conventional or wire line cores in the manner requested by Operator. Regardless of depth, all coring shall be performed on a Daywork Basis. All coring footage shall be deducted from the total footage charged if the well is being drilled on Footage Basis at that depth. Reaming of the rat-hole shall be performed on a Daywork Basis.
- 11.2** When requested by Operator, Contractor shall save and identify the cuttings and cores, free from contamination, and place them in separate containers which shall be furnished by Operator; such cuttings and cores shall be made available to a representative of Operator at the location.

12. FORMATIONS DIFFICULT OR HAZARDOUS TO DRILL:

- 12.1** In the event chert, pyrite, quartzite, granite, igneous rock or other impenetrable substance, is encountered while drilling on the Footage Basis and the footage drilled during each twenty-four (24) hour period multiplied by the footage rate does not equal the applicable Daywork rate plus cost of bits, all drilling operations shall be conducted on a Daywork Basis, with Operator furnishing the bits, until normal drilling operations and procedures can be resumed. The footage drilled on a Daywork Basis shall be deducted from the Contract Footage Depth for invoicing of footage charges.
- 12.2** In the event water flow, domal, steeply dipping or faulted formation, abnormal pressure, underground mine or cavern, heaving formation, salt or other condition is encountered which makes drilling abnormally difficult or hazardous, causes sticking of drill pipe or casing, or other difficulty which precludes drilling ahead under reasonably normal procedures, Contractor shall, in all such cases, without undue delay, exert every reasonable effort to overcome such difficulty. When such condition is encountered, further operations shall be conducted on a Daywork Basis until such conditions have been overcome and normal drilling operations can be resumed. Operator shall assume the risk of loss of or damage to the hole and to Contractor's equipment in the hole from the time such condition is encountered. The footage drilled while on Daywork Basis shall be deducted from the Contract Footage Depth for invoicing of footage charges.
- 12.3** In the event loss of circulation or partial loss of circulation is encountered, Contractor shall, without undue delay, exert every reasonable effort to overcome such difficulty. When such condition is

encountered, Operator shall assume risk of loss of or damage to the hole and to Contractor's equipment in the hole. Should such condition persist in spite of Contractor's efforts to overcome it, then after a period of _____ hours time consumed in such efforts, further operations shall be conducted on a Daywork Basis until such condition has been overcome and normal Footage Basis drilling operations can be resumed. The total rig time furnished by Contractor on a Footage Basis under the terms of this Subparagraph shall be limited to a cumulative _____ hours. The footage drilled while on Daywork Basis shall be deducted from the Contract Footage Depth for invoicing of footage charges.

13. REPORTS TO BE FURNISHED BY CONTRACTOR:

- 13.1 Contractor shall keep and furnish to Operator an accurate record of the work performed and formations drilled on the IADC-API Daily Drilling Report Form or other form acceptable to Operator. A legible copy of said form shall be furnished by Contractor to Operator.
- 13.2 Delivery tickets, if requested by Operator, covering any material or supplies furnished by Operator shall be turned in each day with the daily drilling report. The quantity and description of materials and supplies so furnished shall be checked by Contractor and such tickets shall be properly certified by Contractor.

14. INGRESS AND EGRESS TO LOCATION:

Operator hereby assigns to Contractor Operator's rights of ingress and egress with respect to the tract of land where the well is to be located for the performance by Contractor of all work contemplated by this Contract. Should Contractor be denied free access to the location for any reason not reasonably within Contractor's control, any time lost by Contractor as a result of such denial shall be paid for at the standby time rate until operations are commenced. In the event there are any restrictions, conditions or limitations in Operator's lease which would affect the free right of ingress and egress to be exercised by Contractor, its employees, or subcontractors hereunder, Operator agrees to timely advise Contractor in writing with respect to such restrictions, conditions, or limitations, and Contractor agrees to observe same. Operator agrees at all times to maintain the road and location in such a condition that will allow free access and movement to and from the drilling site in an ordinarily equipped highway type vehicle. If Contractor is required to use bulldozers, tractors, four-wheel drive vehicles, or any other specialized transportation equipment for the movement of necessary personnel, machinery, or equipment over access roads or on the drilling location, Operator shall furnish the same at its expense and without cost to Contractor. Operator shall reimburse Contractor for all amounts reasonably expended by Contractor for repairs and/or reinforcement of roads, bridges and related or similar facilities (public and private) required as a direct result of a rig move pursuant to performance hereunder. If the location is furnished by Operator, Operator shall be responsible for any costs associated with leveling the rig because of location settling.

15. SOUND LOCATION:

Operator shall prepare a sound location, adequate in size and capable of properly supporting the drilling rig, and shall be responsible for a casing and cementing program adequate to prevent soil and subsoil washout. It is recognized that Operator has superior knowledge of the location and access routes to the location, and must advise Contractor of any subsurface conditions, or obstructions (including, but not limited to, mines, caverns, sink holes, streams, pipelines, power lines and communication lines) which Contractor might encounter while en route to the location or during operations hereunder. **In the event subsurface conditions cause a cratering or shifting of the location surface, or if seabed conditions prove unsatisfactory to properly support the rig during marine operations hereunder, and loss or damage to the rig or its associated equipment results therefrom, Operator shall, without regard to other provisions of this Contract, reimburse Contractor for all such loss or damage including removal of debris and payment of work stoppage rate during repair and/or demobilization if applicable.**

16. EQUIPMENT CAPACITY:

Operations shall not be attempted under any conditions which exceed the capacity of the equipment specified to be used hereunder or where canal or water depths are in excess of _____ feet. Without prejudice to the provisions of Paragraph 19 hereunder, Contractor shall have the right to make the final decision as to when an operation or attempted operation would exceed the capacity of specified equipment.

17. INSURANCE:

During the life of this Contract, Contractor shall at Contractor's expense maintain, with an insurance company or companies authorized to do business in the state where the work is to be performed or through a self-insurance program, insurance coverage of the kind and in the amounts set forth in Exhibit "A", insuring the liabilities specifically assumed by Contractor in Paragraph 19 of this Contract. Contractor shall procure from the company or companies writing said insurance a certificate or certificates satisfactory to Operator that said insurance is in full force and effect and that the same shall not be canceled or materially changed without ten (10) days prior written notice to Operator. For liabilities assumed hereunder by Contractor, its insurance shall be endorsed to provide that the underwriters waive their right of subrogation against Operator. Operator will, as well, cause its insurer to waive subrogation against Contractor for liability it assumes and shall maintain, at Operator's expense, or shall self insure, insurance coverage as set forth in Exhibit "A" of the same kind and in the same amount as is required of Contractor, insuring the liabilities specifically assumed by Operator in Paragraph 19 of this Contract. Operator shall procure from the company or companies writing said insurance a certificate or certificates that said insurance is in full force and effect and that the same shall not be canceled or materially changed without ten (10) days prior written notice to Contractor. Operator and Contractor shall cause their respective underwriters to name the other additionally insured but only to the extent of the indemnification obligations assumed herein.

18. CLAIMS AND LIENS:

Contractor agrees to pay all valid claims for labor, material, services, and supplies to be furnished by Contractor hereunder, and agrees to allow no lien by such third parties to be fixed upon the lease, the well, or other property of Operator or the land upon which said well is located.

19. RESPONSIBILITY FOR LOSS OR DAMAGE, INDEMNITY, RELEASE OF LIABILITY AND ALLOCATION OF RISK:

- 19.1 Contractor's Surface Equipment:** Contractor shall assume liability at all times, regardless of whether the work is being performed on a Footage Basis or Daywork Basis, for damage to or destruction of Contractor's surface equipment, regardless of when or how such damage or destruction occurs, except for such loss or damage as provided in Paragraph 15 and Subparagraph 19.4 herein, and Contractor shall release Operator of any liability for any such loss.
- 19.2 Contractor's In-Hole Equipment - Footage Basis:** Contractor shall assume liability at all times while work is being performed on a Footage Basis for damage to or destruction of Contractor's in-hole equipment, including, but not limited to, drill pipe, drill collars, and tool joints, and Contractor shall release Operator of any liability for any such loss, except as provided for in Paragraph 15 and Subparagraphs 12.2, 12.3 and 19.4.
- 19.3 Contractor's In-Hole Equipment - Daywork Basis:** Operator shall assume liability at all times for damage to or destruction of Contractor's in-hole equipment, including, but not limited to, drill pipe, drill collars, and tool joints, and Operator shall reimburse Contractor for the value of any such loss or damage; the value to be determined by agreement between Contractor and Operator as current repair cost or _____ percent of current new replacement cost of such equipment delivered to the well site.
- 19.4 Contractor's Equipment - Environmental Loss or Damage:** Notwithstanding the provisions of Subparagraph 19.1 above, Operator shall assume liability at all times for damage to or destruction of Contractor's equipment resulting from the presence of H₂S, CO₂ or other corrosive elements that enter the drilling fluids from subsurface formations or the use of corrosive, destructive or abrasive additives in the drilling fluids.
- 19.5 Operator's Equipment:** Operator shall assume liability at all times for damage to or destruction of Operator's or its co-venturers', co-lessees' or joint owners' equipment including, but not limited to, casing, tubing, well head equipment, and platform if applicable, regardless of when or how such damage or destruction occurs, and Operator shall release Contractor of any liability for any such loss or damage.
- 19.6 The Hole - Footage Basis:** Subject to the provisions of Paragraphs 12 and 15 hereof, should a fire or blowout occur or should the hole for any cause attributable to Contractor's operations be lost or damaged while Contractor is engaged in the performance of work hereunder on a Footage Basis, all such loss of or damage to the hole shall be borne by Contractor; and if the hole is not in condition to be carried to the contract depth as herein provided, Contractor shall, if requested by Operator, commence a new hole without delay at Contractor's cost; and the drilling of the new hole shall be conducted on a Footage Basis under the terms and conditions of this Contract. In such case, Contractor shall not be entitled to any payment or compensation for expenditures made or incurred by Contractor on or in connection with the abandoned hole, except for Daywork earned for which Contractor would have been compensated had such hole not been junked and abandoned.

Notwithstanding the foregoing provisions, if the hole is lost or damaged as a result of any delay by Operator or the failure, at any time, of materials, equipment, goods or services provided by Operator, such loss shall be borne by Operator and Contractor shall nevertheless be paid: (a) For all footage drilled and other work performed by Contractor prior thereto; (b) On a Daywork Basis for work performed in an effort to restore the hole to such condition that further drilling or other operations may be conducted and (c) The cost of dismantling the rig. If Contractor elects to drill a new hole, Operator shall be responsible for the cost of moving to and rigging up Contractor's equipment prior to starting the drilling of a new hole at a location designated by Operator. The work of drilling the new hole shall be performed by Contractor under the terms and conditions of this Contract.

- 19.7 The Hole - Daywork Basis:** In the event the hole should be lost or damaged, while Contractor is working on a Daywork Basis, Operator shall be solely responsible for such damage to or loss of the hole, including the casing therein, the cost of control of any wild well, as well as the cost of removal of any debris and cost of property remediation and restoration. Operator shall release Contractor and its suppliers, contractors and subcontractors of any tier of any liability for damage to or loss of the hole and for cost of control of any wild well, and shall protect, defend and indemnify Contractor and its suppliers, contractors and subcontractors of any tier from and against any and all claims, liability, and expenses relating to such damage to or loss of the hole, and for the cost of control of any wild well, as well as the cost of removal of any debris and cost of property remediation and restoration.
- 19.8 Underground Damage:** Operator shall release Contractor and its suppliers, contractors and subcontractors of any tier of any liability for, and shall protect, defend and indemnify Contractor and its suppliers, contractors and subcontractors of any tier from and against any and all claims, liability, and expenses resulting from operations under this Contract on account of injury to, destruction of, or loss or impairment of any property right in or to oil, gas, or other mineral substance or water, if at the time of the act or omission causing such injury, destruction, loss, or impairment,

said substance had not been reduced to physical possession above the surface of the earth, and for any loss or damage to any formation, strata, or reservoir beneath the surface of the earth.

19.9 Inspection of Materials Furnished by Operator:

(a) Contractor agrees to visually inspect all materials furnished by Operator before using same and to notify Operator of any apparent defects therein. Contractor shall not be liable for any loss or damage resulting from the use of materials furnished by Operator.

(b) Contractor will preassemble, disassemble, or assemble materials to be furnished by Operator only when directed by Operator and when such work can be accomplished by normal rig personnel. All of such services shall be performed on a Daywork Basis. Operator shall release Contractor from, and shall protect, defend and indemnify Contractor from and against any liability for such service.

19.10 Contractor's Indemnification of Operator: Contractor shall release Operator of any liability for, and shall protect, defend and indemnify Operator from and against all claims, demands, and causes of action of every kind and character, without limit and without regard to the cause or causes thereof or the negligence of any party or parties, arising in connection herewith in favor of Contractor's employees or Contractor's subcontractors of any tier (inclusive of any agent or consultant engaged by Contractor) or their employees, or Contractor's invitees, on account of bodily injury, death or damage to property. Contractor's indemnity under this Paragraph shall be without regard to and without any right to contribution from any insurance maintained by Operator pursuant to Paragraph 17. If it is judicially determined that the monetary limits of insurance required hereunder or of the indemnities voluntarily assumed under Subparagraph 19.10 (which Contractor and Operator hereby agree will be supported either by available liability insurance, under which the insurer has no right of subrogation against the indemnitees, or voluntarily self-insured, in part or whole) exceed the maximum limits permitted under applicable law, it is agreed that said insurance requirements or indemnities shall automatically be amended to conform to the maximum monetary limits permitted under such law.

19.11 Operator's Indemnification of Contractor: Operator shall release Contractor of any liability for, and shall protect, defend and indemnify Contractor from and against all claims, demands, and causes of action of every kind and character, without limit and without regard to the cause or causes thereof or the negligence of any party or parties, arising in connection herewith in favor of Operator's employees or Operator's contractors of any tier (inclusive of any agent, consultant or subcontractor engaged by Operator) or their employees or Operator's invitees other than those parties identified in Subparagraph 19.10 on account of bodily injury, death or damage to property. Operator's indemnity under this Paragraph shall be without regard to and without any right to contribution from any insurance maintained by Contractor pursuant to Paragraph 17. If it is judicially determined that the monetary limits of insurance required hereunder or of the indemnities voluntarily assumed under Subparagraph 19.11 (which Contractor and Operator hereby agree will be supported either by available liability insurance, under which the insurer has no right of subrogation against the indemnitees, or voluntarily self-insured, in part or whole) exceed the maximum limits permitted under applicable law, it is agreed that said insurance requirements or indemnities shall automatically be amended to conform to the maximum monetary limits permitted under such law.

19.12 Pollution or Contamination: Notwithstanding anything to the contrary contained herein, except the provisions of Paragraph 15 and Subparagraph 19.13, it is understood and agreed by and between Contractor and Operator that the responsibility for pollution or contamination shall be as follows:

(a) **Contractor shall assume all responsibility for**, including control and removal of, and shall protect, defend and indemnify Operator from and against all claims, demands and causes of action of every kind and character arising from pollution or contamination, which originates above the surface of the land or water from spills of fuels, lubricants, motor oils, pipe dope, paints, solvents, ballast, bilge and garbage, except unavoidable pollution from reserve pits, wholly in Contractor's possession and control and directly associated with Contractor's equipment and facilities.

(b) **Operator shall assume all responsibility for**, including control and removal of, and shall protect, defend and indemnify Contractor and its suppliers, contractors and subcontractors of any tier from and against all claims, demands, and causes of action of every kind and character arising directly or indirectly from all other pollution or contamination which may occur during the conduct of operations hereunder, including, but not limited to, that which may result from fire, blowout, cratering, seepage or any other uncontrolled flow of oil, gas, water or other substance, as well as the use or disposition of all drilling fluids, including, but not limited to, oil emulsion, oil base or chemically treated drilling fluids, contaminated cuttings or cavings, lost circulation and fish recovery materials and fluids. Operator shall release Contractor and its suppliers, contractors and subcontractors of any tier of any liability for the foregoing.

(c) **In the event a third party commits** an act or omission which results in pollution or contamination for which either Contractor or Operator, for whom such party is performing work, is held to be legally liable, the responsibility therefor shall be considered, as between Contractor and Operator, to be the same as if the party for whom the work was performed had performed the same and all the obligations respecting protection, defense, indemnity and limitation of responsibility and liability, as set forth in (a) and (b) above, shall be specifically applied.

19.13 Termination of Location Liability: When Contractor has concluded operations at the well location, Operator shall thereafter be liable for damage to property, personal injury or death of any person which occurs as a result of the condition of the location and Contractor shall be relieved of

such liability; provided, however, if Contractor shall subsequently reenter upon the location for any reason, including removal of the rig, any term of the Contract relating to such reentry activity shall become applicable during such period.

19.14 Consequential Damages: Subject to and without affecting the provisions of this Contract regarding the payment rights and obligations of the parties or the risk of loss, release and indemnity rights and obligations of the parties, each party shall at all times be responsible for and hold harmless and indemnify the other party from and against its own special, indirect or consequential damages, and the parties agree that special, indirect or consequential damages shall be deemed to include, without limitation, the following: loss of profit or revenue; costs and expenses resulting from business interruptions; loss of or delay in production; loss of or damage to the leasehold; loss of or delay in drilling or operating rights; cost of or loss of use of property, equipment, materials and services, including without limitation those provided by contractors or subcontractors of every tier or by third parties. Operator shall at all times be responsible for and hold harmless and indemnify Contractor and its suppliers, contractors and subcontractors of any tier from and against all claims, demands and causes of action of every kind and character in connection with such special, indirect or consequential damages suffered by Operator's co-owners, co-venturers, co-lessees, farmors, farmees, partners and joint owners.

19.15 Indemnity Obligation: Except as otherwise expressly limited in this Contract, it is the intent of parties hereto that all releases, indemnity obligations and/or liabilities assumed by such parties under terms of this Contract, including, without limitation, Subparagraphs 4.7 and 6.2, Paragraph 15, and Subparagraphs 19.1 through 19.14 hereof, be without limit and without regard to the cause or causes thereof, including but not limited to pre-existing conditions, defect or ruin of premises or equipment, strict liability, regulatory or statutory liability, products liability, breach of representation or warranty (express or implied), breach of duty (whether statutory, contractual or otherwise), any theory of tort, breach of contract, fault, the negligence of any degree or character (regardless of whether such negligence is sole, joint or concurrent, active, passive or gross) of any party or parties, including the party seeking the benefit of the release, indemnity or assumption of liability, or any other theory of legal liability. The indemnities, and releases and assumptions of liability extended by the parties hereto under the provisions of Subparagraphs 4.7 and 6.2 and Paragraphs 15 and 19 shall inure to the benefit of the parties, their co-venturers, co-lessees, joint owners, their parent, holding and affiliated companies and the officers, directors, stockholders, partners, managers, representatives, employees, consultants, agents, servants and insurers of each. Except as otherwise provided, such indemnification and assumptions of liability shall not be deemed to create any rights to indemnification in any person or entity not a party to this Contract, either as a third party beneficiary or by reason of any agreement of indemnity between one of the parties hereto and another person or entity not a party to this Contract.

20. INDEPENDENT CONTRACTOR RELATIONSHIP AND OPERATOR'S REPRESENTATIVE:

20.1 In the performance of the work herein contemplated, Contractor is an Independent Contractor, with the authority to control and direct the performance of the details of the work, Operator being only interested in the results obtained. The work shall meet the approval of Operator and be subject to the right of inspection and supervision herein provided. Operator shall not unreasonably withhold approval of all such work, when performed by Contractor in accordance with the generally accepted practices and methods customary in the industry. Contractor agrees to comply with all laws, rules, and regulations, Federal, State, and Local, which are now, or may in the future become applicable to Contractor, Contractor's business, equipment, and personnel engaged in operations covered by this Contract or accruing out of the performance of such operations; provided, however, as between Operator and Contractor specific provisions herein contained respecting the risk and responsibility for such compliance shall be controlling.

20.2 Operator shall be privileged to designate a representative or representatives who shall at all times have access to the premises for the purpose of observing tests or inspecting the work of Contractor. Such representative or representatives shall be empowered to act for Operator in all matters relating to the work herein undertaken and Contractor shall be entitled to rely on the orders and directions issued by such representative or representatives as being those of Operator.

21. AUDIT:

If any payment provided for hereunder is made on the basis of Contractor's costs, Operator shall have the right to audit Contractor's books and records relating to such costs. Contractor agrees to maintain such books and records for a period of two (2) years from the date such costs were incurred and to make such books and records available to Operator at any reasonable time or times within the period.

22. NO WAIVER EXCEPT IN WRITING:

It is fully understood and agreed that none of the requirements of this Contract shall be considered as waived by either party unless the same is done in writing, and then only by the persons executing this Contract, or other duly authorized agent or representative of the party.

23. FORCE MAJEURE:

Except as provided in this Paragraph 23 and without prejudice to the risk of loss, release and indemnity obligations under this Contract, each party to this Contract shall be excused from complying with the terms of this Contract, except for the payment of monies when due, if and for so long as such compliance is hindered or

prevented by a Force Majeure Event. As used in this Contract, "Force Majeure Event" includes: acts of God, action of the elements, wars (declared or undeclared), insurrection, revolution, rebellions or civil strife, piracy, civil war or hostile action, terrorist acts, riots, strikes, differences with workmen, acts of public enemies, federal or state laws, rules, regulations, dispositions or orders of any governmental authorities having jurisdiction in the premises or of any other group, organization or informal association (whether or not formally recognized as a government), inability to procure material, equipment, fuel or necessary labor in the open market, acute and unusual labor or material, equipment or fuel shortages, or any other causes (except financial) beyond the control of either party. Neither Operator nor Contractor shall be required against its will to adjust any labor or similar disputes except in accordance with applicable law. In the event that either party hereto is rendered unable, wholly or in part, by any of these causes to carry out its obligation under this Contract, it is agreed that such party shall give notice and details of Force Majeure in writing to the other party as promptly as possible after its occurrence. In such cases, the obligations of the party giving the notice shall be suspended during the continuance of any inability so caused except that Operator shall be obligated to pay to Contractor the work stoppage rate set forth in Subparagraph 4.3 above.

24. GOVERNING LAW:

This Contract shall be construed, governed, interpreted, enforced and litigated, and the relations between the parties determined in accordance with the laws of _____ .

25. INFORMATION CONFIDENTIAL:

Upon written request by Operator, information obtained by Contractor in the conduct of drilling operations on this well, including, but not limited to, depth, formations penetrated, the results of coring, testing, and surveying, shall be considered confidential and shall not be divulged by Contractor or its employees, to any person, firm, or corporation other than Operator's designated representative.

26. SUBCONTRACTS:

Either party may employ other contractors to perform any of the operations or services to be provided or performed by it according to Exhibit "A".

27. ATTORNEY'S FEES:

If this Contract is placed in the hands of an attorney for collection of any sums due hereunder, or suit is brought on same, or sums due hereunder are collected through bankruptcy or arbitration proceedings, then the prevailing party shall be entitled to recover reasonable attorney's fees and costs.

28. ASSIGNMENT:

Neither party may assign this Contract without the prior written consent of the other, and prompt notice of any such intent to assign shall be given to the other party. In the event of such assignment, the assigning party shall remain liable to the other party as a guarantor of the performance by the assignee of the terms of this Contract. If any assignment is made that materially alters Contractor's financial burden, Contractor's compensation shall be adjusted to give effect to any increase or decrease in Contractor's operating costs.

29. NOTICES AND PLACE OF PAYMENT:

Notice is not required for any change from Footage Basis to Daywork Basis, or vice versa, pursuant to the terms of this Contract. Notices, reports, and other communications required or permitted by this Contract to be given or sent by one party to the other shall be delivered by hand, mailed, digitally transmitted or telecopied to the address hereinabove shown. All sums payable hereunder to Contractor shall be payable at its address hereinabove shown unless otherwise specified herein.

30. CONTINUING OBLIGATIONS:

Notwithstanding the termination of this Contract, the parties shall continue to be bound by the provisions of this Contract that reasonably require some action or forbearance after such termination.

31. ENTIRE AGREEMENT:

This Contract constitutes the full understanding of the parties, and a complete and exclusive statement of the terms of their agreement, and shall exclusively control and govern all work performed hereunder. All representations, offers, and undertakings of the parties made prior to the effective date hereof, whether oral or in writing, are merged herein, and no other contracts, agreements or work orders, executed prior to the execution of this Contract, shall in any way modify, amend, alter or change any of the terms or conditions set out herein.

32. SPECIAL PROVISIONS:

33. ACCEPTANCE OF CONTRACT:

The foregoing Contract, including the provisions relating to indemnity, release of liability and allocation of risk of Subparagraphs 4.7 and 6.2, Paragraph 15, and Subparagraphs 19.1 through 19.14, is acknowledged, agreed to and accepted by Operator this _____ day of _____, 20 ____.

OPERATOR: _____

By: _____

Title: _____

The foregoing Contract, including the provisions relating to indemnity, release of liability and allocation of risk of Subparagraphs 4.7 and 6.2, Paragraph 15, and Subparagraphs 19.1 through 19.14, is acknowledged, agreed to and accepted by the undersigned as Contractor this _____ day of _____, 20____.which is the effective date of this Contract, subject to rig availability, and subject to all of its terms and provisions, with the understanding that it will not be binding upon Operator until Operator has noted its acceptance, and with further understanding that unless said Contract is thus executed by Operator within days of the above date Contractor shall be in no manner bound by its signature thereto.

CONTRACTOR: _____

By: _____

Title: _____

EXHIBIT "A"

To Drilling Contract dated _____, 20____

Operator: _____ Contractor: _____

Well Name and Number: _____

SPECIFICATIONS AND SPECIAL PROVISIONS

A1. CASING PROGRAM (See Paragraph 7)

	Hole Size	Casing Size	Weight	Grade	Approximate Setting Depth	Wait on Cement Time
Conductor	in.	in.	lb/ft		ft	hr
Surface	in.	in.	lb/ft		ft	hr
Protection	in.	in.	lb/ft		ft	hr
	in.	in.	lb/ft		ft	hr
Production	in.	in.	lb/ft		ft	hr
	in.	in.	lb/ft		ft	hr
Liner	in.	in.	lb/ft		ft	hr

A2. MUD CONTROL PROGRAM (See Paragraph 9)

Depth Interval (ft)		Type Mud	Weight (lb/gal)	Viscosity (sec)	Water Loss (cc)
From	To				

It is understood that in the event it becomes necessary to discontinue drilling operations and to suddenly raise the mud weight _____ lbs. per gallon above the weight currently being used OR to raise the mud weight at any time to _____ lbs. per gallon, it will conclusively constitute "Abnormal Pressure" as that term is employed in subparagraph 12.2 of the Contract. Operations will thereafter go forward under the terms of such provision (12.2) until such condition has been overcome, the well is under control and the mud system stabilized at a weight less than _____ lbs. per gallon, so as to permit normal drilling operations to be resumed.

Other mud specifications: _____

A3. STRAIGHT HOLE SPECIFICATIONS (See Subparagraph 9.4)

Well Depth		Maximum Distance Between Surveys (ft)	Maximum Deviation from Vertical (degrees)	Maximum Change of Inclination per 100 ft (degrees) ¹
From	To			

Location of well bore at _____ feet shall be _____

- 1 (a) Reduce proportionately for survey intervals less than 100 feet, but do not use intervals shorter than 30 feet.
- (b) If these limits are exceeded and the distance between surveys is more than 100 feet, Contractor shall take intermediate surveys no more than 100 feet apart. If such intermediate surveys show that above limits for any interval have been exceeded, Contractor shall correct hole deviation to within limits of above specifications.

A4. INSURANCE (See Paragraph 17)

- 4.1 **Adequate Workers' Compensation Insurance** complying with State Laws applicable or Employers' Liability Insurance with limits of \$ _____ covering all of Contractor's employees working under this Contract.
- 4.2 **Commercial (or Comprehensive) General Liability Insurance**, including contractual obligations as respects this Contract and proper coverage for all other obligations assumed in this Contract. The limit shall be \$ _____ combined single limit per occurrence for Bodily Injury and Property Damage.
- 4.3 **Automobile Public Liability Insurance** with limits of \$ _____ for the death or injury of each person and \$ _____ for each accident; and Automobile Public Liability Property Damage Insurance with limits of \$ _____ for each accident.
- 4.4 **In the event** operations are over water, Contractor shall carry in addition to the Statutory Workers' Compensation Insurance, endorsements covering liability under the Longshoremen's & Harbor Workers' Compensation Act and Maritime liability including maintenance and cure with limits \$ _____ for each death or injury to one person and \$ _____ for any one accident.
- 4.5 **Other Insurance:** _____

A5. EQUIPMENT, MATERIALS AND SERVICES TO BE FURNISHED BY CONTRACTOR:

The machinery, equipment, tools, materials, supplies, instruments, services and labor hereinafter listed, including any transportation required for such items, shall be provided at the well location at the expense of Contractor unless otherwise noted by this Contract.

A5.1 Drilling Rig:

Complete drilling rig, designated by Contractor as its Rig No. _____, the major items of equipment being:

Drawworks: Make and Model: _____

Engines: Make, Model, and H.P.: _____

No. _____ on _____ Rig:

Pumps: - _____

No. 1 Make, Size, and Power: _____

No. 2 Make, Size, and Power _____

Mud Mixing Pump: Make, Size, and Power _____

Boilers: Number, Make, H.P. and W.P. _____

Derrick or Mast: Make, Size, and Capacity _____

Substructure: Size and Capacity _____

Rotary Drive: Type _____

Drill Pipe		
Amount	Size	Weight
ft	in	lb/ft
ft	in	lb/ft
ft	in	lb/ft

Drill Collars	
Number	Size

Blowout Preventers				
	Size	Series or Test Pressure	Make & Model	Number
BOP Closing Unit:				
BOP Accumulator:				

- A5.2 Trucking service and other transportation, hauling, or winching services as required to move Contractor's property to location, rig up Contractor's rig, tear down Contractor's rig, and remove all of Contractor's property from location.
- A5.3 Drilling bits, reamers, stabilizers, reamer cutters, and other drilling tools or devices (except while on Daywork).
- A5.4 Contract fishing tool services and fishing tool rentals (except while on Daywork).
- A5.5 Derrick timbers.
- A5.6 Normal strings of drill pipe and drill collars specified above.
- A5.7 Conventional drift indicator.
- A5.8 Circulating mud pits.
- A5.9 Necessary pipe racks and rigging up material.
- A5.10 Normal storage for mud and chemicals.
- A5.11 Shale Shaker.

A6. EQUIPMENT, MATERIALS AND SERVICES TO BE FURNISHED BY OPERATOR:

The machinery, equipment, tools, materials, supplies, instruments, services and labor hereinafter listed, including any transportation required for such items, shall be provided at the well location at the expense of Operator unless otherwise noted by this Contract.

- A6.1 Furnish and maintain adequate roadway and/or canal to location, right-of-way, including rights-of-way for fuel and water lines, river crossings, highway crossings, gates and cattle guards.
- A6.2 Stake location, clear and grade location, and provide turnaround, including surfacing when necessary.
- A6.3 Test tanks with pipe and fittings.
- A6.4 Mud storage tanks with pipe and fittings.
- A6.5 Separator with pipe and fittings.
- A6.6 Labor and materials to connect and disconnect mud tank, test tank, and mud gas separator.
- A6.7 Labor to disconnect and clean test tanks and mud gas separator.
- A6.8 Drilling mud, chemicals, lost circulation materials and other additives.
- A6.9 Pipe and connections for oil circulating lines.
- A6.10 Labor to lay, bury and recover oil circulating lines.

- A6.11 Drilling bits, reamers, reamer cutters, stabilizers and special tools while operating on Daywork Basis.
- A6.12 Contract fishing tool services and tool rental while operating on a Daywork Basis.
- A6.13 Wire line core bits or heads, core barrels and wire line core catchers if required.
- A6.14 Conventional core bits, core catchers and core barrels.
- A6.15 Diamond core barrel with head.
- A6.16 Cement and cementing service.
- A6.17 Electrical wireline logging services.
- A6.18 Directional, caliper, or other special services.
- A6.19 Gun or jet perforating services.
- A6.20 Explosives and shooting devices.
- A6.21 Formation testing, hydraulic fracturing, acidizing and other related services.
- A6.22 Equipment for drill stem testing.
- A6.23 Mud logging services.
- A6.24 Sidewall coring service.
- A6.25 Welding service for welding bottom joints of casing, guide shoe, float shoe, float collar and in connection with installing of well head equipment if required.
- A6.26 Casing, tubing, liners, screen, float collars, guide and float shoes and associated equipment.
- A6.27 Casing scratchers and centralizers.
- A6.28 Well head connections and all equipment to be installed in or on well or on the premises for use in connection with testing, completion and operation of well.
- A6.29 Special or added storage for mud and chemicals.
- A6.30 Casinghead, API series, to conform to that shown for the blowout preventers specified in Subparagraph 5.1 above.
- A6.31 Blowout Preventer testing packoff and testing services.
- A6.32 Casing Thread Protectors and Casing Lubricant.
- A6.33 H2S training and equipment as necessary or as required by law.
- A6.34 Site septic systems.

A7. EQUIPMENT, MATERIALS AND SERVICES TO BE FURNISHED BY DESIGNATED PARTY:

The machinery, equipment, tools, materials, supplies, instruments, services, and labor listed as the following numbered items, including any transportation required for such items unless otherwise specified, shall be provided at the well location and at the expense of the party hereto as designated by an X mark in the appropriate column.

Equipment, Material, or Service	To be Provided by and at the Expense of:	
	Operator	Contractor
A7.1 Cellar		
A7.2 Ditches and sumps		
A7.3 Fuel: (located at: _____)		
A7.4 Fuel Lines (length: _____ ft)		
A7.5 Water at source, including required permits		
A7.6 Water well, including required permits		
A7.7 Water lines, including required permits		

Equipment, Material, or Service	To be Provided by and at the Expense of:	
	Operator	Contractor
A7.8 Water storage tanks (capacity: _____)		
A7.9 Potable water		
A7.10 Labor to operate water well or water pump		
A7.11 Maintenance of water well, if required ____		
A7.12 Water Pump		
A7.13 Fuel for water pump		
A7.14 Mats for engines and boilers, or motors and mud pumps		
A7.15 Transportation of Contractor's property:		
Move in		
Move out		
A7.16 Materials for "boxing in" rig and derrick		
A7.17 Special strings of drill pipe and drill collars as follows:		
A7.18 Kelly joints, subs, elevators, tongs, slips and BOP rams for use with special drill pipe		
A7.19 Drill pipe protectors for Kelly joint and each joint of drill pipe running inside of Surface Casing as required, for use with normal strings of drill pipe _		
A7.20 Drill pipe protectors for Kelly joint and drill pipe running inside of Protection Casing		
A7.21 Rate of penetration recording device		
A7.22 Extra labor for running and cementing casing (Casing crews)		
A7.23 Casing tools		
A7.24 Rig time for running casing – conductor		
A7.25 Rig time for running casing – surface		
A7.26 Rig time for running casing – protection		
A7.27 Rig time for running casing – production		
A7.28 Rig time for running casing – liner		
A7.29 Rig time to circulate and condition hole to log		
A7.30 Rig time to log		
A7.31 Rig time to condition hole to lay down drill string		
A7.32 Rig time to lay down drill string		
A7.33 Extra labor to lay down drill string		
A7.34 Lay down and pickup machine		
A7.35 Rig time to clean mud tanks		
A7.36 For work performed on a Footage Basis, cost of all labor, materials and services to clean rig after use of oil-base mud		
A7.37 Power casing tongs		

Equipment, Material, or Service	To be Provided by and at the Expense of:	
	Operator	Contractor
A7.38 Tubing tools		
A7.39 Power tubing tong		
A7.40 Drilling mouse and rat holes		
A7.41 Drilling hole for or driving from conduction pipe		
A7.42 Reserve Pits		
A7.43 Crew Boats (Number _____)		
A7.44 Service Barge		
A7.45 Service Tug Boat		
A7.46 Upper Kelly Cock		
A7.47 Lower Kelly Valve		
A7.48 Drill Pipe Safety Valve		
A7.49 Inside Blowout Preventer		
A7.50 Charges, cost of bonds for public roads		
A7.51 Portable Toilet		
A7.52 Trash Receptacle		
A7.53 Linear Motion Shale Shaker		
A7.54 Shale Shaker Screens		
A7.55 Mud Cleaner		
A7.56 Mud/Gas Separator		
A7.57 Desander		
A7.58 Desilter		
A7.59 Degasser		
A7.60 Centrifuge		
A7.61 Rotating Head		
A7.62 Rotating Head Rubbers		
A7.63 Hydraulic Adjustable Choke		
A7.64 Pit Volume Totalizer		
A7.65 Communication (type _____)		
A7.66 Forklift (capacity : _____)		
A7.67 Corrosion Inhibitor for protecting drill string		
A7.68		
A7.69		
A7.70		

A8. OTHER PROVISIONS:

EXHIBIT “B”
(See Subparagraph 9.5)

The following clauses, when required by law, are incorporated in the Contract by reference as if fully set out:

- (1) The Equal Opportunity Clause prescribed in 41 CFR 60-1.4.

- (2) The Affirmative Action Clause prescribed in 41 CFR 60-250.4 regarding veterans and veterans of the Vietnam era.

- (3) The Affirmative Action Clause for handicapped workers prescribed in 41 CFR 60-741.4.

- (4) The Certification of Compliance With Environmental Laws prescribed in 40 CFR 15.20.