



TOUGH  
AND  
TRUSTED

November 11, 2011

State of Pennsylvania  
Attn: Ms. Robert Chiavetta  
Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Re: Request of Flint Energy Services Inc. for Urgent  
Application and Temporary Certificate

Dear Ms Chiavetta

Flint Energy Services Inc. provides oil field services to various oil companies in the United States. As part of the services it provides, it transports oil field equipment from one drilling site to another drilling site. This process involves cranes, trucks and vehicles, as well as equipment specifically designed to transport heavy equipment from one location to another.

On November 10, 2011, Flint was moving heavy oil field equipment in Pennsylvania, and although it has several Pennsylvania licenses and permits, including a PENN DOT Permit and a Business Operation license/permit, it was advised that it did not possess a required PUC Permit. As quickly as possible (the first business day after learning of the Pennsylvania PUC Permit requirement), Flint retained Pennsylvania counsel and is making an application for the required PUC Permit.

At the present time, Flint is moving seventy (70) truckloads of oil field equipment in Pennsylvania, involving forty-five (45) individual employees. It is imperative that this operation not be unduly interrupted. Please consider this letter as Flint's respectful request that its application for a PUC Certificate of Public Convenience be handled on an urgent basis, together with Flint's respectful request for a temporary certificate.

Thank you for your consideration.

FLINT ENERGY SERVICES INC.

By: \_\_\_\_\_

Shawn Orth

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**Pennsylvania Public Utility Commission**  
**PO Box 3265**  
**Harrisburg, PA 17105-3265**  
**(717) 787-1227**

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## **Application for Motor Common Carrier of Property**

Please complete all parts of the following application. For questions, please call the Commission at (717) 787-3834.

1. **Legal Name of Applicant** (Individual, Partnership, LP, LLP, Corporation, or LLC)

Flint Energy Services Inc.

2. **Trade Name** (if using a fictitious trade name, it must be registered with the Dept. of State)

N/A

**Fictitious name and Registration number** (if applicable)

N/A

3. **Physical Address** (do not use PO Box)

1050 Broad Street

Street Address

Montoursville, PA 17754

City, State and Zip Code

570-368-4580

Telephone Number

Lycoming

County

4. **Mailing Address** (if different from Physical Address)

7633 E. 63rd Place, Suite 500

Street Address

Tulsa, Oklahoma 74133

City, State and Zip Code

5. **Attorney** (if applicable)

Stephen E. Geduldig

717-237-7119

Attorney's Name & Telephone Number for this Filing

Thomas, Thomas & Hafer, LLP,

Attorney's Address

305 North Front Street,

Harrisburg, PA 17108-0999

6. **Does applicant currently hold or has ever held PA PUC authority?**

Yes  **No**  (circle one)

If yes, **PUC NO. A-** N/A

7. **What type of commodity do you intend to transport?**

Oilfield service equipment including drilling rigs and associated equipment and property

8. **Are you one of the following? If yes, check below.**

Individual

Partnership

9. **Are you a business entity registered with the PA Department of State?**

**If YES**, please check below the type of business that applies to this Application and provide the Entity ID Number given to you by the PA Department of State:

Limited Partnership Corporation Bureau Entity ID Number

Limited Liability Partnership Corporation Bureau Entity ID Number

Limited Liability Company Corporation Bureau Entity ID Number

Corporation – For Profit 3813359  
Corporation Bureau Entity ID Number

Corporation – Nonprofit Corporation Bureau Entity ID Number

Fictitious Name (if applicable) \_\_\_\_\_

**If NO**, contact the PA Department of State and apply according to how you will do business in PA:

PA Corporations (Profit or Non-Profit) - File for Articles of Incorporation

Foreign Corporations - File for a Certificate of Authority

- PA Limited Partnerships, Limited Liability Partnerships, Limited Liability Companies - File for an Application of Registration
- Fictitious Name Registration - File **only if** Trade Name will be different than the business name you register with the Department of State

**10. Attachment Checklist**

- Individual:             Certified Check, money order, or check from attorney  
                               Copy of Current Safety Rating (if available)
- Partnership:            Certified Check, money order, or check from attorney  
                               List of names and addresses of ALL Partners  
                               Copy of Current Safety Rating (if available)
- Limited Partnership:    Corporation Bureau Entity Number as entered above in #9  
                               Certified Check, money order, or check from attorney  
                               List of names and addresses of ALL Partners  
                               Copy of Current Safety Rating (if available)
- Limited Liability Partnership:    Corporation Bureau Entity Number as entered above in #9  
                               Certified Check, money order, or check from attorney  
                               List of names and addresses of ALL Partners  
                               Copy of Current Safety Rating (if available)
- Limited Liability Company:    Corporation Bureau Entity Number as entered above in #9  
                               Certified Check, money order, or check from attorney  
                               List of names and addresses of ALL Members and Title of each Member (even if only one member)  
                               Copy of Current Safety Rating (if available)
- Corporation – For Profit:    Corporation Bureau Entity Number as entered above in #9 (See Attachment 1 and 2)  
                               Certified Check, money order, or check from attorney  
                               List of ALL Corporate Officers and Titles, name of each Shareholder and distribution of shares (See Attachment 3 and 4)  
                               Copy of Current Safety Rating (if available) (See Attachment 5)  
                               Insurance Information –(See Attachment 6 and 7)
- Corporation – Non-Profit:    Corporation Bureau Entity Number as entered above in #9  
                               Certified Check, money order, or check from attorney  
                               List of ALL Corporate Officers and Titles and those serving on Board of Directors  
                               Copy of Current Safety Rating (if available)

**11. Certification**

Applicant certifies that it is not now engaged in intrastate transportation of property for compensation between points in Pennsylvania without Pennsylvania Public Utility Commission authorization and will not engage in any transportation not previously authorized by the Pennsylvania Public Utility Commission unless and until such authorization is obtained.

Applicant further certifies that it understands the requirements of the Pennsylvania Public Utility Commission, especially as they relate to safety and insurance and that it may be subject to civil penalties, suspension or cancellation of the Certificate for failure to comply with Commission requirements.

Applicant further certifies that it understands that it is subject to an annual assessment based upon its reported gross Pennsylvania intrastate revenues; said assessment to help defray expenses incurred in regulating Motor Common Carriers of Property; and acknowledges that failure to report revenue and pay its annual assessment may result in civil penalties, suspension or cancellation of the Certificate.

**You must sign the following Verification of Application.**

**Verification of Application**

The verification of the application must be completed by the applicant appearing on Line 1 of the application by the named individual, all partners (if a partnership, LP, or LLP), a member (if LLC), or by any officer (if a corporation).

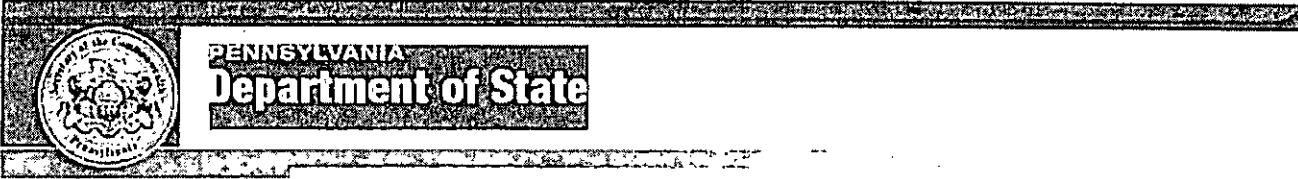
I/we hereby state that the statements made in this application are true and correct to the best of my/our knowledge and belief.

The undersigned understands that false statements herein are made subject to the penalties of 18 Pa. C.S. Section 4904 Relating to Unsworn Falsification to Authorities.

Jerry L Cooper  
 (Print Name)  
*Jerry L Cooper*  
 (Signature)

11-17-11  
 (Date)

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## Corporations

Online Services | Corporations | Forms | Contact Corporations | Business Services

- Search
- By Business Name
- By Business Entity ID
- Verify
- Verify Certification
- Online Orders
- Register for Online Orders
- Order Good Standing
- Order Certified Documents
- Order Business List
- My Images
- Search for Images

### Business Entity

#### Filing History

Date: 11/10/2011  
 (Select the link above to view the Business Entity's Filing History)

#### Business Name History

Name	Name Type
Flint Energy Services, Inc	Current Name

#### Business Corporation - Foreign - Information

Entity Number: 3813359  
 Status: Active  
 Entity Creation Date: 5/29/2008  
 State of Business.: DE  
 Registered Office Address: % Ct Corporation System  
 Philadelphia  
 Mailing Address: No Address

#### Officers

Name: BRYCE SATTER  
 Title: President  
 Address: 633 E 63RD PL  
 TULSA OK 74133

Name: MICKY THACKER  
 Title: Vice President  
 Address: 633 E 63RD PL  
 TULSA OK 74133

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ATTACHMENT 1

# Delaware

PAGE 1

*The First State*

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "FLINT ENERGY SERVICES INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SEVENTEENTH DAY OF AUGUST, A.D. 2011.

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2947285 8300

110929670

You may verify this certificate online  
at [corp.delaware.gov/authvor.shtml](http://corp.delaware.gov/authvor.shtml)



  
Jeffrey W. Bullock, Secretary of State  
AUTHENTICATION: 8976684

DATE: 08-17-11

ATTACHMENT 2



Corporate Annual Report:  
Flint Energy Services Inc.  
Names and Addresses of Officers and Directors:

**Directors:**

William J. Lingard  
Stock Exchange Tower  
700, 300-5<sup>th</sup> Avenue S.W.  
Calgary, AB T2P 3C4  
Canada

Bryce L. Satter  
7633 E. 63<sup>rd</sup> Pl., Ste. 500  
Tulsa, OK 74133

Terry L. Cooper  
7633 E. 63<sup>rd</sup> Pl., Ste. 500  
Tulsa, OK 74133

**Officers:**

William J. Lingard –Chief Executive Officer  
Stock Exchange Tower  
700, 300-5<sup>th</sup> Avenue S.W.  
Calgary, AB T2P 3C4  
Canada

Bryce L. Satter - President  
7633 E. 63<sup>rd</sup> Pl., Ste. 500  
Tulsa, OK 74133

R. Micky Thacker – Vice President  
7633 E. 63<sup>rd</sup> Pl., Ste. 500  
Tulsa, OK 74133

Rex E. Hallman – Vice President  
7633 E. 63<sup>rd</sup> Pl., Ste. 500  
Tulsa, OK 74133

Terry L. Cooper – Secretary/Treasurer  
7633 E. 63<sup>rd</sup> Pl., Ste. 500  
Tulsa, OK 74133

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**LIST OF SHAREHOLDERS OF FLINT ENERGY SERVICES INC.**

Flint Energy Services Inc. (the "Applicant") is a Delaware corporation (see Attachment 2) that is registered to do business in the Commonwealth of Pennsylvania (see Attachment 1).

The Applicant is a wholly owned subsidiary that is ultimately owned by Flint Energy Services Ltd. Flint Energy Services Ltd. is a corporation formed under the laws of the Province of Alberta, Canada, the shares of which are publically traded on the Toronto stock exchange.

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Ⓞ USDOT Number Ⓞ MC/MX Number Ⓞ Name

Enter Value: 781616

[Search]

**Company Snapshot**  
**FLINT ENERGY SERVICES INC**  
 USDOT Number: 781616

[ID/Operations](#) | [Inspections/Crashes In US](#) | [Inspections/Crashes In Canada](#) | [Safety Rating](#)

Other Information for this Carrier

- ▼ [SMS Results](#)
- ▼ [Licensing & Insurance](#)

Carriers: If you would like to update the following ID/Operations information, please complete and submit form [MCS-150](#) which can be obtained [online](#) or from your State FMCSA office. If you would like to challenge the accuracy of your company's safety data, you can do so using FMCSA's [DataQs](#) system.

Carrier and other users: FMCSA provides the Company Safety Profile (CSP) to motor carriers and the general public interested in obtaining greater detail on a particular motor carrier's safety performance than what is captured in the Company Snapshot. To obtain a CSP please visit the [CSP order page](#) or call (800)832-5660 or (703)280-4001 (Fee Required).

For help on the explanation of individual data fields, click on any field name or for help of a general nature go to [SAFER General Help](#).

The information below reflects the content of the FMCSA management information systems as of 11/10/2011.

<b>Entity Type:</b>	Carrier					
<b>Operating Status:</b>	REGISTERED	<b>Out of Service Date:</b>	None			
<b>Legal Name:</b>	FLINT ENERGY SERVICES INC					
<b>DBA Name:</b>						
<b>Physical Address:</b>	7633 E 63RD PLACE STE 500 TULSA, OK 74133					
<b>Phone:</b>	(918) 294-3030					
<b>Mailing Address:</b>	PO BOX 3044 TULSA, OK 74101					
<b>USDOT Number:</b>	781616	<b>State Carrier ID Number:</b>				
<b>MC or MX Number:</b>	MC-175669	<b>DUNS Number:</b>	--			
<b>Power Units:</b>	542	<b>Drivers:</b>	446			
<b>MCS-150 Form Date:</b>	12/15/2010	<b>MCS-150 Mileage (Year):</b>	3,614,000 (2009)			
<b>Operation Classification:</b>						
<input checked="" type="checkbox"/> Auth. For Hire      Priv. Pass.(Non-business)      State Gov't <input type="checkbox"/> Exempt For Hire      Migrant      Local Gov't <input checked="" type="checkbox"/> Private(Property)      U.S. Mail      Indian Nation <input type="checkbox"/> Priv. Pass. (Business)      Fed. Gov't						
<b>Carrier Operation:</b>						
<input checked="" type="checkbox"/> Interstate <input type="checkbox"/> Intrastate Only (HM) <input type="checkbox"/> Intrastate Only (Non-HM)						
<b>Cargo Carried:</b>						
<table border="0" style="width: 100%;"> <tr> <td style="width: 33%;"> <input type="checkbox"/> General Freight  <input type="checkbox"/> Household Goods  <input type="checkbox"/> Metal: sheets, coils, rolls  <input checked="" type="checkbox"/> Motor Vehicles  <input type="checkbox"/> Driver/Tow away  <input type="checkbox"/> Logs, Poles, Beams, Lumber  <input type="checkbox"/> Building Materials  <input type="checkbox"/> Mobile Homes  <input checked="" type="checkbox"/> Machinery, Large Objects  <input type="checkbox"/> Fresh Produce                 </td> <td style="width: 33%;"> <input checked="" type="checkbox"/> Liquids/Gases  <input type="checkbox"/> Intermodal Cont.  <input checked="" type="checkbox"/> Passengers  <input checked="" type="checkbox"/> Oilfield Equipment  <input type="checkbox"/> Livestock  <input type="checkbox"/> Grain, Feed, Hay  <input type="checkbox"/> Coal/Coke  <input type="checkbox"/> Meat  <input type="checkbox"/> Garbage/Refuse  <input type="checkbox"/> US Mail                 </td> <td style="width: 33%;"> <input type="checkbox"/> Chemicals  <input type="checkbox"/> Commodities Dry Bulk  <input type="checkbox"/> Refrigerated Food  <input type="checkbox"/> Beverages  <input type="checkbox"/> Paper Products  <input type="checkbox"/> Utilities  <input type="checkbox"/> Agricultural/Farm Supplies  <input checked="" type="checkbox"/> Construction  <input type="checkbox"/> Water Well  <input checked="" type="checkbox"/> PIPE, ROCK, DIRT,                 </td> </tr> </table>				<input type="checkbox"/> General Freight <input type="checkbox"/> Household Goods <input type="checkbox"/> Metal: sheets, coils, rolls <input checked="" type="checkbox"/> Motor Vehicles <input type="checkbox"/> Driver/Tow away <input type="checkbox"/> Logs, Poles, Beams, Lumber <input type="checkbox"/> Building Materials <input type="checkbox"/> Mobile Homes <input checked="" type="checkbox"/> Machinery, Large Objects <input type="checkbox"/> Fresh Produce	<input checked="" type="checkbox"/> Liquids/Gases <input type="checkbox"/> Intermodal Cont. <input checked="" type="checkbox"/> Passengers <input checked="" type="checkbox"/> Oilfield Equipment <input type="checkbox"/> Livestock <input type="checkbox"/> Grain, Feed, Hay <input type="checkbox"/> Coal/Coke <input type="checkbox"/> Meat <input type="checkbox"/> Garbage/Refuse <input type="checkbox"/> US Mail	<input type="checkbox"/> Chemicals <input type="checkbox"/> Commodities Dry Bulk <input type="checkbox"/> Refrigerated Food <input type="checkbox"/> Beverages <input type="checkbox"/> Paper Products <input type="checkbox"/> Utilities <input type="checkbox"/> Agricultural/Farm Supplies <input checked="" type="checkbox"/> Construction <input type="checkbox"/> Water Well <input checked="" type="checkbox"/> PIPE, ROCK, DIRT,
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[ID/Operations](#) | [Inspections/Crashes In US](#) | [Inspections/Crashes In Canada](#) | [Safety Rating](#)

US Inspection results for 24 months prior to: 11/10/2011

Total inspections: 314

Note: Total inspections may be less than the sum of vehicle, driver, and hazmat inspections. Go to [Inspections Help](#) for further information.

Inspections:

Inspection Type	Vehicle	Driver	Hazmat
Inspections	224	314	6
Out of Service	58	8	1
Out of Service %	25.9%	2.5%	16.7%
Nat'l Average % (2009- 2010)	20.72%	5.51%	4.50%

Crashes reported to FMCSA by states for 24 months prior to: 11/10/2011

Crashes:

Type	Fatal	Injury	Tow	Total
Crashes	0	3	6	9

[ID/Operations](#) | [Inspections/Crashes In US](#) | [Inspections/Crashes In Canada](#) | [Safety Rating](#)

Canadian Inspection results for 24 months prior to: 11/10/2011

Total inspections: 1

Note: Total inspections may be less than the sum of vehicle and driver inspections. Go to [Inspections Help](#) for further information.

Inspections:

Inspection Type	Vehicle	Driver
Inspections	0	1
Out of Service	0	0
Out of Service %	25.9%	0%

Crashes results for 24 months prior to: 11/10/2011

Crashes:

Type	Fatal	Injury	Tow	Total
Crashes	0	0	0	0

[ID/Operations](#) | [Inspections/Crashes In US](#) | [Inspections/Crashes In Canada](#) | [Safety Rating](#)

The Federal safety rating does not necessarily reflect the safety of the carrier when operating in intrastate commerce.

**Carrier Safety Rating**

The rating below is current as of: 11/10/2011

Review Information:

Rating Date:	02/23/2001	Review Date:	02/22/2001
Rating:	Satisfactory	Type:	Compliance Review

**REF No. MXI 93036301**

**COVER NOTE**

Aon Reed Stenhouse Inc.  
1100 - 1st Street SE  
4th Floor  
Calgary, AB T2G 1B1

This Cover Note evidences that, in consideration of payment to be made by the Insured of the premium specified, the insurance stated below has been placed with the Insurer(s) named subject to the terms, conditions, exclusions and provisions contained in the policy to be issued and any endorsements attached thereto.

This insurance may be terminated by Insurer or Insured in accordance with the relevant provisions of the Insurer's usual policy for this type of risk unless otherwise specified below. Subject to the foregoing this Cover Note is effective until replaced by delivery of the Insurer's written contract.

**Name of Insured** Flint Energy Services Inc.

**Address of Insured** 7633 E 63<sup>rd</sup> Pl., Suite 500  
Tulsa, OK 74133

**CONTRACTORS EQUIPMENT FLOATER**

**Policy Form – Aon Manuscript**

**Loss Payable**

- Loss, if any, payable to - The Insured or as they may direct

**Property Insured**

- All Real & Personal Property of the Insured including, but not limited to, Motor Trucks, Trailers, Licensed Vehicles, Leased and Rented Equipment, Contractors Equipment, Cranes, Employee Tools

**Perils Insured**

- All Risks of Direct Physical Loss or Damage (except as excluded)
- Earthquake Included
- Flood Included

**Limits of Liability**

Combined Single Limit Any One Occurrence and in the Aggregate for Flood, Windstorm, Earthquake	25,000,000
Any One Item	7,000,000
Rental Reimbursement/Expense	100,000
Slung Loads Allowed	250,000
Motor Truck Cargo	6,000,000
Riggers Liability	3,000,000
Crane Coverage including Accidental & Unforeseen Overload	5,000,000

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**IMPORTANT**

PLEASE EXAMINE THIS COVER NOTE AND NOTIFY US IMMEDIATELY IF ANY CHANGE IS REQUIRED  
**THE POLICY CONTAINS A CLAUSE THAT MAY LIMIT THE AMOUNT PAYABLE**  
OR, IN THE CASE OF AUTOMOBILE INSURANCE,

1

**THE POLICY CONTAINS A PARTIAL PAYMENT OF LOSS CLAUSE**



**Sublimits**

	Up to 10% of the total Sum Insured (90 days reporting)
Automatic Cover Newly Acquired Sue & Labour	100,000
Errors and Omissions	500,000
Fire Fighting Materials and Expenses	100,000
By-Laws & Regulations	250,000
Professional Fees & Claims Preparations Costs	250,000
Extra and Expediting Expenses, any one loss and aggregate	250,000
Onsite Pollution & Clean-up	50,000
Debris Removal - 50% of the insured value, maximum	250,000

**Deductibles**

Earthquake	3%, min. 100,000
Rental Reimbursement/Expense Waiting Period - No. of Hours	48
All Other Losses	50,000

**Basis of Loss Settlement**

- Basis of Valuation in respect of items up to 5 years old as at the date of any insured incident the policy will provide for the replacement of the lost or irrevocably damaged item(s) on an "as new basis" providing the insured values declared at inception / renewal of the policy reflect the Replacement Cost as New values. Items over 5 years old as at the date of any insured incident will be insured for their Current Market Value.

**Special Endorsements/Extensions**

- Other Insurance permitted
- War Risks - subject to Institute Conditions detailed in Institute Clause
- Unintentional Errors & Omissions

**Special Exclusions/Restrictions**

- Terrorism Exclusion
- Authorities Exclusion
- Electronic Data Recognition // Electronic Data
- Toxic Mould Exclusion

**IMPORTANT**

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 OR, IN THE CASE OF AUTOMOBILE INSURANCE,

REF No. MXI 93036301

COVER NOTE

**General Conditions**

- Policy Territory - Worldwide, but excluding transit to, from or within the following countries unless specifically agreed with Insurers prior to the commencement of transit:
  - Afghanistan, Angola, Cuba, Ethiopia, Iran, Iraq, Ivory Coast, Lebanon, Liberia, Libya, Myanmar, Nicaragua, Nigeria, North Korea, Rwanda, Sierra Leone, Somalia, Sudan, Syria, Uganda, Zimbabwe and countries comprised by the former territories of the USSR and/or Republic of Serbia and any country where their local legislation decrees insurance must be effective locally
- Cancellation/Termination – 90 days notice to be given by both parties, except 7 days by Insurer for war, strike, riot, etc.
- Waiver of Subrogation allowed where required by contract
- Extensions and Conditions subject to Canadian Law
- Transit Claims – no settlement without authorization of Insurer
- Notice of Loss

All other Terms and Conditions as per actual policy to be issued.

Policy Period 01 November 2011 to 01 November 2012  
Both dates as at 12:01 a.m. Standard Time at the address of the Insured as shown above.

Coverage Effective 01 November 2011

Insurer	Interest	Premium
AGCS Marine Insurance Company	100.00%	
Total	100.00%	

Aon Reed Stenhouse Inc.

Authorized Signature

Dated 20 October 2011

**IMPORTANT**

PLEASE EXAMINE THIS COVER NOTE AND NOTIFY US IMMEDIATELY IF ANY CHANGE IS REQUIRED  
**THE POLICY CONTAINS A CLAUSE THAT MAY LIMIT THE AMOUNT PAYABLE**

OR, IN THE CASE OF AUTOMOBILE INSURANCE,

**THE POLICY CONTAINS A PARTIAL PAYMENT OF LOSS CLAUSE**

**BINDER FOR  
Flint Energy Services**

**BAP 5945462-03**

**Term  
11/1/11 – 11/1/12**

**Submitted to  
Shaylee Nowicki  
Aon**

**10/19/11**

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**IMPORTANT NOTICE**

This Contract may not include all terms and/or conditions as requested by your submission.

This binder was prepared by:  
Tyrone Mills, CIC, Sr. Underwriter  
Ph (713) 787-5934, Fax (713) 787-5930  
1-800-539-5325  
Tyrone.Mills@zurichna.com

If you want to learn more about the compensation Zurich pays agents and brokers visit:  
<http://www.zurichna.com/producercompensation.com> or call the following toll free number:  
(866) 903-1192. This notice is provided on behalf of Zurich American Insurance Company  
and its underwriting subsidiaries.

Thank you for giving Zurich the opportunity to review your client's insurance needs. Our proposal was prepared based on the exposures you provided, it may not include all the coverages requested.

**Offer is Subject To:**

- Receipt of signed PIP/UM-UIM forms by binding date
- Receipt of acceptable engineering report and compliance with all recommendations within 60 days of receipt by Insured

**Terms & Conditions:**

- Only non-stacked UM/UIM is being quoted in states that allow rejection of stacking and in the states where stacking is mandatory, we are only offering the following limits \$50,000
- Invoicing will be Agency Bill.
- Agent/Broker is responsible for all applicable countersigning fees.
- Applicable taxes will apply to qualifying services.
- Managed care services may be provided by our affiliate company Zurich Services Corporation at other than cost.
- **Zurich's Spill Reporting Online System** – provides: (1) tracking of changes in environmental regulatory requirements; (2) assistance with the coordination of clean-up activities from the initial response through release closure; (3) coordinate and filing of reports with regulatory authorities; (4) notification to your in-house spill team, if requested; and (5) complete data package of outgoing correspondence. To report a spill, call: 1-888-774-5543.
- **Certificates of Insurance** - The Producer is solely responsible for reviewing, completing, signing and holding all Certificates of Insurance that may be required by the prospective insured. If the account is bound, Zurich North America will issue an insurance policy pursuant to the terms and conditions of the binder.
- **Tax Disclaimer** - This proposal is presented to you with the understanding that neither Zurich nor any of its subsidiaries, affiliates, or employees, offer, or purport to offer; advice to you concerning the proper financial, accounting, or tax treatment for the policy of insurance referenced herein and nothing herein should be considered to constitute such advice. If accounting advice, tax advice, or other expert professional assistance is required, you should consult with your own accountant, adviser, counsel, or other similar competent professional with expertise in the required area.
- **Fraud Statement** - Any person who knowingly and with the intent to defraud an insurance company, or a person who files an Application for an insurance Policy or files an insurance claim or statement containing any materially false information, or conceals information for the purpose of misleading an insurance company, commits a fraudulent insurance act which may be subject to both criminal and civil penalties
- **Premium Audit** - Insured may be contacted by one of Zurich's premium auditors to schedule an appointment to complete a premium audit service review. Zurich's service review program is intended to promote a strong relationship between our customers and auditors, and to identify any possible issues that would impact the final audit results. Our auditors will arrange to review the records that will be utilized for final audit and will discuss insured's operations and applicable classifications. The auditor will work to make sure that all parties understand the premium development under the program, to recommend possible record keeping changes and to answer any questions or concerns.
  
- **Legal Bill Review Services** - ZSC/Legal Bill Review Services utilize a rules-based software program provided by an outside vendor and a dedicated staff of legal professionals and support staff to verify the accuracy of electronically submitted legal bills presented under the policy for payment in an effort to control your overall claim costs. As a component of ALAE, each claim file is charged 2.25%\* of the legal charges reviewed through this service.  
 \*Subject to change  
 Notes: Legal Bill Review Services may be provided by our affiliate company, Zurich Services Corporation, at other than cost. Sales tax will apply to qualifying services.
- **Workers Compensation** – Provide number of total employees by location when binding Workers Compensation Coverage.

## COMMERCIAL AUTOMOBILE LIABILITY

COVERAGE	LIMIT	DEDUCTIBLE	COVERED AUTO
Liability	\$2,000,000	75,000	Symbol 1
Medical Payments	\$5,000	n/a	Symbol 2
Uninsured/Underinsured Motorists	n/a		Symbol 6
Symbol 10 Definition=	Description		

<b>Program:</b>	\$75,000 Deductible
<b>Company:</b>	Zurich American Insurance Company
<b>Estimated Premium:</b>	See Premium Summary
<b>Commission:</b>	Net

### Notable Extensions of and Exclusions of Coverage:

- Business Auto Coverage Form
- All State Mandated Endorsements:
- Broad Form Named Insured
- Broadened Pollution Endorsement
- 90 Day Notice of Cancellation - 10 days non-payment
- Designated Insured
  - Any person or organization with whom you have agreed, through written contract, agreement or permit, executed prior to the loss, to provide additional insured coverage.
- Blanket Waiver of Subrogation - when required by written contract
- Schedule of Loss Payees
  - Any person or organization with whom you have agreed, through written contract, agreement or permit, executed prior to the loss, to provide loss payable coverage.
- Additional Insured – Lessor
- Hired Auto Specified as Covered Autos You Own
- Employees as Insureds
- Employee Hired Autos
- Employee as Lessor
- Limited Mexico Coverage
- Knowledge of Occurrence – Corporate Controller
- Premium and Reports Agreement – Composite Rated Policies
- Broad Form Nuclear Exclusion
- Deductible Liability Endorsement
- State Specific UM/UIM /PIP Selection/Rejection Forms
- Drivers Exclusions if applicable, per criteria below
  
- Terrorism forms

**TRUCK TRANSPORTATION MASTER SERVICES AGREEMENT**

THIS CONTRACT made as of June 23<sup>rd</sup>, 2011 (the "Effective Date"),

Between **TALISMAN ENERGY USA INC.** ("Company") and **FLINT OILFIELD SERVICES INC.**, ("Contractor")

**TALISMAN ENERGY USA INC.**

50 Pennwood Place  
Warrendale, PA 15086 USA  
Attention: Collyn Pala, Contracts Analyst  
Supply Management Department  
Email address: cpala@talisman-energy.com  
Type of Entity: Corporation  
Jurisdiction of Formation: Delaware

**FLINT ENERGY SERVICES INC.**

7633 E. 63<sup>rd</sup> PL Suite 500  
Tulsa, OK 74133  
Attention: Terry L. Cooper  
Title/Dept: Vice President, Accounting and  
Administration  
Email address: TCooper@flint-energy.com  
EIN No. : 73-1549387  
Type of Entity: Corporation  
Jurisdiction of Formation: Delaware

In consideration for the mutual promises and conditions contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Company and Contractor hereby agree as follows:

- A. Capitalized terms used in this Signature Page and not otherwise defined are defined in Schedule "A" hereto.
- B. Contractor shall provide all Services as described in Schedule "B" in accordance with the terms and conditions of this Contract.
- C. Subject to the terms and conditions of this Contract, Company agrees to compensate Contractor for the performance of Services as described in Schedule "C" - Rates.
- D. This Contract consists of this Signature Page, Schedule "A" – General Terms & Conditions, Schedule "B" – Scope of Work (including any currently effective Scope of Work, each of which shall form a subpart to Schedule "B"), Schedule "C" – Rates (including any subparts relating to a specific Scope of Work), Schedule "D" – Company Policies and Procedures and Schedule "E" NAO Driving Policy (collectively, the "Contract"). This Contract incorporates the terms and conditions of a bill of lading where prescribed by Applicable Law to the extent described in Paragraph "E". Each of the foregoing parts shall be read and construed as an integral part of this Contract. In the event of any ambiguity or conflict between the parts, the order of precedence shall be as follows: Signature Page, a bill of lading (to the extent described in Paragraph "E" below), Schedule "A", Schedule "D", Schedule "E", Schedule "B" (except as to any subpart of Schedule "B" which expressly alters, amends or adds a provision to Schedule "A", in which case such specific provisions of Schedule "B" shall take precedence over the referenced provisions of Schedule "A" in respect of the specific Scope of Work) and Schedule "C".
- E. If Applicable Laws prescribe that this Contract is deemed to incorporate certain terms and conditions and such terms and conditions are set out in a bill of lading issued by Contractor in connection with a specific transportation obligation hereunder, this Contract shall incorporate such terms and conditions with respect to such transportation, but only to the extent prescribed by Applicable Law. Except for the foregoing, any bill of lading or other transportation document shall serve only as a receipt for the Property, and statement of the quantity, nature and condition of the Property at the time of receipt, and shall not alter the terms set out herein or limit the liability or obligation of Contractor in any manner.
- F. Subject to Paragraph E above, this Contract forms the entire agreement between Company and Contractor relating to the Services described herein and supersedes all prior negotiations, representations, agreements, understandings and dealings between the Parties in respect thereof other than the non-disclosure/confidentiality agreement executed by the Parties, if any, which shall remain in full force and effect and shall survive the completion of the Services and the expiration or termination of this Contract. All obligations, rights and remedies set forth in this Contract: (i) are in addition to any that the Parties may have in law or in equity; (ii) are cumulative; and (iii) may be exercised concurrently; and this Contract shall be read as a whole.

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- G. Subject to Paragraph "E" above, no prior or subsequent agreement between the Parties, written or otherwise, and no tariff, rules circular, or other similar document issued or published by Contractor shall alter the terms of this Contract or the relationship of the Parties (and the terms of this Contract shall take precedence over any such prior or subsequent agreement), except if amended as described in Paragraph H of this Signature Page.
  
- H. Subject to Paragraphs "E" and "G" above, acceptance by Contractor is limited to acceptance of the express terms of this Contract. Any amendments, modifications or qualifications shall only form part of this Contract if they are included in this Contract by way of (i) Change Order issued by Company and accepted by Contractor, or (ii) by the addition of a duly authorized Scope of Work executed by an authorized representative of each Party in accordance with Clause 8.2 of Schedule "A" hereof (including any Schedule "C" subparts relating to a specific Scope of Work). Contractor shall acknowledge its acceptance of this Contract, in writing by signing this Signature Page and returning one (1) copy of this Contract to the Company.

**Executed by the Parties' duly authorized representatives.**

**TALISMAN ENERGY USA INC.**

BY: \_\_\_\_\_  
NAME: \_\_\_\_\_  
TITLE: \_\_\_\_\_

Signed this \_\_\_ day of \_\_\_, 2011.

**FLINT ENERGY SERVICES INC.**

BY: \_\_\_\_\_  
NAME: \_\_\_\_\_  
TITLE: \_\_\_\_\_

Signed this \_\_\_ day of \_\_\_, 2011.

**SCHEDULE "A" – GENERAL TERMS AND CONDITIONS**

attached to and made part of the Truck Transportation Master Services Agreement dated June 23<sup>rd</sup>, 2011  
between Talisman Energy USA Inc. and Flint Energy Services Inc.

**ARTICLE 1 – INTERPRETATION**

**1.1 Definitions**

- (a) "**Affiliate**" means with respect to a Person, another Person directly or indirectly controlling, controlled by or under common control with such Person. For these purposes, control means the power to direct or cause the direction of the management and policies of the other Person, whether directly or indirectly, and whether by virtue of the ownership of shares or other equity interests, the holding of voting rights or contractual rights, as trustee or executor or otherwise;
- (b) "**Applicable Laws**" mean all applicable federal, territorial, provincial, state, local and municipal statutes, laws, by-laws, ordinances, rules, orders (including court orders), regulations, directives, codes, guidelines, policies, safety standards, requirements and specifications in effect from time to time, and any amendments or re-enactments thereto, issued by any Authorities having jurisdiction over Company Group, Contractor Group, the Property and Services, the Worksite, or any of the foregoing;
- (c) "**Authorities**" means any nation or government, or any federal, provincial, state, municipal, county or regional government or governmental authority or other law, regulation or rule making entity, and includes any court, department, commission, bureau, board, agency or regulatory body of any of the foregoing, having jurisdiction over the Property, the Services, the Worksite, any member(s) of Contractor Group or Company Group, or any matter arising under this Contract;
- (d) "**Business Day**" means any day on which Company is open for normal business in Pittsburgh, Pennsylvania, but does not include a Saturday or Sunday or a day on which national banks in the US are closed;
- (e) "**Change Order**" means a written agreement signed after the Effective Date by Company and Contractor, changing the Services or otherwise revising the terms of this Contract;
- (f) "**Claims**" mean all claims, actions, causes of action, suits, proceedings, liabilities and demands, of any kind or type whatsoever and all costs and expenses associated therewith, including without limitation, regulatory fines or enforcement actions, judgments, penalties, interest, settlement fees, court costs and legal fees, and shall include claims of strict liability, absolute liability and liability or fault imposed by Applicable Laws;
- (g) "**Company Contracts Representative**" means the individual listed as the Company contact on the Signature Page, who is responsible for and has authority to act on behalf of Company on matters such as: contract expiration, termination, amendment and Change Orders and to revise the Schedules or body of this Contract including the addition of Scopes of Work and any Schedule "C" subparts relating to a specific Scope of Work;
- (h) "**Company Equipment**" means any Equipment furnished by Company Group from time to time;
- (i) "**Company Group**" means Company, its Affiliates and each of the foregoing parties' shareholders, Personnel (excluding Contractor and Subcontractors) and Company's Invitees;
- (j) "**Company Intellectual Property**" means all Intellectual Property Rights owned by Company Group, provided that Company Intellectual Property shall not include Developments;
- (k) "**Company Related Party**" means any member of Company Group and any of their co-venturers, joint venture partners, co-interest owners, co-lessors, working interest partners in the project and/or facility where the Services are provided and their respective Affiliates and the shareholders, Personnel and Invitees of each of them;
- (l) "**Company Worksite Representative**" means the individual (and any alternate individuals) appointed by Company to act on Company's behalf in all matters relating to the conduct of the Services, except for modifying any provision of this Contract;
- (m) "**Confidential Information**" means all information and data (whether written, oral or by electronic means or any other means) received, reviewed or otherwise acquired, learned or obtained by any member(s) of Contractor Group

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from any Company Related Party or otherwise during the course of, or incidental to, the performance of this Contract, and which in any way concerns the assets, business, operations, opportunities, activities, affairs, undertakings, finances, liabilities or prospects of any Company Related Party, including without limitation: trade secrets, improvements, know-how, discoveries, inventions and patent applications, software, programs, data, codes, methods, processes, proprietary information, data or materials, technology, test procedures and results, drilling, well and facility information, land holdings, land data and land interests, financial and budget information, accounting reports and data, interpretive data, maps, products and business plans, strategies and proposals, personal information regarding customers, employees, workers and landowners, as well as design concepts, engineering drawings, process models, specifications, techniques, and geological, geophysical, geochemical, exploration, development, production, engineering, processing, transportation, marketing or operating information of any kind regarding property or lands on or in the vicinity of property and lands on which a Company Related Party may be conducting operations;

- (n) "**Consequential Damages**" means any special, indirect, consequential, exemplary or punitive damages or losses and includes damages for loss of profits, loss of use, goodwill or anticipated business, except to the extent a party hereto suffers such damages or losses (including costs of defense and reasonable attorney's fees incurred in connection with defending against such damages) to a third party ;
- (o) "**Contract Price**" means all the compensation payable to Contractor for the Services as set out in Schedule "C";
- (p) "**Contractor Equipment**" means any Equipment, furnished by Contractor Group from time to time, regardless of whether such Equipment is intended to be consumed or expended in the performance of the Services;
- (q) "**Contractor Group**" means Contractor, its Affiliates and Subcontractors, and each of the foregoing parties' Personnel, who are in any way involved with the Services or any other matters arising under this Contract, and shall also include Persons who are the heirs and successors of Contractor and its Affiliates, in addition to any Invitees of Contractor Group;
- (r) "**Contractor Intellectual Property**" means all Intellectual Property Rights owned by Contractor;
- (s) "**Delivery Point**" means the specific delivery point(s) as notified to Contractor by Company.
- (t) "**Developments**" means all inventions, improvements, discoveries, formulae, processes, algorithms and know-how produced or developed by Contractor or its Personnel in the performance of this Contract; but excludes Company Intellectual Property, Confidential Information and Documentation;
- (u) "**Documentation**" means all reports, data, logs, charts, drawings, tracings, documents, calculations, computer printouts and items of a similar nature, that Contractor is required by this Contract to produce or develop in connection with the performance of the Services;
- (v) "**Equipment**" means any facilities, equipment, personal protective equipment, machinery, tools, instruments, apparatus, appliances, computers, communication apparatus, software, boilers, electronics, vehicles, parts, structures, temporary structures, vessels, tanks, trailers, rentals and other goods, including items rented by Company from Contractor, used in association with the provision of Services hereunder;
- (w) "**Force Majeure Event**" means any events or circumstances that are beyond the reasonable control of the Contractor that occur after the date hereof and shall include, but not be limited to Acts of God, acts of the public enemy, changes to applicable laws and regulations impacting the performance of the Services, wars or warlike action (whether actual or impending) arrests and other restraints of government (civil or military), blockades, insurrections, riots, epidemics, landslides, lightening, earthquakes, fires, sabotage, named tropical storms and hurricanes that affect the Sites, civil disturbances, tidal waves, explosions, confiscation or seizure by any government or other public authority (each, a "*Force Majeure Event*"); *provided, however*, that no event or circumstance shall be a Force Majeure event or circumstance (a) is due to the act, neglect, omission, breach of contract or of statutory duty, gross negligence or willful misconduct of the Contractor, its Representatives, its subcontractors, (b) is directly or indirectly related to any strike, work action or other labor dispute or disturbance at the Sites or involving employees of Contractor or any of Contractor's subcontractors and which is caused directly or indirectly by the failure of Contractor to use commercially reasonable efforts to resolve such strike, work action or other labor dispute or disturbance; (c) is premised upon Contractor's financial inability to perform; or (d) results from Contractor's failure, or the failure of any of Contractor's subcontractors, to comply with any Applicable Law.
- (x) "**Good Industry Practice**" means those good, sound and professional practices, methods and acts engaged in, approved or followed by a significant proportion of the industry in the relevant region of the US which is involved in

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providing services similar to the Services and any other practices, methods or acts, which accomplish the desired results at a reasonable cost, in an expedient manner and are consistent with Applicable Laws, prudent practice, reliability and safety;

- (y) **"Intellectual Property Rights"** means intellectual, industrial or other proprietary rights, including all rights in all jurisdictions within or outside the US to patents, copyrights, trademarks, service marks, industrial designs, know-how and trade secrets, howsoever arising in law or equity and whether registered or unregistered in any jurisdiction;
- (z) **"Invitee"** means any person not a Party to this Contract whose presence is at the invitation of a Party to this Contract as a guest and not under employment, retainer, contract or subcontract;
- (aa) **"Liens"** mean all liens, claims, charges, security interests and encumbrances arising pursuant to Applicable Laws in respect of the Property or, in respect of the performance of the Services by Contractor Group, against the Property, Worksite, premises, personal and real property of any Company Related Party;
- (bb) **"Losses"** mean all losses, costs, charges, penalties, fines, interest, liabilities, expenses and damages (whether contractual or tortious), of any kind or type whatsoever including reasonable legal fees and expenses, excluding any and all Consequential Damages;
- (cc) **"NAO Driving Policy"** means North America Operations – Health, Safety, Environmental and Operational Integrity Driving and Vehicle Practice attached as Schedule "E" to this Contract;
- (dd) **"Parties"** means Contractor and Company, and "Party" means either one of them, as the context may require;
- (ee) **"Permits"** means all permits, consents, approvals, authorizations, certificates, licenses, memberships in professional associations and similar instruments issued by the proper Authorities or other Person(s) that may be applicable to or are required in association with the delivery of or provision of the Services by a member of the Contractor Group;
- (ff) **"Person"** means any natural person, sole proprietorship, corporation of any kind, unincorporated organization, partnership of any kind, company of any kind, joint venture, association, firm, trust, bank or other organization, whether or not a "legal entity" and includes any Authority;
- (gg) **"Personnel"** means a party's directors, officers, employees, workers, consultants, agents, partners, representatives, suppliers, vendors and Subcontractors in any tier and the employees, workers and agents of such Subcontractors;
- (hh) **"Pick-up Point"** means the specific pick-up point(s) as notified to Contractor by Company;
- (ii) **"Policies and Procedures"** means the policies and procedures of Company Group listed in Schedule "D", including Company's Global HSE Policy, Company's Global Policy on Business Conduct and Ethics (booklet enclosed with and forming part of this Contract), Company's Alcohol and Drug Policy Expectations for Contractors, the NAO Driving Policy and other policies and procedures communicated to Contractor and which are either provided to or are accessible to Contractor on the Company's external website at [www.talisman-energy.com](http://www.talisman-energy.com) and shall include any additional or modified policies which are determined, adopted or implemented by Company Group from time to time and communicated to Contractor;
- (jj) **"Property"** means equipment and/or materials to be transported by the Contractor from the Pick-up Point to the Delivery Point;
- (kk) **"Schedule"** means a schedule referenced in paragraph "D" of the Signature Page;
- (ll) **"Scope of Work"** means a scope of transportation Services attached and forming a subpart of Schedule "B" executed by an authorized representative of each Party in accordance with Clause 8.2 hereof;
- (mm) **"Service Order"** means an order for Services prepared by the Company which specifies or initiates Services and is agreed upon by the Parties;
- (nn) **"Services"** means any services or work which are to be provided by Contractor under this Contract;
- (oo) **"Signature Page"** means the first page(s) of this Contract evidencing the execution of both Parties;

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- (pp) "**Subcontractor**" means any Person to whom execution of any part of the obligations of Contractor hereunder is subcontracted directly or indirectly by Contractor and includes its Affiliates, sub-suppliers, sub-vendors and sub-subcontractors and all of the foregoing parties' Personnel;
- (qq) "**US**" means United States;
- (rr) "**Warranty Period**" means the period described in Clause 2.6; and
- (ss) "**Worksite**" means any place(s) owned, occupied or controlled by Company or a Company Related Party where Property is to be delivered or Services are to be conducted, as may be further described in Schedule "B".

**1.2 Matters of Interpretation** In this Contract, unless specifically stated otherwise:

- (a) the phrase "Contractor Group shall" means that Contractor itself shall abide by such term of the Contract, and in addition, Contractor shall ensure that each member of Contractor Group shall abide by such term of the Contract. Conversely, the phrase "no member of Contractor Group shall" means that Contractor itself shall not do as specified in the Contract, and Contractor shall ensure that each member of Contractor Group shall not do as specified in the Contract.
- (b) "herein", "hereby", "hereunder", "hereof" and similar expressions are references to this Contract and not to any particular clause, article, or Schedule;
- (c) "Article", "Clause", and "Subclause" are references to an Article, Clause or Subclause contained in Schedule "A" of this Contract unless specifically stated otherwise;
- (d) "including" and similar terms mean "including without limitation";
- (e) "\$", "dollars" or other sums of money shall mean US currency, unless specifically stated otherwise;
- (f) words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine and neuter genders;
- (g) headings are for convenience of reference only and shall not affect the construction or interpretation of this Contract; and
- (h) where a word or phrase is defined, its derivatives or other grammatical forms have a corresponding meaning.

**ARTICLE 2 – PERFORMANCE OF THE SERVICES**

**2.1 Performance of Services**

- (a) Strict Compliance
  - (i) Company hereby engages Contractor to perform the Services. Contractor Group shall strictly comply with and perform all Services in accordance with the requirements of this Contract, all Applicable Laws and Policies and Procedures. In the event of differing standards or a conflict between any Applicable Laws, Policies and Procedures and this Contract, Contractor Group shall meet the higher standard in the performance of Services and in all activities relating to and in support of the Services, whether at the Worksite or offsite. Contractor agrees not to subcontract, broker, interline or use substituted transportation services by rail, motor carrier or any other means or by any other entity without advance written approval from Company. If for any reason this is done without such Company approval, Contractor shall be liable to Company for any cargo loss, damage, or injury to the same extent as if Contractor performed the service.
  - (ii) Contractor represents and warrants that it is a motor carrier under 49 U.S.C. § 13102(12) and it is duly registered with the US Department of Transportation pursuant to 49 U.S.C. § 13902 and 13905. To the extent this Contract applies to any transportation of Property which originated in Canada, Contractor represents and warrants that it is authorized and qualified to provide such service and shall comply with all Applicable Laws relating to such transportation. All transportation or other Services performed by Contractor within Canada pursuant to this Contract shall be performed pursuant to such Canadian operating authority, the terms and conditions of this Contract and all Applicable Laws, and all transportation or other Services performed by Contractor within the US pursuant to this Contract shall be

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performed pursuant to such US operating authority, the terms and conditions of this Contract and all Applicable Laws.

- (iii) Without limiting the foregoing, Contractor Group shall have a safe driving practice that meets or exceeds the minimum requirements established in the NAO Driving Policy.
  - (iv) Company may specify health, safety and environment requirements in addition to those provided, or supplement them with additional detail, and reserves the right to supplement or amend those requirements from time to time, with Contractor promptly and reasonably addressing all deficiencies. Company reserves the right to audit the compliance program adopted by Contractor Group and observe compliance or non-compliance of Contractor Group, its Equipment and Personnel with the Contract, Policies and Procedures and Applicable Laws.
  - (v) Where Contractor will transport Property into or originating from Canada, Contractor affirms that it maintains a Motor Vehicle Transport Act safety rating of "Satisfactory – Audited" and otherwise complies with the National Safety Code for commercial road transportation. Where Contractor will transport Property into or originating from the USA, Contractor affirms that it maintains a Federal Motor Carrier Safety Administration (FMCSA) safety rating of "Satisfactory". Where there is any change in the regulatory safety rating of Contractor, it agrees to immediately notify Company. Contractor shall comply with and nothing in the Contract shall be construed as waiving Contractor's compliance with all statutory registrations, insurance and/or safety requirements under Applicable Law.
- (b) Due Diligence Contractor Group shall perform the Services with due diligence, in a competent, careful, efficient and professional manner and in accordance with Good Industry Practice. Despite utilizing such efforts and practices, Company acknowledges and agrees that due to events which are outside the reasonable control of the Contractor Group, Contractor Group makes no representation, warranty or guarantee regarding the availability of equipment or manpower available for use in connection with the performance of the Services. Contractor Group shall not be liable for any delay caused by a Force Majeure Event.
- (c) Services Schedule & Deadlines Contractor Group shall perform the Services in accordance with the time schedule, deadlines and Services coordination procedures set out in Schedule "B", if any, or as otherwise directed by the Company Worksite Representative.
- (d) Use of Equipment Contractor Group shall:
- (i) supply and mobilize, at its own expense and cost, all necessary Equipment suitable for the safe, legal and efficient performance of the Services (other than such items Company specifically agrees to furnish in advance of tendering any shipment of Property to Contractor Group for transportation); and
  - (ii) maintain all Equipment supplied or used by Contractor Group in a neat, clean, mechanically safe and normal operating condition, fit for use for which they are intended and capable of the degree of performance specified in the Contract. Contractor Group shall use all such Equipment only for the manufactured use intended, in a safe manner and in accordance with manufacturer's specifications and recommendations and good engineering and operational practices.
- (e) Contract Carrier Status Without waiving or excusing the Contractor's obligation to comply with all statutory registrations, insurance and/or safety requirements, Company and Contractor intend that the contractual arrangement be that of contract motor carrier and for the terms and conditions of the Contract to take precedence over any terms and conditions which might apply to a shipper and common carrier. Any use of form bills of lading, or other freight documents referring to "common carriers" and/or "tariffs", shall not alter the relationship hereunder. The rules, rates and charges herein will apply to the exclusion of all other rules, rates or charges published between the same points, and the same routes, in Contractor's tariffs or publications, if any, except to the extent such tariffs are relevant to establishing the reasonable rates for shipments not otherwise specified by the Parties.
- (f) Non-Exclusive Contract This Contract is not exclusive and the Company does not guarantee any minimum quantity of shipments. Any estimate of shipping volume is for planning purposes only. Company is free to use any other transportation provider or any other means of transport for the same or similar Property without any obligation to Contractor Group. This Contract does not consider or imply a commitment by Contractor to accept any particular Service Order.
- (g) No Commingling of Property Contractor shall not commingle Property with other Property or Property of other shippers without Company's prior written consent.

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- (h) Drivers Contractor Group's drivers shall:
- (i) be courteous and present a neat appearance;
  - (ii) comply with all operational procedures for the Worksite or other loading or unloading facilities;
  - (iii) provide driver abstracts, permits and tickets to Company upon request; and
  - (iv) when on the Worksite or third party facilities loading or unloading the Property, or when entering into and exiting such property, drivers shall minimize interference with the operations and shall take all necessary precautions to protect the premises and all persons and property thereon from damage or injury.
- (i) Hazards For any Services conducted on a Worksite, Contractor Group shall participate carefully in any Company defined or directed orientation which may include site and Company sponsored orientation or training; 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. Company shall accept no responsibility for the failure of Contractor Group to gain a full understanding of any difficulties and hazards and shall not be liable for any increase in compensation, cost or expense to Contractor for Contractor Group's failure to reasonably anticipate difficulties and hazards that may be encountered. Any costs related to any such orientation and training shall be at the Contractor's expense.
- (j) Force Majeure Event Except as specifically provided for in this Agreement, Company shall not be responsible or liable for, or deemed in breach hereof because of, any delay in the performance of any Services or of any of its obligations under this Agreement when and to the extent that such failure of performance or inability to deliver or accept services hereunder shall be caused by a Force Majeure Event.

**2.2** Intentionally Deleted

**2.3** Subcontracting Contractor shall not subcontract the whole or any part of this Contract (including, without limitation, any part of the transportation hereunder) without Company's prior written consent, which may be withheld in Company's reasonable discretion. Written authorization of subcontracting or bill of lading shall constitute such consent.

- (a) No subcontract shall relieve Contractor of any of its duties, obligations or liabilities under this Contract, and Contractor shall be liable for the acts, defaults and omissions of its Subcontractors or any other members of the Contractor Group as fully as if they were the acts, defaults or omissions of Contractor, whether or not such acts, defaults or omissions were known to or authorized by Contractor.
- (b) Contractor shall ensure that all members of the Contractor Group are aware of and conform to all of Contractor's obligations in this Contract (including compliance with Applicable Laws and Policies and Procedures).

**2.4** Independent Contractor

- (a) Contractor shall be an independent contractor with respect to all Services performed hereunder. No member of Contractor Group shall be deemed for any purpose to be the agent, employee, servant, partner, representative, subcontractor or joint venture partner, of any Company Related Party. This Contract does not create an employment, agency, partnership, joint venture or other joint relationship between the Parties. Company Group shall have no direction or control over Contractor Group except in the results to be obtained from the performance of the Services. Contractor Group shall be under the complete control and direction of Contractor and shall not be deemed or construed to be employees, agents, representatives or subcontractors of Company or any Company Related Party. For clarity, nothing contained in this Contract shall be construed to create any contractual relationship between any Company Related Party and the employees, agents, representatives and Subcontractors of Contractor.
- (b) Further to Subclause 2.4(a) above, Company shall not make any deductions or withholdings from fees payable to Contractor, nor shall Company Group be in any way responsible to Contractor Group for any employment insurance, workers' compensation or pension plan contributions, income tax or any other responsibilities or payments required by Authorities in respect of employees. All such amounts shall be the responsibility of Contractor Group and Contractor shall provide Company with proof of compliance with these requirements upon request. Contractor Group shall be solely responsible for ensuring that each Person associated with it complies

with all immigration requirements and obtains all necessary Permits to enable performance of its obligations hereunder.

**2.5 Warranties**

(a) Services Warranty Contractor warrants that:

- (i) the Services shall be performed in a good and workmanlike manner;
- (ii) Contractor Group has the resources, skills and ability to perform the Services in accordance with this Contract and all Services performed and Equipment used in connection therewith shall comply strictly with Applicable Laws, Policies and Procedures, Good Industry Practice and the specifications referred to in this Contract or as hereafter furnished by Company Group;
- (iii) Contractor Group's Personnel are properly qualified and experienced in their respective capacities, and
- (iv) the Services shall be free from material errors, omissions, defects and deficiencies.

(b) Intentionally Deleted

(c) Equipment Warranty Contractor warrants that the Equipment:

- (i) shall be maintained and operated in a good and workmanlike manner;
- (ii) shall be maintained and used in accordance with manufacturer's specifications and recommendations and good engineering and operational practices and Contractor shall make maintenance records available to Company upon request;
- (iii) complies with specifications for equipment for such transportation prescribed by any Applicable Laws, including those of the Federal Motor Carrier Safety Administration, OSHA and the National Safety Code of Canada, where applicable. All trailers or cargo compartments shall be equipped so as capable of being placarded with placards identifying the Property being delivered where required by Applicable Laws, Policies and Procedures or other Company requirements. The placards shall be of size and dimensions specified by the facility where the Property is loaded or by Applicable Law;
- (iv) shall be uncontaminated, clean and in good appearance on the exterior, and the interior of bulk trailers shall be free of incompatible materials or materials which would contaminate the Property and leak proof; and cargo compartments for packaged goods shall be clean, dry, leak proof and odor free; and
- (v) shall be fully inspected with equipment certifications available to the Company upon request.

**2.6 Warranty Period** Contractor's obligations, guarantees and warranties set forth in Clause 2.5 shall apply for the period commencing on the date such Services were completed and ending twelve (12) months from the earlier of: (i) the date on which Company is obliged to pay Contractor's final invoice with respect to the Services; or (ii) termination of this Contract (the "Warranty Period"). The Warranty Period in respect of any repaired, replaced or corrected Services shall recommence for a further period of twelve (12) months from the date of completion of the entire repair, replacement or correction of the error, omission, defect, deficiency or damage.

**2.7 Intentionally Deleted**

**2.8 Care, Custody and Control**

(a) In circumstances where the Property is being:

- (i) loaded on to and off-loaded from the Equipment by others, Contractor shall have care, custody and control of the Property after loading by Others, up to the commencement of off-loading by Others;
- (ii) loaded on to the Equipment by Contractor but off-loaded by others, Contractor shall have care, custody and control of the Property from commencement of loading by Contractor, up to commencement of off-loading by others;

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- (iii) loaded on to the Equipment by Others but off-loaded by Contractor, Contractor shall have care, custody and control of the Property after loading by Others, up to completion of off-loading by Contractor; and
  - (iv) loaded on to and off-loaded from the Equipment by Contractor, Contractor shall have care, custody and control of the Property from commencement of loading by Contractor up to completion of off-loading by Contractor.
- (b) When transporting Property which is liquid in bulk, Contractor shall have care, custody and control after the Property passes from the loading facility's last permanently installed flange connection of its loading equipment, up to when the Property passes into the first permanently installed flange connection of the receiving facility.

**2.9 Additional Environment, Health and Safety Responsibilities and Liabilities** In addition to the Policies and Procedures, Contractor shall comply with the following:

- (a) Dangerous Goods Transportation of any dangerous goods (hazardous materials), substances or wastes shall be in compliance with Applicable Laws. Contractor shall be fully responsible for any release or threatened release of dangerous goods (hazardous materials), substances or wastes Contractor is transporting, or arising out of any violation of Applicable Laws relating to Contractor's transporting, handling or disposal of any dangerous goods (hazardous material), substance or wastes. Contractor further certifies that its employees (including drivers) have been trained and instructed in the proper method of transporting hazardous materials.
- (b) Environmental Incidents If, in the course of the transportation of Property or performance of the Services by Contractor Group, there is any release or threat of release or other environmental incident involving Property shipped, Contractor shall promptly commence and carry out cleanup or other action to remedy or mitigate the consequences thereof, and shall pay all costs and expenses associated therewith. Contractor shall notify all persons required by Applicable Laws to be notified and those identified in the Policies and Procedures including the Company Worksite Representative. Any remedial actions shall be completed as may be directed and to the satisfaction of the Company. Should Contractor fail to promptly undertake necessary action as required hereunder, Company may undertake any such action, and, upon Company's demand, Contractor shall provide prompt reimbursement to Company of the costs and expenses of any such measures taken. Contractor trucks shall be equipped with a spill kit acceptable to the Company.
- (c) Waste Disposal Contractor shall dispose of any hazardous waste in accordance with Applicable Laws. Waste disposal shall be at a waste site approved by Company. Should Contractor fail to promptly undertake necessary response action as required hereunder, Company may undertake any such action, and, upon Company's demand, Contractor shall provide prompt reimbursement to Company of the costs and expenses of any such measures taken.
- (d) Hazard Communication Upon request, Company or its suppliers shall provide to Contractor Material Safety Data Sheets which include health, safety and other hazard communication information consistent with Applicable Laws for Property loaded, handled and/or transported by Contractor. Contractor acknowledges that it has or will read such information and will implement policies and practices relating to such Property to ensure compliance with Applicable Law. Contractor acknowledges it understands governmental and other relevant standards relating to the Property and its constituents and will implement them. Contractor shall disseminate appropriate health and safety information to all Personnel Contractor foresees may be exposed to the Property in the course of delivering the Services.
- (e) Task Planning Contractor, in consultation with Company Worksite Representative and third party participants (as required) shall perform planning efforts to ensure compliance with safe loading/unloading practices and instructions, journey management plans (including the identification, minimization and communication of route hazards and specifications and safe rest areas) and the identification of personnel on-duty limitations and prescribed rest periods.
- (f) Compliance with US Laws Contractor warrants that it is fully qualified and authorized to transport hazardous materials in the US. Contractor further certifies that it is familiar with US laws and regulations applicable to the transportation of hazardous materials and it will comply with all such laws and regulations.
- (g) ISN Rating Contractor shall maintain continued HSE qualification through ISNworld at an "A" or "B" rating and shall immediately notify Company of any changes to such HSE qualification.

**2.10 Business Markings and Advertising** Contractor's Equipment shall not carry trademarks, logos or words identified with Company or any Company Related Party except where Company has given prior written approval. Contractor's Equipment may be marked with the name of Contractor's business, with its trademarks and logos, but Contractor will advise Company of any intention to carry Property in equipment marked with names, logos, trademarks of others and any advertisement. Company reserves the right to require Contractor to utilize Equipment free of such marks of others or advertising.

### ARTICLE 3 – TERMINATION, SUSPENSION AND TERM

#### 3.1 Termination

- (a) Termination for Convenience Company may terminate this Contract or any applicable Scope of Work, in whole or in part, at any time for its convenience and without cause by giving written notice to Contractor to that effect, and in such event the effective date of termination of this Contract or applicable Scope of Work shall be the date set out in such notice. Company shall pay Contractor's reasonable costs incurred related to all performed services to the date of termination and reasonable costs incurred as a direct result of such termination, provided that in no event shall Company Group be liable to Contractor for any other Losses or Consequential Damages incurred by Contractor Group as a result of the termination or any unperformed Services.
- (b) Termination for Cause If Company is or becomes aware of any default by Contractor or failure to comply in full with its obligations set forth in this Contract (a "default"), Company will give Contractor written notice describing the default and demanding that immediate corrective action be taken to cease and remedy the default (the "Corrective Action Notice"). Upon receipt of the Corrective Action Notice from Company, Contractor shall immediately correct any such default to Company's reasonable satisfaction and Contractor shall make no claim against any Company Related Party for compensation or damages in respect of the same. If, in the sole opinion of Company acting reasonably, Contractor fails to take immediate action satisfactory to Company to remedy such default, and/or to prevent or mitigate damage to property or harm to people arising from such default and to diligently complete such remedy thereafter, Company may, without prejudice to its other legal or contractual rights, issue a written notice to Contractor terminating this Contract in whole or in part. In addition, Company may, without prejudice to its other legal or contractual rights, terminate this Contract at any time without notice and with immediate effect if, in the reasonable opinion of Company: Contractor is grossly negligent, engages in willful misconduct and/or practices that do not comply with Applicable Laws, Policies and Procedures or Good Industry Practice; or if Contractor becomes insolvent, makes an assignment for the benefit of creditors, is adjudicated as bankrupt, admits in writing its inability to pay its debts generally as the same come due, institutes procedures under any law for relief of debtors or for the appointment of a receiver, trustee or liquidator of Contractor; or, should a voluntary petition for bankruptcy or reorganization or an adjudication of Contractor as an insolvent or a bankrupt be filed, or should an attachment be levied upon Contractor's Equipment. Contractor shall not be entitled to any costs incurred as a result of such termination other than as specified in Subclause 3.1(c).
- (c) Right to Payment upon Termination In the event of any expiration or termination of this Contract, Company shall be liable to Contractor (and not any other member of Contractor Group) for payment for Services performed to the date of termination subject to any remedies Company Group may be entitled to under the terms of this Contract. If this Contract is terminated pursuant to Article 3.1(a), Company shall be liable to Contractor (and not any other member of Contractor Group) for payment for reasonable costs incurred as a direct result of such termination. If this Contract is terminated while any Scope of Work is in effect, and such Scope of Work is not terminated as provided for in the Contract, then this Contract shall continue only in respect of such Scope of Work until the Service Order is completed or terminated in accordance with Company's instructions.

**3.2 Term** The term of this Contract shall commence on the Effective Date and terminate on the later of the date:

- (i) that is five years from the Effective Date; or
- (ii) on which all Scopes of Work under this Contract have been completed;

unless earlier terminated in accordance with the terms hereof.

#### 3.3 Suspension

- (a) Suspension for Convenience Company may suspend performance of this Contract, in whole or in part, at any time for its convenience, Company shall pay Contractor's reasonable costs incurred as a direct result of such suspension, provided that in no event shall Company Group be liable to Contractor for any other Losses or Consequential Damages incurred by Contractor Group as a result of the suspension. Upon notice by Company as

to resumption of performance, Contractor shall promptly resume performance of this Contract to the extent requested by Company, in which event Company shall pay Contractor's reasonable re-mobilization costs related thereto.

- (b) Suspension for Cause If Contractor's performance of this Contract involves a hazardous or unsafe condition which is not promptly abated or eliminated, or a failure to comply with Applicable Laws or Policies and Procedures, Company may, without prejudice to its other legal or contractual rights, issue an order immediately stopping all or any part of the performance of this Contract, in which case Contractor shall not be entitled to any further compensation or damages by reason of or in connection with such stoppage. If performance is stopped hereunder, Contractor shall not be permitted to restart performance until such hazard has been abated or eliminated.
- (c) Conduct Upon Suspension In the event of any suspension or stoppage of performance of this Contract, Contractor Group shall, except as otherwise directed by Company, take all necessary steps to preserve and protect the Services in progress, the completed Services and the Property in transit, whether located at the Worksite or offsite and cooperate with Company to minimize the impact of the suspension or stoppage. Suspended Equipment, including maintenance and liability shall be at the Contractor's peril and cost, except that rental Equipment during suspension, and remobilization of Equipment for resumption of Services shall be at the Company's cost. In the event of such suspension and at Company's notification to Contractor, Contractor shall demobilize rental Equipment from the Worksite within a reasonable time period from the date of notification.
- (d) No Guarantee of Availability Contractor makes no representation or warranty regarding the availability of any Equipment or Personnel during or after any suspension period.

**3.4 Conduct Upon Termination** Upon any expiration or termination of this Contract, Contractor Group shall immediately discontinue performance of this Contract and:

- (a) preserve and protect the Services in progress, the completed Services, the Property in transit, the Equipment purchased for or committed to the Services, whether located at the Worksite or offsite, and deliver the possession and title to all of the foregoing to Company or other party, in accordance with Company's instructions;
- (b) return to Company any Company or Company Related Party Equipment, materials, Confidential Information and other property (including keys and access cards which are the property of Company Group) and remove any Contractor Group Equipment, people and other property from the Worksite, and any storage areas, including all refuse and waste materials resulting from performance of this Contract;
- (c) cooperate with any incoming contractor in order to provide for effective knowledge transfer and a seamless transition, and
- (d) Contractor Group shall make no Claim against any Company Related Party for compensation, Losses or Consequential Damages incurred by reason of or in connection with Company's termination of the Contract except as expressly provided for herein.

#### **ARTICLE 4- PAYMENT PROVISIONS**

**4.1 Contract Price** As full and final consideration for the Services performed by Contractor, Company agrees to pay Contractor the Contract Price and Contractor waives any right to claim for other compensation. For greater certainty, unless otherwise specified in Schedule "C", the Contract Price shall include: (i) •; and (iii) customs duties or tariffs and excise taxes to the delivery point; and all costs, expenses or amounts associated with the Services, including without limitation, any amounts in respect of meals, accommodation, transportation, telephone charges, photocopying, travel time, stand-by time (such as weekend layovers near the Worksite) or incremental overtime rates. Company shall have no obligation to compensate any other member of the Contractor Group for Services performed hereunder.

#### **4.2 Invoicing**

- (a) Contractor shall invoice as specified in Schedule "C", provided that if Schedule "C" does not specify an invoicing schedule, Contractor shall, on a monthly basis, submit to Company one (1) invoice. Submitted invoices shall be in a form satisfactory to Company Accounts Payable Department and must comply with this Clause 4.2.
- (b) Contractor shall have one hundred and eighty (180) days after the completion of its Service obligation with respect to a particular shipment to invoice Company for all amounts due and outstanding under the Contract in connection

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with that shipment. In the event Contractor fails to invoice Company for all amounts due within such period, Contractor shall release Company from any obligation to pay such amounts.

- (c) No invoice shall include gross-up amounts in respect of any amounts withheld pursuant to Applicable Laws or this Contract, and Contractor shall ensure that such 'no gross-up' clause is included in any contract with Subcontractors in respect of the Services.
- (d) All invoices, correspondence and time sheets must reference the Contract number listed on the Signature Page, well number, area (if applicable) and Contractor's Employer Identification Number ("EIN"). The invoice must itemize the following information and show as separate line items on the invoice: (i) fees for Services; (ii) reimbursable expenses (excluding sales tax paid); (iii) any additional amounts, (iv) amounts withheld pursuant to Applicable Laws, (v) any taxes payable by Company pursuant to Clause 5.3, shown as separate items, (vi) the amount of any applicable sales tax payable, (vii) grand total of invoice and (viii) if not already provided to Company, a completed Form W-9 including Contractor's EIN or Social Security number, as applicable.
- (e) All invoices shall be clearly marked "Attention Accounts Payable Department" and must be sent, together with time sheets, receipts and appropriate supporting documents directly to:

TALISMAN ENERGY USA INC.  
50 Pennwood Place  
Warrendale, PA 15086 USA

All remittance for invoices shall be forwarded to the address for Contractor set out on the Signature Page. In the event the requirements of this Clause 4.2 are not met, the invoice may be returned unpaid, or payment may be delayed.

- (f) Contract will comply with any SAP related training and facilitation as requested by Company.

**4.3 Payment**

- (a) If Contractor has not received payment of an invoice within forty-five (45) days, it shall notify Company of the same in writing.
- (b) In the event that Company disputes any invoice, Company shall provide a written notice of fees in dispute including details to Contractor in a timely manner and Company shall be entitled to withhold payment of the portion of the invoiced amount relating to the dispute.
- (c) Subject to the acceptance of the Services by Company, and permitted or required offsets or withholdings, Company will pay to Contractor, within thirty (30) calendar days from receipt by Company of an invoice in accordance with Clause 4.2, the net invoice amount less: amounts in dispute, amounts subject to Liens, amounts paid by Company to remedy any default by Contractor, and amounts withheld or set off pursuant to this Contract or Applicable Laws. Non-payment by Company Group of any amount in dispute shall not alleviate or modify in any respect, Contractor's obligations to perform all Services in accordance with this Contract.
- (d) Unless otherwise mutually agreed, each payment by Company to Contractor shall be made by a wire transfer to Contractor's bank account number and bank as specified on the invoice. If such bank account and bank is not specified on the invoice, then payment shall be made by check posted to Contractor's address for notices.

**4.4 Payment not Waiver or Acceptance** Payment of an invoice(s) by a member of Company Group shall not constitute "acceptance by conduct" of rates or fees charged by Contractor which are not in accordance with Schedule "C" and have not been agreed to by a Change Order; nor shall such payment constitute: (a) acceptance by Company of an amendment to this Contract; (b) the formation of a new contract; (c) waiver by Company of the provisions of this Contract regarding rate changes, invoicing, right to audit, warranties, Warranty Period, default; or (d) acceptance by Company of the Services or any part(s) thereof. Final payment to Contractor shall not relieve Contractor of any of its obligations or liabilities under this Contract. The payment of any invoice shall not prejudice Company Group's right to dispute such invoice.

**4.5 Right to Withhold** Any payments required to be made under this Contract are subject to any holdbacks or withholding required by Applicable Laws or expressly permitted by the terms of this Contract. Subject to the indemnity and insurance provisions herein, Company shall be entitled to offset any amount that it believes in good faith is owed by Contractor to Company or an Affiliate of Company, pursuant to this Contract, against any amount due to Contractor hereunder.

**4.6 Right to Audit**

- (a) Contractor Group shall maintain all records pertaining to the performance of its obligations under this Contract for a period of 24 months after completion of such performance. Company Group, upon reasonable notice in writing to Contractor, shall have the right at any time within such 24 month period to audit such records as may be reasonably necessary for the purposes of ensuring that the obligations of Contractor are being performed in accordance with this Contract and for substantiating any charges appearing on invoices rendered by Contractor.
- (b) Contractor shall within thirty (30) days of receiving notice from Company of an overcharge disclosed by such an audit, either: (i) reimburse Company for the amount of such overcharge if such amount has already been paid by Company, including interest on such overcharge at an annual rate equal to the rate of interest established from time to time by the [Royal Bank of Canada] as its "Prime Rate" plus 2% from the date such amount was originally paid by Company, or (ii) dispute the amount of such claim in good faith and in writing to Company. Failure of Contractor to respond to any such notice within such thirty (30) day period shall be deemed to be an acceptance by Contractor of the amount claimed, and the amount claimed shall be immediately due and payable to Company.
- (c) Company shall bear all costs arising from an audit of the Services (described in Section 4.6(a) above) unless such audit discloses an overcharge of 15% or more in the accuracy of any invoice, in which case Contractor shall reimburse Company for a portion of the actual reasonable costs of the audit, such portion being equal to the actual reasonable costs of the audit multiplied by a fraction, the numerator of which shall be the amount of the overcharged invoice(s) and the denominator of which shall be the total of all invoices submitted by Contractor during the period covered by such audit.

**ARTICLE 5- RESPONSIBILITIES OF CONTRACTOR**

**5.1 Confidential Information** Contractor covenants and agrees that it shall not, and shall require that Contractor Group shall not, at any time during or after the term of this Contract, reveal, divulge, or otherwise make known to any Person, or use for its own account or for any purpose other than the performance of its obligations hereunder, any Confidential Information, unless such Confidential Information has become part of the public domain through no fault of any member(s) of Contractor Group. Upon completion of all Services hereunder or upon expiration or termination of this Contract, Contractor Group shall immediately return all Confidential Information, delete all computer files and shall not copy and retain any Confidential Information by any means or media (except as otherwise required by Section 4.6(a)).

**5.2 Ownership of Intellectual Property**

- (a) Company Group shall retain full ownership of Company Intellectual Property and Contractor Group shall retain full ownership of Contractor Intellectual Property.
- (b) Company shall be the exclusive owner of the Documentation and all Intellectual Property Rights in and to the Documentation. Contractor Group shall cooperate fully with Company with respect to signing further documents and doing such acts and other things reasonably requested by Company to confirm the transfer of ownership of the Documentation, the waiver of moral rights therein, and to obtain or enforce any Intellectual Property Rights or other property rights therein.
- (c) Contractor shall be the exclusive owner of the Developments and of all Intellectual Property Rights in and to the Developments. Company shall cooperate fully with Contractor with respect to signing further documents and doing such acts and other things reasonably requested by Contractor to confirm the transfer of ownership of the Developments, the waiver of moral rights therein, and to obtain or enforce any Intellectual Property Rights or other property rights therein.
- (d) Contractor hereby grants to Company Group an irrevocable, perpetual, non-exclusive, royalty-free, world-wide license to use, reproduce, support and modify for its own internal use:
  - (i) Contractor Intellectual Property and the Developments to the extent necessary to realize the full benefit of the Services and Documentation; and
  - (ii) Contractor Intellectual Property directly derived from the Developments or any Company Intellectual Property or Company know-how.

**5.3 Taxes and Withholding**

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- (a) Contractor is solely responsible for and shall pay all taxes, duties, fees, charges and levies assessed against Contractor Group or any Contractor Group Personnel arising out of this Contract or the Services provided hereunder including, without limitation, taxes assessed on account of Contractor's revenues or profit ("Taxes") with the exception of any applicable sales tax, which Company shall pay and Contractor shall remit to the appropriate Authorities where required under Applicable Laws.
- (b) Contractor Group shall cooperate with and make every non-monetary effort to assist all Company Related Parties in obtaining any available remission, rebates, credits, deductions, exemptions and refunds for all Taxes and any related interest, fines or penalties. All such amounts received as refunds or otherwise shall accumulate to the benefit of Company and be itemized and expressly set off against money owed to Contractor by Company.
- (c) **Intentionally Deleted**
- (d) If Contractor is subject to withholding for income tax or other purposes, Contractor shall notify Company and Company shall withhold all amounts required to be withheld by Company by Applicable Laws. Contractor shall indemnify all Company Related Parties for, and Company shall be entitled to set-off against, any and all Claims and Losses incurred or suffered by any Company Related Party in relation to withholding requirements. Unless Contractor provides Company with written notice prior to the Effective Date that it is subject to such withholding requirements, Contractor shall be deemed to have represented and warranted to Company that it is not subject to withholding for such purposes.

**5.4 Insurance and Workers' Compensation**

- (a) Services Contractor shall at its own expense, secure, maintain and continuously carry for the duration of the term of this Contract (including the Warranty Period), and Contractor shall ensure that each of its Subcontractors secure, maintain and continuously carry for the duration of the term of this Contract (including the Warranty Period), the following insurance:
  - (i) Workers Compensation or equivalent insurance to the full extent required by the Applicable Laws of the jurisdiction in which the Services is performed and wherever the contracts of employment of the insured party are made or expressed to be made and, if the insured party is a US resident, Employers' Liability Insurance (including Occupational Disease) in an amount of not less than Two Million (\$2,000,000) dollars;
  - (ii) Motor Vehicle Insurance
    - (A) Liability Insurance for Operation of Motor Vehicles covering all motor vehicles owned, leased, operated and licensed by Contractor Group, with limits of not less than Five Million (\$5,000,000) dollars inclusive for bodily injury including death of one or more persons, and/or damage and destruction to property as a result of any one accident; and
    - (B) Motor Truck Cargo Insurance covering all property under the care, custody or control of the Contractor Group against all risks of physical loss or damage in an amount not less than Two Million (\$2,000,000) dollars for any one loss at any one time. Motor Truck Cargo Insurance shall not exclude coverage for infidelity, fraud, dishonesty or criminal acts of Contractor Group's employees, agents, officers or directors. Company shall be named "Loss payee" on the Motor Truck Cargo Insurance.
  - (iii) Comprehensive General Liability Insurance on an occurrence basis, with a limit of not less than Five Million (\$5,000,000) dollars inclusive for bodily injury including death of one or more persons, and/or damage to, destruction of and loss of use of property, and such coverage shall include: Products and Completed Operations Liability, Blanket Contractual Liability, Tortious Liability, Contractor's Protective Liability, Personal Injury, Broad Form Property Damage, Non-Owned Automobile Liability, Contingent Employers' Liability, Cross Liability, Sudden and Accidental Pollution Liability, Forest Fire Fighting Legal Liability and Severability of Interest; and if Contractor is a US resident, Company Owners' and Contractors' Protective;
  - (iv) All Risk Property Insurance covering all risks of physical loss or damage to property of every description owned by Contractor or for which Contractor is legally liable or responsible, for an amount not less than the replacement value of such property, and providing a waiver of subrogation against all Company Related Parties; and
  - (v) Any other insurance required by Applicable Laws of the jurisdiction where the Services are performed.

(b) Intentionally Deleted

(c) Policy Requirements Each policy of insurance obtained and maintained by Contractor and its Subcontractors pursuant to this Contract shall:

- (i) be held with insurance company(ies) having a Best's Insurance Guide Rating of "A minus" (A-) or better;
- (ii) provide, by endorsement or otherwise, that the insurer(s) waives all its or their rights, whether by subrogation or otherwise, as against each Company Related Party;
- (iii) name each Company Related Party as an additional insured;
- (iv) provide liability coverage on an "occurrence basis" as opposed to a "claims made basis";
- (v) provide that the coverage is primary to and shall not be "in excess" of any insurance coverage maintained by the Company Related Parties;
- (vi) provide that thirty (30) days written notice shall be given to Company prior to any alterations, terminations or cancellations of any such policy(ies);
- (vii) grant Company Group the right to request a certified copy of any policy of insurance required in this Article; and
- (viii) provide that such policy shall survive the default or bankruptcy of the insured party for claims arising out of an event before such default or bankruptcy.

(d) Prior to the commencement of performance of this Contract and at any time thereafter (including the Warranty Period), Contractor shall provide Company with evidence of the insurance required hereunder in respect of any member of Contractor Group in the form of certificates of insurance or as otherwise requested, within six (6) Business Days of such request by Company.

(e) All deductibles on each policy of insurance required by this Article shall be paid by the appropriate member of Contractor Group, and Contractor shall ensure that such deductibles are paid by the required dates to prevent any lapse in coverage.

(f) The limits of insurance coverage listed herein do not limit Contractor Group's obligations or financial liability under this Contract.

(g) The Parties agree that, regardless of whether:

- (i) Company has received proof of insurance that fails to comply with the provisions of Subclauses 5.4(a), (c) and/or (d) from any member of Contractor Group; or
- (ii) any member of Contractor Group fails or refuses to provide proof of insurance or fails to carry the necessary insurance; and/or
- (iii) Company allows any such member of Contractor Group to perform the Services; and/or
- (iv) any of the policies of insurance required by this Contract are cancelled, terminated or are materially modified;

none of the foregoing circumstances shall constitute waiver by Company of Contractor's obligations under this Contract, nor shall such a situation constitute acceptance by conduct by Company or acquiescence to a variation of the terms of this Contract by Company. In addition, in any of the situations listed above, the Company Related Parties shall not be estopped from asserting against Contractor, any claim(s) for failure of Contractor to meet its insurance obligations under this Contract.

(h) Workers' Compensation

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- (i) Contractor shall register and shall require that its Affiliates and Subcontractors register with the Workers' Compensation Board for the jurisdiction(s) in which the Services are provided and will obtain coverage and require its Affiliates and Subcontractors to obtain coverage for all Personnel who are in any way involved with the provision of the Services or any other matters arising under this Contract. Prior to providing the Services, the Contractor will provide to the Company a certificate of clearance or other proof that workers' compensation premiums have been remitted to the applicable Workers' Compensation Board by the Contractor, its Affiliates and Subcontractors.
- (ii) Contractor shall on an annual basis or on request by the Company provide evidence of the workers' compensation coverage for all its Personnel and that of its Affiliates and Subcontractors involved in the provision of the Services.
- (iii) Contractor agrees to indemnify Company for any liability or loss as a result of the failure by the Contractor, its Affiliates and Subcontractors to remit workers' compensation premiums or to maintain workers' compensation as required under the Contract.

**5.5 Permits** Contractor Group shall:

- (a) promptly apply for and procure all Permits, without additional compensation from Company;
- (b) strictly comply with all Permits;
- (c) where applicable, within thirty (30) days of written request from Company, transfer the Permit(s) to any entity requested by Company Group; and
- (d) Without limiting the foregoing, Contractor represents it has all necessary licenses and other Permits in order for it to lawfully provide the contract carrier transportation services described herein, and will meet all requirements to maintain and preserve its contract carrier status and otherwise perform the Services specified in this Contract.

**5.6 Promotional Material** Contractor Group shall not use any Company Related Party's name or trademarks in any manner, including in press releases, public announcements, advertising or promotional materials, written or otherwise, ("Statements") unless previously authorized in writing by Company, which authorization may be withheld in Company's sole discretion for any reason. Contractor Group shall not publish or cause to be published, any Statement, or encourage or approve any Statement likely to be detrimental to the name, goodwill, reputation or trademarks of any Company Related Party. Contractor Group shall, upon request by Company, withdraw and discontinue any Statement(s) that in Company's reasonable opinion is detrimental to any Company Related Party.

**5.7 Liens** Contractor Group shall defend, indemnify and hold harmless each Company Related Party from and against any and all Liens and shall keep the Worksite, premises and all personal and real property of Company Related Parties free from such Liens. To the full extent permitted by law, Contractor Group shall waive all rights of Liens against the Property, leasehold interests, improvements, fixtures, wells, equipment, lands, Worksite, premises and real and personal property of Company Related Parties. In no event shall the foregoing be interpreted to prevent Contractor from pursuing any claim (other than by way of Liens against the Property, leasehold interests, improvements, fixtures, wells, equipment, lands, Worksite, premises and real and personal property of Company Related Parties) when the right thereto arises directly from Company's failure to pay Contractor in breach of this Contract. If Contractor Group fails to release and discharge any such claims of Liens of third parties or otherwise within five (5) Business Days after receipt of notice from any Company Related Party to remove such claim of Liens, such Company Related Party may, at its option, discharge or release the claim of Liens, or otherwise deal with the Liens claimant(s), and Contractor shall pay the Company Related Parties' Losses in so doing and/or any Company Related Party may set off such Losses against amounts due to Contractor.

**5.8 No Infringement** Contractor covenants, warrants and agrees that the Services provided under this Contract will not infringe any Intellectual Property Rights. If any Services or any portion thereof are held, or in Company's reasonable opinion may be reasonably alleged by a third party, to infringe any Intellectual Property Rights, or if the use of the Services or any portion thereof is enjoined as a result of a claim for infringement, Contractor shall, in addition to its obligations under Article 6, at its own expense and at Company's option:

- (a) procure for Company the perpetual right to use the affected Services;
- (b) replace the affected Services with Services that are not infringing; or
- (c) modify the affected Services so that they become non-infringing.

Any such replacement or modification of the Services or any portion thereof shall meet the requirements of and be subject to the terms of this Contract, and Contractor shall not be entitled to any additional compensation from Company in connection therewith.

#### ARTICLE 6- LIABILITY AND INDEMNITY

**6.1 Liability and Indemnity of Contractor** In addition to any other liabilities and indemnities provided for in this Contract, Contractor agrees to and shall:

- (a) be liable to each Company Related Party for all Claims and Losses such Company Related Party may suffer, sustain, pay or incur; and
- (b) indemnify, defend and save harmless each Company Related Party from and against any and all Claims and Losses, which may be brought against, suffered, sustained, paid or incurred by such Company Related Party;

to the extent such Claims or Losses arise out of or in connection with any negligence, wilful misconduct or non-compliance with Applicable Laws on the part of Contractor Group, or by reason of breach of this Contract by Contractor Group.

**6.2 Company Related Parties** For the limited purpose of extending the benefit of the provisions in this Contract expressly referring to Company Related Parties other than Company, Company contracts on its own behalf and as agent and trustee on behalf of each Company Related Party so referenced, and each Company Related Party so referenced shall be or be deemed to be a Party of this Contract only for such purposes.

#### **6.3 Lost, Delayed or Damaged Property**

- (a) Clause 6.1 establishes general principles regarding liabilities and indemnities as between the Parties unless a more specific provision within this Clause 6.3 applies to such circumstance, in which case the more specific provision within this Clause 6.3 shall first be applied before the more general provisions in Clause 6.1 are applied.
- (b) Contractor shall be liable to Company for all cost and expense associated with the loss and damage to any Property while in the custody, care or control of Contractor Group, in accordance with the standards set forth in 49 U.S.C. § 14706, unless the Parties have agreed to released value rates for the transportation of the Property, in which case Contractor's liability for cargo loss and damage shall be limited to the liability limit associated with those rates. Contractor shall be liable to the Company for any Losses incurred in connection with delay in the transportation of the Property or misdelivery of the Property, except to the extent Contractor shall show that such delay or misdelivery was caused by the sole negligence of the Company.
- (c) In the event that any Property is not accepted by or cannot be delivered to the recipient facility designed by Company, Contractor shall contact Company immediately for further instructions. Company shall, in its discretion, designate an alternative site for delivery or instruct Contractor to return the Property to its point of pickup. Under no circumstances shall Contractor's responsibility hereunder be converted to that of a warehouseman; provided, however, that Contractor shall use ordinary care to keep the Property in a secure condition pending further instructions from Company.
- (d) Where Contractor is liable to Company for loss, damage, delay or misdelivery of any Property, in addition to any other remedies available at law, in equity or pursuant to this Contract, Contractor shall pay Company the actual replacement value of such Property, plus the amount of any freight charges (prorated if less than all of the Property in a shipment is involved), or when the subject Property was being transported between Contractor's facilities, Contractor shall pay to Company the wholesale buying price of such Property, plus the amount of any freight charges (prorated if less than all of the Property in a shipment is involved).
- (e) Where damaged Property may reasonably be sold for salvage, salvage value shall be credited against Contractor's liability where salvage proceeds are paid to Company. If damaged Property must be disposed of, it shall be done only in a manner that fully complies with Applicable Laws and Policies and Procedures and shall be done at Contractor's expense. In no event shall Contractor sell for salvage or arrange for disposal of any Property, except in strict accordance with Company's instructions. Where Contractor desires the Property to be returned to Company, Contractor shall do so at no cost to Company.

- (f) To the extent that Contractor provides any transportation of Property pursuant to this Contract which originates in Canada, such transportation shall not be considered as moving on an "international" or "through" bill of lading unless otherwise specifically agreed by the Parties hereto.

**6.4 Spills and Contamination** Contractor shall indemnify, defend and hold harmless Company from and against any and all Claims arising from or by reason of, any and all pollution, contamination or seepage from spills, releases, materials, equipment, under the care, custody and control of the Contractor or any member of the Contractor Group, including but not limited to spills or releases of Property, fuels, lubricants, motor oils, or other pollutants.

**6.5** In addition to any other liabilities and indemnities provided for in this Contract, Company agrees to and shall:

- (a) be liable to each member of the Contractor Group for all Claims and Losses such member of the Contractor Group may suffer, sustain, pay or incur; and
- (b) indemnify, defend and save harmless each member of the Contractor Group from and against any and all Claims and Losses, which may be brought against, suffered, sustained, paid or incurred by such member of the Contractor Group;

to the extent such Claims or Losses arise out of or in connection with any negligence, wilful misconduct or non-compliance with Applicable Laws on the part of Company, or by reason of breach of this Contract by Company.

**6.6 Limitation of Liability** Neither Party will be liable or provide indemnity under this Contract for Consequential Damages, provided that the foregoing shall not limit: any liability incurred under Clauses 5.1 or 5.8; any liability for any Uninsured Workers under Clause 5.4; or any liability for gross negligence, wilful misconduct or breach of Applicable laws.

## ARTICLE 7- DISPUTE RESOLUTION

If there is a dispute between the Parties in connection with this Contract, either Party may provide a notice to the other Party to commence negotiations to resolve the dispute and the Parties will, acting in good faith, use commercially reasonable efforts to resolve the same as soon as possible. If the dispute is not resolved within ten (10) Business Days after notice to commence negotiations is given, then on notice from either Party to the other, the dispute will be referred to members of senior management of each of the Parties for resolution and each Party will appoint a senior manager with the authority to settle the dispute. The senior officers so appointed will attempt to resolve the dispute within a further period of five (5) Business Days from the date such referral notice is given. Any dispute resolved pursuant to this clause will be reduced to writing and, when approved by the Parties, will be final and binding.

## ARTICLE 8- MISCELLANEOUS

**8.1 Governing Law** The Parties desire and agree that the provisions of this Contract shall have precedence over any federal or state provisions governing or dealing with the specific subjects addressed in this Contract. The Parties agree that, pursuant to 49 U.S.C. § 14101(b)(1), they expressly waive any and all rights and remedies under the Interstate Commerce Commission Termination Act (as amended) and regulations promulgated thereunder, including without limitation Part B of Subtitle IV of Title 49 of the US Code (collectively, the "Acts"), that are inconsistent with the provisions of this Agreement. Neither Party shall challenge any provision of this Agreement on the ground that any such provision violates the waived rights and remedies under the Acts. To the extent there is no conflict with this Agreement or otherwise applicable federal law, the provisions of this Agreement shall be interpreted and construed in accordance with the laws of the state in which the Delivery Point is located for the Services (or failure thereof) that form the basis of the applicable controversy and the federal laws of the US applicable therein, without regard to any conflicts of law principles that could require application of any other law, and the same shall govern any dispute, controversy or Claim arising from or relating to this Contract, including the existence, invalidity, performance, breach or termination hereof. The Parties irrevocably submit to the exclusive jurisdiction of the courts of Montgomery County, Texas or Allegheny County, Pennsylvania, whichever is closer to the Delivery Point location for the Services (or failure thereof) that form the basis of the applicable controversy and the applicable courts of appeal, with respect to any matters set forth herein.

**8.2 Amendment** No change or modification of this Contract shall be valid unless it is in writing and signed by a duly authorized representative of each Party.

**8.3 Assignment** Contractor may not assign this Contract in whole or in part without the prior written consent of Company, which consent may be withheld in Company's sole and absolute discretion. Any assignment of this Contract or any interest herein by Contractor (including without limitation any attempt by Contractor to subcontract out any of its obligations under this Contract) in violation of the foregoing shall be null and void. The assignment of this Contract, if so permitted by Company, shall not relieve Contractor of any of its duties, obligations or liabilities under this Contract, and

Contractor shall be liable for the acts, defaults or omissions of its assignees (including any Subcontractors) as fully as if they were the acts, defaults or omissions of Contractor, regardless of whether such acts, defaults or omissions were known to or authorized by Contractor. Company may, in its discretion, assign this Contract, which assignment shall be effective upon Company giving notice thereof to Contractor.

**8.4 Enurement** This Contract shall enure to the benefit of and be binding upon Company and its successors and assigns and upon Contractor and its successors and permitted assigns.

**8.5 Language** All Contract documentation, including communications between the Parties, shall be prepared in, and all members of Contractor Group providing Services hereunder shall be fluent in, English.

**8.6 Severability** If any part of this Contract is held by a court of competent jurisdiction to be invalid or unenforceable in whole or in part, then the balance of the Contract shall remain in full force and effect in all other respects, it being the intent of the Parties that the invalid or unenforceable portions are severable. The Parties further agree to replace such void or unenforceable provision of this Contract with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provision.

**8.7 Time of the Essence** Time shall be of the essence of all provisions of this Contract.

**8.8 Waiver** No waiver of any term or condition of this Contract shall be valid unless made in writing and executed on behalf of the waiving Party by a duly authorized representative of that Party and specifying the nature and extent of such waiver. Such waiver shall in no event be construed to be a general waiver of any of the terms and conditions contained in this Contract, but the same shall be strictly limited to the extent and occasion specified in such signed writing. Failure by either Party to complain of any act or failure to act by the other Party, or failure by either Party to exercise any of its rights, powers or remedies hereunder irrespective of how long such failure continues, shall not constitute a waiver of those rights, powers or remedies hereunder.

**8.9 Survival** The provisions of Articles 1, 3, 4, 6 and 7 and Clauses 2.4, 2.5, 2.6, 5.1, 5.2, 5.7, 5.8 and 8.1 of this Schedule "A" and the provisions of Schedule "D" shall continue as valid and enforceable obligations of the Parties, notwithstanding the completion of the Services or the expiration, revocation or termination of this Contract.

**8.10 Limitations** The Parties agree that, without regard to any otherwise applicable statute that may bar claims on a shorter time period, the time period in which Parties may bring a suit or demand arbitration with respect to claims related to this Contract shall be as follows:

- (a) for claims disclosed by an audit, two (2) years after the last day this Contract permits that audit to be performed;
- (b) for claims relating to the enforcement of any provisions or obligations relating to taxes or customs duties, seven (7) years; and
- (c) for all other claims, four (4) years.

The Parties agree that, without regard to any otherwise applicable statute that may bar claims on a shorter time period, the Parties shall not, with respect to claims related to this Contract, raise as a defense or affirmative defense the lapse of time since the accrual of an alleged claim except to the extent that such claim would be barred by the time periods in this Clause 8.10.

**8.11 Further Assurances** Each Party shall at any time and from time to time, upon request by the other Party, execute and deliver such further documents and do such further acts and things as the other Party may reasonably request to facilitate performance of this Contract or to evidence, carry out, and give full effect to the terms, conditions and intent of this Contract.

**8.12 Counterpart Execution** This Contract may be executed and delivered by facsimile and in any number of identical counterparts, each of which so executed shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

**8.13 Electronic Signature** Company may execute this Contract using a mechanical signature which is a facsimile signature of a duly authorized signatory of Company and such mechanical signature shall be binding on Company in the same manner as an ink signature and shall be treated as an original.

**8.14 Notices** All notices and communications given in connection with this Contract shall be sufficiently given if addressed to the other Party at its address on the Signature Page of this Contract and (i) delivered by hand or by reputable courier or overnight courier service or overnight mail to the intended recipient's address for service as set forth above, (ii) sent by direct facsimile telecommunication to such Party at its fax number as set forth above (with receipt confirmed), or (iii) sent by email to such Party at its email address as set forth above (with receipt confirmed). Any notice so given shall be deemed to have been given and received on the first Business Day on which it is presented during normal business hours at the address for service of the addressee thereof, or, in the case of a direct facsimile telecommunication or email communication, on the day on which it is transmitted if transmitted prior to or during normal business hours on a Business Day, or on the first Business Day following the day on which it is transmitted if transmitted otherwise. A Party may change its address of service by giving written notice thereof to the other Party.

**8.15 Application to Multiple Scopes of Work** This Contract may be used by the Parties to cover the performance of more than one distinct Scope of Work, with or without designating a portion or subpart of Schedule "B" and/or Schedule "C" to apply to a specific Scope of Work defined in said Schedule(s). If the Parties designate a portion or subpart of Schedule "B" and/or Schedule "C" to apply to a specific Scope of Work defined in said Schedule(s), the provisions of the designated portion or subpart of Schedule "B" and/or Schedule "C" shall apply: (i) to the specific defined Scope of Work and no other; and (ii) with respect to the specific defined Scope of Work, to the exclusion of other portions or subparts of Schedule "B" and/or Schedule "C" not specifically designated to apply to the specific defined Scope of Work. In order for any Schedule (including any subpart thereof) to be added to this Contract after the date that the Signature Page is executed by Company, such Schedule must be executed by an authorized representative of each Party in accordance with Clause 8.2 hereof.

**END OF SCHEDULE "A" to the Truck Transportation Master Services Agreement No. TEU7606**

**SCHEDULE "B" SUBPART 1**

**SCOPE OF WORK**

This Scope of Work attached to and forming a subpart of Schedule "B" to the Transportation Master Services Agreement dated June 23<sup>rd</sup>, 2011 between Talisman Energy USA Inc. and Flint Energy Services Inc.

**1. CONTRACT TERM**

The term of this Scope of Work shall commence on June 23<sup>rd</sup>, 2011 and terminate on June 23<sup>rd</sup>, 2012 unless earlier terminated in accordance with the terms hereof

**2. GENERAL OVERVIEW AND AREA OF OPERATIONS**

Contractor shall furnish rig moving, rig skidding and rig up Services in accordance with this Scope of Work to Company for the duration of the Contract. The Services shall include the coordination and transportation of rig and other surface rental equipment from a source location to either another well on the same pad in the source location, or to another pad location within the Company Operating Area. Worksite shall include Marcellus and Eagle Ford Shale Areas. The Services shall take place on Worksite and across lease, federal, province/state, municipal, city, county and/or municipal roads, as needed by Company.

Except where limited by law, Contractor shall make Services available seven days a week, twenty four hours a day, including holidays.

**3. PROCESS OF SERVICE EXECUTION – GENERAL**

- a. In the event that Infield Coordination is not available in accordance with Article 4, the process described herein shall be in effect. A Company Worksite Representative, including but not limited to Company drilling Superintendents, Site Supervisor, Drilling Manager or Drilling Foremen, shall notify Contractor of rig move requirements for specific rigs or geographical pod pursuant to the drilling schedule attached as Appendix 19.3.1. Company Worksite Representative shall provide notice via telephone, facsimile, e-mail or by printed or hand written instruction to the Contractor prior to the start of a rig moving event. Company Worksite Representative shall notify the time Contractor and Contractor Equipment including but not limited to trucks, trailers, loaders, picker shall arrive at the Worksite. Company will attempt to provide as much advance notice as possible, however Company reserves the right to provide short notice in the event the Company requires the Services urgently. Upon receipt of such notice, Contractor shall:
  - i. adhere to all terms and conditions as specified in this Contract;
  - ii. follow all requirements, mandates and instructions as listed and referenced in this Contract;
  - iii. arrive on-site to perform the Services in a safe, efficient, responsible and timely manner,;
  - iv. perform the Services as specified by Company in accordance with all area-specific Company provided work instruction elements, technical requirements, loading requirements and operational requirements as specifically defined in section 18 below.
- b. Contractor shall not start work without the Company's consent to start.
- c. Contractor shall actively participate in the pre-job and pre-move planning and identify and mitigate hazards associated with the rig move.
- d. Contractor shall hold pre-job start up meetings and hold regular tailgate meetings for all tasks where the work is governed by a documented procedure, practice or Job Hazard Analysis (referred to as "JHA's" hereafter) to review Worksite conditions, lifting requirements and to address unsafe conditions identified. Contractor shall maintain the detail of the order of loading and unloading of equipment and secure the loads during transportation or skidding.
- e. Contractor shall inspect the Equipment and the load. Contractor shall also make the Equipment and load available for Company's drilling contractor's inspection before, during and after rig moving activities.
- f. Contractor shall submit the travel route plan to Company and Company's drilling contractor prior to start of the rig move. Company reserves the right to approve or disapprove route selection or propose alternative route.
- g. Contractor shall secure the required permits for the purpose of transportation of the loads as applicable to perform the Services.

h. Contractor shall prepare delivery tickets based on Services performed to the satisfaction of the Company

**Activities**

- Drilling Engineers communicate drilling schedule to Integrated Logistics Center
- Rig Move IFC participates in daily CD&C call to determine status of each drilling well and likelihood of timing of next rig move
- Rig Move IFC identifies when rigs will be ready to move
- ILC communicates drilling schedule to stakeholders
- Drilling Superintendent and Rig Move IFC tentatively schedules a rig move date and time
- Rig Move IFC communicates time and date of rig move to the ILC
- Rig Move IFC calls Trucking Contractor to schedule planning meeting
- Rig Move IFC holds meeting with Road Coordinator and Sr. Stakeholder Relations Advisor to discuss and obtain routes, maps, hazard assessments, permits, road construction lists, and information on public, traffic and environmental concerns
- Rig Move IFC leads pre-rig move planning meeting with Trucking Supervisor at new lease to discuss lease layout, load staging, safety, etc.
- Rig Move IFC and Trucking Supervisor drive route to old lease, identify unforeseen hazards, and discuss journey management plan
- Rig Move IFC leads planning meeting at old lease with Trucking Supervisor, Drilling Foreman, and Drilling Contractor to discuss date and time of move, equipment needed, load list, load staging, MSDS's, etc.
- Rig Move IFC fills out Pre-Rig Move Assessment Form
- Rig Move IFC acquires signature of all stakeholders present at meeting on Pre-Rig Move Assessment Form

**Inputs**

- Quarterly Drilling Schedule
- Daily Drilling Report
- Summary Drilling Report
- Operating Area Maps
- MSDS's
- Routes
- Permits
- Road Construction List
- Rig Load List

**Critical Dependencies**

**Outputs**

- Pre-Rig Move Assessment Form

Rig Move IFC will:

- Participate in daily CD&C call to determine status of each drilling well and likelihood of timing of next rig move
- Identify when rigs will be ready to move, in collaboration with Drilling Superintendents and Drilling Foreman
- Tentatively schedule a rig move date and time, in collaboration with Drilling Superintendents and Drilling Foreman
- Communicate time and date of rig move to the ILC
- Schedule rig move with Vendor Contractor
- Lead meeting with Road Coordinator and Sr. Stakeholder Relations Advisor
- Lead meeting with Trucking Supervisor at new lease to discuss lease layout, load staging, hazard identification, etc.
- Drive rig move route with Trucking Supervisor to discuss route plan, journey management plan and any unforeseen hazards
- Lead planning meeting at old lease site with Trucking Supervisor, Drilling Foreman and Drilling Contractor to discuss rig move plan
- Fill out Pre-Rig Move Assessment form
- Acquire signature of all stakeholders present at planning meeting on the Pre-Rig Move Assessment form

**In Field Coordinator Roles & responsibilities**

- Quarterly Drilling Schedule
- Pre-Rig Move Assessment Form (date, time, stakeholders, rig name, locations, load list, equipment requested, staging plan, route plans, hazard assessment, etc.

**Reports**

Worksite Representative and obtain approval once loads are secured at the destination and rig moving Equipment is off lease on a single load-by-load completion from source-to-destination site basis.

**4. PROCESS OF SERVICE EXECUTION - INFIELD COORDINATION**

The Company's North American Operation Supply Chain Management (NAO SCM) group has launched a Logistics Optimization Project to develop a World-class Logistics organization. The key objectives of this Logistics organization include increasing safety, efficiency and reliability while reducing costs. Furthermore, the organization should be educated and in compliance with processes that are efficient and reliable from requisition to payables, are supported by IT, and engage and integrate suppliers. The Rig Move Infield Coordinator (IFC) will be part of a pilot program designed to develop, support, and validate the Company's need for a logistics organization.

The Rig Move Infield Coordinator (IFC) is accountable for the safe and efficient movement of Company's drilling rigs in Company's Marcellus shale operations. Reporting to the Marcellus Logistics Lead and collaborating with other coordinators, the Rig Move IFC is responsible for the planning, coordinating and supervising rig moves, including load sizing and collaborating with drilling foremen and vendors on project planning and defining equipment and load specifications. The Rig Move IFC will also be responsible for the tracking and reporting of KPI's (Key Performance Indicators) for rig moves, while also working with rig moving vendors to develop competencies and manage the relationship, including tracking and remediation of safety or job performance issues.

The Company's expectations of Contractor are that the Contractor will fully support the Infield Coordination effort, and will partner with the Infield Coordinator, as applicable on the following infield coordination processes to drive towards Company's desired benefits to be obtained through the program.

**Processes**

**1. Planning the Rig Move**

Planning the rig move involves scheduling the move, notifying vendors of the move details, communicating travel routes, identifying hazards, holding pre-job meetings, and prepping the drill site.

**2. Rig Down**

Rig Down involves dismantling the rig for transport, loading the rig equipment onto trucks and securing the loads for transport.

**Activities**

- 
- Drilling Foreman calls Rig Move IFC to confirm rig is ready for tear down
  - Rig Move IFC calls Trucking Contractor to inform rig is ready to tear down and confirm arrival of Truck Operators and Trucking Supervisor
  - Rig Move IFC leads Pre-Job tailgate meeting to discuss moving plan, hazards and safety considerations with Drilling Foreman, Drilling Contractor, Rig Crew, Trucking Supervisor, and Truck Operators (everyone on site)
  - Rig Move IFC fills out Tailgate Meeting Checklist and acquires signature of parties on site and present at meeting
  - Rig Move IFC observes staging of equipment and load out, with a focus on on-site safety
  - Rig Move IFC fills out a Daily Rig Move Progress Report for each day
  - Loads ready to move
- 

**Inputs**

- Rig Move time and date confirmation from Drilling Superintendents and Drilling Foreman

**Critical Dependencies**

- MSDS
- Pre-Job Safety Meeting with all parties on well-site

**Outputs**

- Tailgate Meeting Checklist to be added to Rig Move Assessment Form
-

	<ul style="list-style-type: none"> <li>• Daily Rig Move Progress Report</li> <li>• Incident Reports, if applicable</li> <li>• Bill of Lading</li> </ul>
<b>In Field Coordinator Roles &amp; responsibilities</b>	<ul style="list-style-type: none"> <li>• Receives call from Drilling Foreman confirming rig is ready for tear down</li> <li>• Notifies Trucking Contractor of rig tear down and confirms arrival of Trucking Supervisor and Truck Operators</li> <li>• Lead pre-job Tailgate meeting and acquire signature of all present at meeting</li> <li>• Observe staging of equipment and load out with a focus on on-site safety</li> <li>• Fill out Daily Rig Move Progress Report each day</li> </ul>
<b>Reports</b>	<ul style="list-style-type: none"> <li>• Tailgate Meeting Checklist</li> <li>• Daily Rig Move Progress report</li> </ul>

### 3. Transporting the Rig Equipment

Transporting the Rig Equipment involves ensuring the rig equipment is moved to the new site in a safe, efficient and compliant manner.

<b>Activities</b>	<ul style="list-style-type: none"> <li>• First load ready to leave the old lease</li> <li>• Truck Operator fills out the Bill of Lading</li> <li>• Truck Operator leaves old lease site</li> <li>• Truck Operator completes load check at agreed upon intervals</li> <li>• Truck Operator arrives at new lease site with load</li> <li>• Rig Move IFC continues observing rig tear down as needed</li> <li>• Once observation of tear down is done, Rig Move IFC observes transport conduct and efficiency over the road</li> <li>• Rig Move IFC takes control of any unforeseen hazards</li> <li>• If day ends, Rig Move IFC fills out Daily Rig Move Progress Report</li> <li>• Once rig arrives at new site (derrick, drawworks, sub-structure and mats), Rig Move IFC begins observing rig up at new lease site</li> </ul>
<b>Critical Dependencies</b>	<p><b>Inputs</b></p> <ul style="list-style-type: none"> <li>• Rig Move Assessment Form</li> <li>• Bill of Lading (Route Plan, Hazard Assessments, Permits, etc.)</li> </ul> <p><b>Outputs</b></p> <ul style="list-style-type: none"> <li>• Daily Rig Move Progress Reports</li> <li>• Rig Move Assessment Forms</li> <li>• Incident Reports, if applicable</li> <li>• Bill of Lading</li> <li>• Hazard Assessments</li> </ul>
<b>In Field Coordinator Roles &amp; responsibilities</b>	<ul style="list-style-type: none"> <li>• Observe rig tear down as needed</li> <li>• Observe transport conduct and efficiency over the road</li> <li>• Handle any incidents</li> <li>• Handle any unforeseen hazards</li> <li>• Fill out Daily Rig Move Progress Reports</li> </ul>
<b>Reports</b>	<ul style="list-style-type: none"> <li>• Daily Rig Move Progress Report</li> <li>• Bill of Lading</li> <li>• Incident Reports</li> <li>• Hazard Assessments</li> </ul>

### 4. Rig Up

Rig Up involves unloading the rig equipment properly and in the right place and preparing the rig for spud.

<b>Activities</b>	<ul style="list-style-type: none"> <li>• Rig Move IFC leads Pre-Job tailgate meeting to discuss moving plan, hazards and safety considerations everyone on site</li> <li>• Rig Move IFC fills out Tailgate Meeting Checklist and acquires signature of parties on site and present at meeting</li> <li>• Rig Move IFC observes staging of equipment and rig up, with a focus on on-site safety</li> <li>• Rig Move IFC fills out a Daily Rig Move Progress Report for each day</li> <li>• Truck Operator returns to old lease to load up, if needed</li> <li>• Truck Operator completes Bill of Lading</li> <li>• Truck Operator turns Bill of Lading into Truck Supervisor</li> <li>• Truck Operator returns home</li> </ul>
<b>Critical Dependencies</b>	<p><b>Inputs</b></p> <ul style="list-style-type: none"> <li>• Rig Move Assessment Form</li> <li>• Bill of Lading</li> </ul> <p><b>Outputs</b></p> <ul style="list-style-type: none"> <li>• Rig Move Assessment Form</li> <li>• Daily Rig Move Progress Report</li> <li>• Incident Reports</li> <li>• Hazard Assessment Forms</li> <li>• Tailgate Meeting Checklist</li> </ul>
<b>In Field Coordinator Roles &amp; responsibilities</b>	<ul style="list-style-type: none"> <li>• Lead Pre-Job tailgate meeting to discuss moving plan, hazards and safety considerations everyone on site</li> <li>• Fill out Tailgate Meeting Checklist and acquires signature of parties on site and present at meeting</li> <li>• Observe staging of equipment and rig up, with a focus on on-site safety</li> <li>• Fill out a Daily Rig Move Progress Report for each day</li> </ul>
<b>Reports</b>	<ul style="list-style-type: none"> <li>• Rig Move Assessment Form</li> <li>• Daily Rig Move Progress Report</li> <li>• Bill of Ladings</li> <li>• Invoice</li> </ul>

**5. Completing the Rig Move**

Completing the Rig Move involves completing the documentation for and debriefing the rig move

<b>Activities</b>	<ul style="list-style-type: none"> <li>• At end of move, Truck Supervisor builds final invoice using Bills of Lading</li> <li>• Truck Supervisor turns in invoice to Rig Move IFC</li> <li>• Rig Move IFC completes Rig Move Assessment Form</li> <li>• Rig Move IFC leads post rig move meeting with Trucking Supervisor</li> <li>• Rig Move IFC and Trucking Supervisor approve and sign off on invoice and Rig Move Assessment form</li> </ul>
<b>Business Functions Involved</b>	<ul style="list-style-type: none"> <li>• Rig Move IFC</li> <li>• Drilling Foreman</li> <li>• Drilling Contractor</li> <li>• Drilling Contractor Rig Crew</li> </ul>
<b>Critical Dependencies</b>	<p><b>Inputs</b></p> <ul style="list-style-type: none"> <li>• Rig Move Assessment Form</li> <li>• Bill of Lading</li> </ul>

	<b>Outputs</b>
	<ul style="list-style-type: none"> <li>• Rig Move Assessment Form</li> <li>• Daily Rig Move Progress Report</li> <li>• Incident Reports</li> <li>• Hazard Assessment Forms</li> <li>• Invoice</li> </ul>
<b>In Coordinator Roles &amp; responsibilities</b>	<ul style="list-style-type: none"> <li>• Fill out Daily Rig Move Progress Report when needed</li> <li>• Complete Rig Move Assessment Form</li> <li>• Lead post rig move meeting with Trucking Supervisor to cover Bill of Lading's and Invoice</li> <li>• Sign off on Rig Move Assessment Form and Invoice with Trucking Supervisor</li> </ul>
<b>Supplier Interactions</b>	<ul style="list-style-type: none"> <li>• Trucking Supervisor</li> <li>• Truck Operators</li> <li>• Heavy Equipment Operators</li> </ul>
<b>IT</b>	<ul style="list-style-type: none"> <li>• TBD</li> </ul>
<b>Reports</b>	<ul style="list-style-type: none"> <li>• Rig Move Assessment Form</li> <li>• Daily Rig Move Progress Report</li> <li>• Bill of Ladings</li> <li>• Invoice</li> </ul>
<b>Impacted Sub-Process Activities</b>	N/A
<b>Exceptions</b>	N/A

**6. Rig Move Vendor Management**

Rig Move Vendor Management involves ensuring vendors comply with Talisman processes, review prior moves, and creating improvement plans.

<b>Activities</b>	<ul style="list-style-type: none"> <li>• Quarterly Review meeting scheduled by Operating Area Team Lead (OATL)</li> <li>• OATL gathers Rig Move Assessment Forms and Invoices from ILC and performance input from Rig Move IFC</li> <li>• OATL gathers documentation from HSE (hazard assessments, incident reports, etc.)</li> <li>• Trucking Contractor gathers information</li> <li>• OATL fills out Performance Review Sheet</li> <li>• OATL decides whether to include Contract Sponsor in the meeting</li> <li>• OATL, Contract Sponsor and HSE meet to discuss vendor if performance needs significant improvement</li> <li>• OATL, Contract Sponsor and HSE create improvement recommendations for vendor, if needed</li> <li>• Performance Review Meeting Held</li> <li>• Create Vendor Improvement Plan, if needed</li> <li>• Finalize Performance Review Sheet</li> <li>• Decide if vendor needs to be removed from Approved Vendor List</li> <li>• All stakeholders sign the Performance Review Sheet</li> <li>• OATL checks in monthly with vendor to see how they are tracking with improvement plan</li> <li>• If Trucking Contractor is making satisfactory improvements, OATL continues monthly checkpoints until next quarterly meeting is scheduled</li> <li>• If Trucking Contractor is not making improvements in a satisfactory fashion, but has</li> </ul>
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	done so in the past, the OATL will review the improvement plan with the Trucking Contractor
	<ul style="list-style-type: none"> <li>If Trucking Contractor is not making improvements in a satisfactory fashion and the problem is recurring, the OATL will invite the Contract Sponsor and HSE to the next Quarterly Review Meeting</li> </ul>
<b>Critical Dependencies</b>	<b>Inputs</b> <ul style="list-style-type: none"> <li>Invoices</li> <li>Rig Move Assessment Forms</li> <li>Incident Reports</li> <li>Hazard Assessments</li> <li>ISNetwork data</li> </ul>
	<b>Outputs</b> <ul style="list-style-type: none"> <li>Quarterly Performance Review form</li> <li>Trucking Contractor Improvement Plan</li> </ul>
	<b>In Coordinator Roles &amp; responsibilities</b> <ul style="list-style-type: none"> <li>Rig Move IFC will assist and provide any data or input needed by the Operating Area Team Lead</li> <li>Rig Move IFC will attend the Quarterly Review Meeting, if needed or requested</li> </ul>
<b>Reports</b>	<ul style="list-style-type: none"> <li>Quarterly Performance Review Form</li> <li>Trucking Contractor Improvement Plan</li> </ul>

## 7. Hazard Assessment

Hazard Assessment involves identifying, communicating, documenting and controlling hazards identified during transportation activities

<b>Activities</b>	<ul style="list-style-type: none"> <li>Any stakeholder involved in transportation in and around well-site identifies a hazard</li> </ul>
	<p><i>If individual can control the hazard:</i></p> <ul style="list-style-type: none"> <li>Stakeholder controls the hazard</li> <li>Stakeholder documents the hazard and fills out a Hazard Documentation Form</li> <li>Stakeholder submits Hazard Documentation to Supervisor</li> </ul>
	<p><i>If individual cannot control the hazard, but corrective action can be taken immediately:</i></p> <ul style="list-style-type: none"> <li>Stakeholder creates a Hazard Documentation Form</li> <li>Hazard Documentation form turned into Supervisor</li> <li>Supervisor controls the hazard</li> <li>Supervisor puts control measure in place</li> </ul>
	<p><i>If stakeholder cannot control the hazard, and corrective action cannot be taken immediately:</i></p> <ul style="list-style-type: none"> <li>Supervisor isolates the hazard</li> <li>Supervisor documents hazard in Hazard Documentation Form</li> <li>Supervisor submits Hazard Documentation to HSE</li> <li>Contractor HSE creates an Action Plan, if needed</li> <li>Contractor HSE sends hazard documentation to Talisman if the contractor cannot create an action plan</li> <li>Talisman HSE creates an Hazard Action Plan, if needed</li> <li>Talisman HSE sends Action Plan to Contractor HSE</li> <li>Contractor HSE delivers Action Plan to Supervisor</li> </ul>

- 
- Supervisor puts control measure in place, when able

*After hazard is controlled and documented:*

- Supervisor completes Hazard Documentation Form
  - Supervisor submits documentation to HSE Advisor
  - Contractor HSE signs off on Hazard Documentation
  - Contractor HSE sends Hazard Documentation to Talisman HSE and ILC
- 

**Critical Dependencies**

**Inputs**

- Hazard ID

**Outputs**

- Hazard Assessment
  - Hazard Action Plan
- 

**In Field Coordinator Roles & responsibilities**

- Rig Move IFC will assist in oversight and proper handling of hazards during the Rig Move
- 

**Reports**

- Hazard Assessment
  - Hazard Action Plan
- 

**5. CONTRACTOR'S OBLIGATIONS**

Contractor shall:

- acquire all permits for height, weight and width restrictions as well as securing any other services including but not limited to line lift, crane and pilot car services, as required, for the completion of the Services.
- work with Company Worksite Representative to choose the safest, most economically feasible route that incurs the least impact on local residents,
- ensure compliance with radio controlled roads, and acquire any necessary two-way communication devices necessary,
- comply with any specialized requirement associated with any specific rig moves that are issued by Company. If Contractor is unable or unwilling to follow any specialized instructions issued by Company, Contractor must notify the Company immediately.

**6. COMPANY'S OBLIGATIONS**

Company shall:

- make the Worksite available in a ready and suitable condition for Contractor to perform the Services,
- secure permission from third parties for the Contractor to drive on third party property and non-public roads, paths and areas if required for the performance of the Services.
- secure and obtain any necessary road bonds required prior to rig moves.

**7. CONTRACTOR EQUIPMENT AND PERSONNEL STANDARDS**

Contractor shall:

- follow Good Industry Practice when selecting trucks, tractors and other Equipment for the provision of the Services and all the Equipment provided must be in good mechanical condition and be ready to work. Company reserves the right to inspect, or appoint a third party to inspect Contractor Equipment at any time prior to or during the performance of the Services. During this inspection, if the Company recognizes a defect in the Equipment or if in Company's reasonable opinion such Equipment is not fit for purpose, in poor condition, environmentally unsound or unsafe Company will immediately notify the Contractor and then Contractor shall immediately repair the Equipment or replace the Equipment with an equivalent or higher quality piece of Equipment to the reasonable satisfaction of the Company.
- provide Equipment that is safe, environmentally sound and maintained in good condition and consistent with Good Industry Practice. In the case that Equipment requires regular or preventive maintenance the Contractor shall ensure that such maintenance is performed on the frequency recommended by the manufacturer and in

accordance with Good Industry Practice, with such maintenance records to be made available to Company upon request

- c. maintain a preventative maintenance schedule for all Equipment utilized in the provision of the Services consistent with industry best practices. Contractor shall ensure that the preventative maintenance schedule is not in conflict with the rig move schedule and in the event of any such conflict Contractor shall revise the preventive maintenance schedule to ensure consistency with the rig move schedule to the satisfaction of the Company Worksite Representative.
- d. maintain good housekeeping at all times and keep the Worksite and Contractor Equipment clean and free from obstructions. Contractor shall mark and identify all tripping hazards and ensure proper housekeeping of the Equipment with regards to turn lights, headlights, windshields, back and rear view mirror, debris, basic safety Equipment. If in Company's reasonable opinion, any Equipment does not or is expected not to perform satisfactorily or encounters or is expected to encounter any mechanical problems, Contractor shall, upon notice from Company Worksite Representative, repair such Equipment immediately or replace it with an equivalent or higher quality piece of Equipment. In the event replacement Equipment cannot be made available immediately; Company shall have the right to source an equivalent piece of equipment from other sources at Contractor's cost.
- e. provide experienced Personnel who have been trained and oriented to safe work procedures and who are competent and capable of carrying out their work safely. Contractor shall at all times ensure that its Personnel are trained, competent, skilled, experienced and qualified to perform the Services. All Contractor Personnel shall be licensed or certified under applicable laws, regulations or industry practices as a condition to providing Services and Contractor shall ensure that such licenses and certifications are in full force and effect. Contractor Personnel shall interact with Company and Company's other Contractors in a courteous manner, and that Contractor and Subcontractor Personnel present a neat appearance. Contractor Personnel comply with all operational procedures at the Worksite when loading or unloading rig equipment, or when entering or exiting Worksite. Contractor Personnel shall minimize interference with operations and take all necessary precautions to protect the Worksite and all persons and property thereon from damage or injury.
- f. maintain an active Personnel log for each rig move on behalf of company. Crew logs shall include the following information for each crew member:
  - I. Name
  - II. Years of industry experience
  - III. Years of experience with Contractor
  - IV. Cumulative hours worked on behalf of Company.

#### 8. KEY PERSONNEL

Contractor shall not remove, reassign or replace any key Personnel in connection with the Services without Company's prior written consent, unless the engagement of any key Personnel with Contractor has been terminated, in which case Contractor shall promptly replace such key Personnel with other personnel approved by Company, who thereafter shall be deemed to be key Personnel. Following are the key Contractor Personnel for the provision of the Services.

1. HSE Supervisor
2. Rig Push
3. Area Manager/Supervisor

It is understood that a HSE Supervisor and Rig Push (one on each end) will be present on all location and skid moves and that they will be supported by an Area Manager.

#### 9. DELIVERY

Contractor shall abide by the following for delivery for the Services:

Delivery Tickets: Contractor shall use delivery tickets for all Services performed to the Satisfaction of Company Worksite Representative and delivery tickets shall include:

- Name of the Contractor
- Truck Number
- Delivery Date
- Delivery Time
- Weights, Measures and Dimensions
- Site where load is to be delivered

- Name and signature of driver
- Any and all information required to comply with hazardous materials regulations (as required)
- Information to identify the Contractor and type of rig equipment loaded on the transport conveyance
- Information to provide evidence of quantities, condition on receipt and information concerning the delivery location and Company

Delivery Signatures: Contractor shall obtain all necessary signatures on delivery tickets from Company Worksite Representative. Company shall only pay for Services that are supported by a signed delivery ticket. The invoice submitted by Contractor must reflect the Services approved on the delivery tickets exactly; any non-compliance shall result in the return of documentation for proper approval and may delay payment.

#### 10. CONTRACTOR RESOURCE PLANNING

Company may provide Contractor with Company's projected drilling program information, which will include tentative Services requirement dates. Contractor shall provide information to Company regarding Equipment availability and capacity to perform, based on the forecast information provided. Contractor understands that any communication of Company's drilling program information, including dates and demand indicators are subject to change, and if shared with Contractor shall be considered for planning purposes only and are to be kept in strict confidence in accordance with Article 5.1 of Schedule A herein.

#### 11. TIMELY PERFORMANCE OF SERVICES

Contractor recognizes that failure to provide Services on a timely basis as per the requirements of Company may have a serious effect on the Company's work program.

In the event that a delay to the scheduled rig move completion date is likely, or in Company's opinion, Contractor's Services are behind the schedule and/or too slow to ensure completion of Services by the scheduled date or any extension thereof, then Company may:

- a. Provide written notice to Contractor requiring Contractor to take corrective action, including increasing Contractor Equipment and Personnel resources for the Services to mitigate the delay. Contractor shall, upon receipt of such notice from Company, at its own cost and expenses, take the required steps to expedite the Services. Contractor shall not be entitled to any additional payment in respect of or in connection with taking such steps, unless and to the extent that the steps required to be taken have been necessitated by changes in Company's specifications, or an acceleration of the scheduled date;
- b. terminate the provision of the Services and engage another party to provide the Services. Under these circumstances, Company shall not be responsible for compensating Contractor for any charges other than those directly incurred for providing Services to Company prior to the termination.

#### 12. MULTI VENDOR ENVIRONMENT

The Company reserves the right to award separate contracts to other contractors for work to be performed at the Worksite and to perform work with its own Personnel at the Worksite. In such event, the Contractor shall co-operate fully with the other contractors and Company's Personnel to strive to achieve safe, efficient and best in class operations. Further, Contractor shall ensure that it works efficiently and in harmony with the other contractors so as to ensure that Company's requirements are being met at or above established industry standards.

#### 13. SIMULTANEOUS OPERATIONS

Company may require simultaneous operations in which Contractor provides the Services concurrent to the execution of other services at the same Worksite. Contractor shall be prepared to perform simultaneous operations in a safe and efficient manner. Contractor shall work with Company and the other Contractors at the Worksite to plan and execute simultaneous operations.

#### 14. LOCAL CONTENT AND ABORIGINAL OPPORTUNITIES AND SUBCONTRACTORS

Company is committed to providing opportunities for employment and supply of goods and services to local and aboriginal contractors providing that they meet Company safety requirements and performance standards. Contractor shall, where practical and possible to do so, provide such opportunities for local and first nation contractors in accordance with 2.3 of Schedule A, General Terms and Conditions. Contractor shall use its best

effort to select qualified subcontractors and ensure that the subcontractors follow the Contractor's safety management processes and this Contract. In the event that the sub-contractor is not competent, Contractor shall have a HSE risk mitigation plan in place approved by Company Worksite Representative. The risk mitigation plan shall contain a detail description of Contractor's proactive action items to incorporate local and first nation personnel and contractors in performance of the Services. Moreover, Contractor shall use, to the extent commercially reasonable, available local and aboriginal services and labour that are reasonably equivalent, in terms of quality, timeliness and cost during the execution of the Services. Contractor shall also report use of any sub-contractors to the Company Worksite Representative and receive prior written approval and provide a monthly report on use of local subcontractors

**15. RELATIONSHIP MANAGEMENT**

In order to monitor and communicate Contractor's performance, specific to meeting Company's expectations while performing Services on behalf of Company, Company shall hold periodic meetings with Contractor to discuss issues, opportunities, and performance across Key Performance Indicators (referred to as KPI's hereafter) and other items critical for the performance of the work.

The objective of these relationship management meetings is to ensure safe, reliable and efficient rig moving operations and to provide a communications forum to enable the continued growth of the relationship between the two parties. Contract Worksite Representative shall own these meetings and matters related to performance evaluation, end of rig move briefing, safety and scheduled upcoming requirements shall be discussed in these meetings on a monthly basis.

**15.1. KEY PERFORMANCE INDICATORS (KPI's)**

Contractor and Company agree that the foundation of a successful long term working relationship is a focus on safe operations, accountability and a commitment to continuous improvement. As a mechanism to track and monitor performance against these foundational elements, Company has developed the KPI's listed below.

<b>KPI Title</b>	Rig move time per distance traveled (Location moves)
<b>KPI Description</b>	To measure the efficiency of the transportation component of rig move services
<b>Calculation</b>	Total rig moving time divided by the distance (miles or kilometres) traveled for each rig move performed by Contractor
<b>Target</b>	Improvement quarter-over-quarter
<b>Reporting Frequency</b>	Quarterly
<b>Reported by</b>	Data gathered by Contractor and verified by Company
<b>Additional Information</b>	Rig moves that included delays outside of Contractor's control shall not be included

<b>KPI Title</b>	Rig move NPT (Non-Productive Time)
<b>KPI Description</b>	Measurement of Contractor non-productive time as a percentage of overall Contractor work hours
<b>Calculation</b>	Percentage of non-productive Contractor work hours divided by number of overall Contractor work hours
<b>Target</b>	<2%
<b>Reporting Frequency</b>	Quarterly
<b>Reported by</b>	Data gathered by Contractor and verified by Company
<b>Additional Information</b>	Rig moves that included delays outside of Contractor's control shall not be included

<b>KPI Title</b>	Additional spend over lump sum pricing
<b>KPI Description</b>	To measure the frequency and amount of additional charges, over and above agreed-upon lump sum pricing assessed to Company by Contractor
<b>Calculation</b>	Total dollar amount of additional charges assessed during

	the period, over and above agreed-upon lump sum pricing
<b>Target</b>	<2% of total lump sum charges assessed
<b>Reporting Frequency</b>	Quarterly
<b>Reported by</b>	Data gathered by Contractor and verified by Company
<b>Additional Information</b>	Contractor will be provided with a control sheet to document each move that includes additional charges – including sections to address what the additional charges were assessed for and why the additional charges were required.

<b>KPI Title</b>	Spills per quarter
<b>KPI Description</b>	To measure the number of Contractor-caused spills that have taken place during the quarter
<b>Calculation</b>	Total number of spills during the quarter
<b>Target</b>	Zero
<b>Reporting Frequency</b>	Quarterly
<b>Reported by</b>	Data gathered by Contractor and verified by Company
<b>Additional Information</b>	None

<b>Safety Stats</b>			
<b>Metric Name</b>	<b>Description</b>	<b>Target</b>	<b>Reporting Frequency</b>
<b>ISN Grade</b>	Report grade along with any reasons for grade changes	A/B	Quarterly
<b>Total Recordable Incident Rate (TRIF - CAN, TRIR - US))</b>	Reported TRIF - general metric, not specific to TLM or geography (as relevant)	Declining Quarter over Quarter	Quarterly
<b>Experience Modification Rate (EMR) - USA; WCB Rating - CANADA</b>	Reported EMR - general metric, not specific to TLM or geography (as relevant) Report WCB Rating: (+ or -)	Improving Quarter over Quarter	Quarterly
<b>DOT Safety Rating - USA; NSC - CANADA</b>	Provided by Contractor	Improving Quarter over Quarter	Quarterly
<b>Motor Vehicle Crash Rate (MVCR) - Contractor and Subs</b>	Crashes per million vehicle miles.	Declining Quarter over Quarter	Quarterly
<b>Number of Tow Incidents</b>	Report the actual number of tow incidents for equipment which was working for Talisman	Declining Quarter over Quarter	Quarterly
<b>Vehicle Out of Service Rate (%)</b>	Provided by Contractor (project specific)	Declining Quarter over Quarter	Quarterly
<b>Driver Out of Service Rate (%)</b>	Provided by Contractor (project specific)	Declining Quarter over Quarter	Quarterly
<b>Lost Time Incidents (LTIs)</b>	Number of work related injuries or incidents that prevent the individual from performing work the day following the	ZERO	Quarterly

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	incident		
Lost Time Incident Frequency (LTIFs)	LTIF expresses the number of Lost Time Injuries per million exposure hours	ZERO	Quarterly
Number of spills caused by Contractor and/or Subcontractor while working for TLM	Actual number of spills	ZERO	Immediately
Injury Crashes	Specific to TLM	ZERO	Immediately
Fatal Crashes	Specific to TLM	ZERO	Immediately

Behavior Based KPIs			
Metric Name	Description	Target	Reporting Frequency
Driver observed avoiding risks	Count the number of occurrences and track on a monthly basis (carrier)	Improving Quarter over Quarter	
Driver observed taking risks	Count the number of occurrences and track on a monthly basis (carrier)	ZERO	

Driving/Stats			
Metric Name	Description	Target	Reporting Frequency
Number of company drivers	Company wide; state TLM specific drivers as well as area drivers dedicated to the project	Increasing area drivers	Quarterly
Number of Trucks (Fleet Size)	Company wide; state TLM specific fleet as well as age	New vehicle utilization increasing quarter over quarter	Quarterly
Average years of driving experience	Project and pool specific		Quarterly
Average Time with Company (months)	Project and pool specific (incl. supervisors as separate entry)	Improving quarter over quarter	Quarterly
# of Short Service Workers (Less than 6 months with the company)	Project and dedicated pool specific (incl. supervisors as separate entry)	Declining quarter over quarter	Quarterly
# of citations received by drivers and third party drivers	Project and dedicated pool specific (incl. supervisors as separate entry)	ZERO	Quarterly
Company turnover (%)	Project specific	Declining quarter over quarter	Quarterly
Number of Third Party Trucks employed by Contractor	Number of trucks the vendor is 3rd-partying for TLM work	ZERO	Quarterly
Average years of driving experience (subs)	As applicable	At least equal to Contractor	Quarterly

		experience	
DOT Citations	DOT infractions, qualifying different types of citations	ZERO	Quarterly

<b>Commercial Metrics</b>			
<b>Metric Name</b>	<b>Description</b>	<b>Target</b>	<b>Reporting Frequency</b>
Number of rejected invoices (incorrect or unitemized invoices)	Invoices rejected by errors, omissions, & unitemized items	ZERO	Quarterly
Average turn around from receipt to payment receipt	Complete cycle for an invoice: the # of days from time that TLM receives invoice to time that vendor receives payment	30 DAYS	Quarterly
Amount of stand-by charges	Expressed as a \$ amount: LISTED AS BENCHMARK KPI	< 5%	Quarterly
Number of tickets not signed or approved	Tickets not approved or signed by TLM field staff	ZERO	Quarterly
Amount of third party charges	Actual dollar amount of third party charges with mark-up amounts	ZERO	Quarterly
Overall volume of work performed for Talisman for the period (\$), invoiced transportation spend	How is spend segmented?	N/A	Quarterly

<b>Community Engagement</b>			
<b>Metric Name</b>	<b>Description</b>	<b>Target</b>	<b>Reporting Frequency</b>
Number of locally hired drivers/supervisors	Report as a whole number and as a %	100%	Quarterly
Amount of spend through LEES identified tiers - CAN Only	Tiers will be provided to MDU vendors to enable spend tracking	Improving quarter over quarter	Quarterly
Aboriginal staff component		Improving quarter over quarter	Quarterly
Community engagement initiatives	Any company sponsored hiring/local engagement policies	Improving quarter over quarter	Quarterly

<b>Incentive KPIs</b>			
<b>Metric Name</b>	<b>Description</b>	<b>Target</b>	<b>Reporting Frequency</b>
Driver, Supervisor Awards	Rewards for performing work without a vehicle or site incident. Based on vendor's internal program for rewarding safe behavior	Improving quarter over quarter	Quarterly
Company Awards	Rewards for performing work without a vehicle or site incident. As recognized by any industry or third party groups.	Improving quarter over quarter	Quarterly

- a. If any of the above KPI's does not meet or exceed the target in any one reporting period, Contractor shall provide Company with a complete summary of the performance deficiency, reasons for missing the target, and clearly outline actions taken to bring performance back up to the targeted level in a timely manner.
- b. If any of the above KPI's does not meet or exceed the target in any one reporting period, or if there have been any missed KPI in two successive periods, then Contractor shall prepare a complete root cause analysis along with a comprehensive remediation plan. Contractor Representative shall meet with the Company Worksite Representative to review the analysis and plans and implement any agreed to changes in the Contractor's operating practices or any assistance required by Company needed to bring performance back to the targeted level.
- c. If any of the above KPI's does not meet or exceed the targets in any two reporting periods, or if there have been any missed KPI's in four periods, whether successive or not, Contractor shall have 10 days to bring Contractor's performance to a safe and effective level (the "Cure Period") and in the event that Contractor fails to bring the Services to the satisfaction of Company Worksite Representative within the Cure Period Company shall reserve the right to suspend or cancel the provision of the Services.

## 16. ADDITIONAL HEALTH, SAFETY AND ENVIRONMENT CONDITIONS

In addition to the HSE conditions listed in Exhibit 1 and 1.1 to Schedule "D" of this Contract the following HSE terms and conditions shall form part of this Contract:

- a. Equipment Standards: Contractor Equipment shall comply with the specifications for equipment for such transportation prescribed by any applicable governmental regulations, including those of the National Safety Code of Canada and OSHA in the U.S.A. Any changes to specifications of Equipment, inspections, maintenance or on-board vehicle performance monitoring systems must be communicated in writing to Company immediately, and are subject to Company approval.
- b. Green Hat Workers: Contractor's employees and subcontractors who have less than six (6) months experience in their position (referred to as "Green Hat") shall be directly supervised by a senior and fully qualified member of Contractor's staff until the worker has demonstrated competency in the position such that he or she can reasonably perform his or her duties in a safe and responsible manner but in any event, the worker shall be supervised for no less than 3 months (the "Competency Development Process"). Contractor shall not provide more than one Green Hat Personnel per rig move. Contractor shall visibly identify the Green Hat workers on Worksite and Contractor shall have a Competency Assessment Process (the "Competency Assessment Process") to assess Green Hat workers to ensure that the Green Hat workers meet the required competency. Contractor shall ensure that the Green Hat workers shall meet the competency evidence requirement as per the Competency Development Process after three months to Company's satisfaction. Contractor shall document the Competency Assessment Process which shall include verification of worker task proficiency including signed acknowledgement by worker's supervisor and which shall be submitted to Company upon Company's request.
- c. Hazard Communication: Company may furnish Contractor information consistent with the applicable regulatory authority for rig equipment loaded and/or transported by Contractor. Contractor shall ensure that it has or shall read such information and shall implement policies and practices relating to the rig equipment. Contractor shall acknowledge that it understands governmental and other relevant standards relating to the rig equipment and its constituents and shall implement them. Contractor shall disseminate appropriate health and safety information to all Personnel whom Contractor foresees may be exposed to the rig equipment in the course of Contractor's performance of its responsibilities.
- d. Communication during Transportation: Contractor Personnel shall not use cell phones or other communications devices while operating a vehicle. However, Contractor shall maintain a system of communication with its Personnel whereby Company may be informed of the whereabouts of rig and surface rental equipment in transit at reasonable intervals and also allow Personnel to report in transit problems.
- e. Good Neighbour Policy: Contractor shall comply with Company's Good Neighbour Policy attached as Exhibit 1.4 to Schedule D when travelling to and from the Worksite whether on public or Company roads.

## 17. 10 Golden Rules

- a. In order to prevent accidents and incidents Company has established a set of ten rules (referred to as "10 Golden Rules"). This is a condition for working at Worksite that everyone shall the 10 Golden Rules below and everyone at Company is accountable for understanding and complying with rules and procedures. The 10 Golden Rules help to reduce the number of injuries in the work place, number of incidents that have the potential to cause a fatality and reduce the number of uncontrolled hydrocarbon releases. If at anytime a rule or procedure is not clear to someone, he or she must stop and seek clarification from Company Worksite Representative.

- #1 Prevent Oil, Gas and Chemical Leaks
- #2 Do a Risk Assessment
- #3 Get a Permit to Work
- #4 Isolate Energy Sources
- #5 Conduct Safe Lifting Operations
- #6 Control Entry to Confined Space
- #7 Work Safely at Heights
- #8 Prevent Dropped Objects
- #9 Operate Vehicles Safely
- #10 Control Ground Disturbance

Contractor shall have a positive safety culture that drives collective attitude and behaviours towards safety and shall be consistent with the 10 Golden Rules as attached in Exhibit 1.2 of Schedule D.

- b. In consideration of the most frequent injuries associated with the Services, in particular, slips, trips and fall, three point contacts, working in height, heavy lifting and motor vehicle accidents Contractor shall demonstrate competencies to Company and have safe work practices and programs in place that contemplate all the 10 Golden Rules and shall ensure Contractor Personnel follow the rules. Contractor shall, for the purpose of performing the Services as per Schedule B, Scope of Goods and Services, demonstrate its proactive measures to prevent the associated safety hazards through these programs.

## 18. REPORTING REQUIREMENTS

Contractor's reporting requirements to Company shall include the following and Contractor shall submit the reports on a timely manner:

- a. Daily Field Tickets
- b. Daily tracking of KPI's, to be reported quarterly to Company
- c. Quarterly reporting of the following statistical information

## 19. AREA SPECIFIC SCOPES OF WORK

The information provided in section 18 are estimates only and subject to change. Company may provide updated information to Contractor as it becomes available.

### 19.1. MARCELLUS SHALE AREA

Company's U.S.A. Marcellus Shale rig moving operations shall require both skid and location moves. Company is expecting to drill 100 - 110 wells in this area over the course of 2011. Company's intention in the Marcellus Shale area is to assign Contractor with rig moves for specific rigs for a contracted term. Company reserves the right to change or modify the assignment mode as described herein as business conditions necessitate.

#### **Drilling Rigs and Rig Load Specifications**

- a. Drilling rigs that may be required to be moved by Contractor include but are not limited to the following.

Rig Reference	Rig Name	Rig Type
8	Precision Drilling 207	Super Single
9	Precision Drilling 209	Super Single
10	Precision Drilling 228	Triple
11	Precision Drilling 329	Double
12	Saxon Energy Services 170	Double
13	Saxon Energy Services 171	Double
14	Saxon Energy Services 172	Double
15	Saxon Energy Services 173	Double
16	Patterson/UT1 56	Triple
18	Pioneer Drilling 59	Double
19	Pioneer Drilling 64	Double

- b. Rig load lists may be provided by Company prior to contract Work commencement
- c. Area operations maps may be provided by Company prior to work commencement. Maps, if provided, shall serve as a reference for the Contractor in an effort to share operating area specifics and to familiarize the Contractor with Company's Marcellus Operating Area and the distances likely to be involved for rig moves covered in this Scope of Work.

**19.2. EAGLE FORD SHALE AREA**

Company's U.S. Eagle Ford Shale Rig moving operations shall require both skid and location moves. Company is expecting to drill 45 - 65 wells in this area over the course of 2011. Company's intention in the Eagle Ford Shale area is to assign Contractor with rig moves for specific rigs for a contracted term. Company reserves the right to change or modify the assignment mode as described herein as business conditions necessitate.

**Drilling Rigs and Rig Load Specifications**

- a. Drilling rigs that may be required to be moved include but are not limited to the following.

Rig Reference	Rig Name	Rig Type
1	Precision Drilling 41	Triple
2	Pioneer Drilling 7	Triple
3	Pioneer Drilling 8	Triple
4	Nabors Drilling 732	Triple
5	Nabors Drilling 887	Triple
6	Nabors Drilling 888	Triple
7	Nabors Drilling 889	Triple
35	Nabors Drilling 768	Triple

- b. Rig load lists may be provided by Company prior to contract Work commencement.
- c. Eagle Ford area operations maps may be provided by Company prior to work commencement. Maps, if provided, shall serve as a reference for the Contractor in an effort to share operating area specifics and to familiarize the Contractor with Company's Eagle Ford operating area and the distances likely to be involved for rig moves covered in this Scope of Work.

**19.3. APPENDICES**

- 19.3.1. Drilling Schedule;
- 19.3.2. Pre-Job Plan & Post-Job Review Template.

Executed by the Parties' duly authorized representatives

**TALISMAN ENERGY USA INC.**

BY: \_\_\_\_\_  
NAME: \_\_\_\_\_  
TITLE: \_\_\_\_\_

Signed this \_\_\_ day of \_\_\_\_\_, 2011.

---

**FLINT ENERGY SERVICES INC.**

BY: \_\_\_\_\_  
NAME: \_\_\_\_\_  
TITLE: \_\_\_\_\_

Signed this \_\_\_ day of \_\_\_\_\_, 2011.

**SCHEDULE "C" – RATES**

attached to and forming a subpart of Schedule "C" to the Transportation Master Services Agreement dated June 23<sup>rd</sup>, 2011 between Talisman Energy USA Inc. and Flint Energy Services Inc.

Company shall compensate Contractor in Company's Marcellus and Eagle Ford operating areas under two different pricing models; hourly/daily rate pricing and lump sum pricing. In the Eagle Ford operating area, Contractor's pricing shall be lump sum unless otherwise directed by Company. Pricing is fixed and firm until June 23<sup>rd</sup>, 2012.

**1. Eagle Ford Shale - Lump Sum Pricing**

Company shall compensate Contractor in Eagle Ford Shale operating area pursuant to the lump sum pricing included herein, and in accordance with Services requested by Company and performed by Contractor. The number of legal and oversize loads may vary from location move to location move. Lump sum pricing is detailed in Table 1 herein. All pricing listed herein is denominated in US dollars.

1.1 Contractor's lump sum pricing for Rig Moving Services in the Eagle Ford Shale operating area shall include the following:

- All trucks, equipment and personnel required to perform the service;
- All pilot cars required by Company or Contractor to perform the service;
- One Safety Supervisor for Skid Moves;
- One Safety Supervisor for Location or Distance Moves;
- One Truck Push for Skid Moves;
- Two Truck Pushes for Location or Distance Moves, one on each end of the move;
- Swampers as necessary to perform the service, and
- Riggers as necessary to perform the service.

1.2 Eagle Ford Operating Area Skid Move Lump Sum Price: as referenced in Table 1 herein. Craneage costs shall be assessed as required.

1.3 Location Move Lump Sum Price: The lump sum pricing pursuant to Table 1 for performing a wellsite –to-wellsite move is for all rig loads completed within the shaded area detailed in Figure 1 below. Pricing is based on the loads indicated for each assigned rig pursuant to Schedule C, Attachment 1. All non-rig loads determined to be either legal or oversized shall be priced accordingly.

1.4 Lump sum pricing is based on good worksite conditions.

**Table 1 Eagle Ford Shale Operating Area Lump Sum Pricing**

Eagle Ford Shale - Lump Sum Pricing - Rig Moves							
	Precision Drilling 41 (Rig Ref # 1) Flat Rate Rig Move	Pioneer Drilling 7 (Rig Ref # 2) Flat Rate Rig Move	Pioneer Drilling 8 (Rig Ref # 3) Flat Rate Rig Move	Nabors Drilling 732 (Rig Ref # 4) Flat Rate Rig Move	Nabors Drilling 768 (Rig Ref # 35) Flat Rate Rig Move	Rate for Additional Legal Load	Rate for Additional Oversize Load
<b>Skid Moves</b>							
Skid Move Lump Sum Price	\$22,000	\$22,000	\$22,000	\$29,000	\$29,000		
<b>Location Moves</b>							
Location Move Lump Sum Price - Within Defined Eagle Ford Geographic Areas	\$106,000	\$84,000	\$84,000	\$159,000	\$146,000	\$500	\$600

Flat Rate Pricing - Rig Move From One Defined Eagle Ford Geographic Drilling Area to Other Defined Geographic Drilling Areas or Moves Outside of Defined Geographic Drilling Areas									
Location Moves (Price per distance ranges below)									
0 miles	to	5 miles	\$102,000	\$78,000	\$78,000	\$153,000	\$138,000	\$500	\$600
5.1 miles	to	10 miles	\$104,000	\$80,000	\$80,000	\$155,000	\$140,000	\$500	\$600
10.1 miles	to	15 miles	\$106,000	\$82,000	\$82,000	\$157,000	\$143,000	\$500	\$600
15.1 miles	to	20 miles	\$108,000	\$84,000	\$84,000	\$160,000	\$146,000	\$600	\$700
20.1 miles	to	25 miles	\$110,000	\$86,000	\$86,000	\$162,000	\$149,000	\$600	\$700
25.1 miles	to	30 miles	\$112,000	\$88,000	\$88,000	\$164,000	\$152,000	\$700	\$800
30.1 miles	to	35 miles	\$114,000	\$90,000	\$90,000	\$167,000	\$155,000	\$700	\$800
35.1 miles	to	40 miles	\$115,000	\$92,000	\$92,000	\$169,000	\$158,000	\$700	\$800
40.1 miles	to	45 miles	\$116,000	\$94,000	\$94,000	\$171,000	\$161,000	\$800	\$900
45.1 miles	to	50 miles	\$117,000	\$96,000	\$96,000	\$173,000	\$164,000	\$800	\$900
50.1 miles	to	55 miles	\$119,000	\$98,000	\$98,000	\$176,000	\$167,000	\$800	\$900
55.1 miles	to	60 miles	\$120,000	\$100,000	\$100,000	\$178,000	\$170,000	\$800	\$900
60.1 miles	to	65 miles	\$124,000	\$112,000	\$112,000	\$183,000	\$175,000	\$900	\$1,000
65.1 miles	to	70 miles	\$128,000	\$115,000	\$115,000	\$188,000	\$181,000	\$1,000	\$1,100
70.1 miles	to	75 miles	\$131,000	\$117,000	\$118,000	\$192,000	\$187,000	\$1,000	\$1,100
75.1 miles	to	80 miles	\$135,000	\$120,000	\$120,000	\$197,000	\$192,000	\$1,000	\$1,100
80.1 miles	to	85 miles	\$138,000	\$122,000	\$123,000	\$203,000	\$198,000	\$1,000	\$1,100
85.1 miles	to	90 miles	\$142,000	\$125,000	\$125,000	\$207,000	\$203,000	\$1,100	\$1,200
90.1 miles	to	95 miles	\$146,000	\$127,000	\$127,000	\$211,000	\$209,000	\$1,100	\$1,200
95.1 miles	to	100 miles	\$150,000	\$130,000	\$130,000	\$216,000	\$215,000	\$1,200	\$1,300

100 miles+ will be bid per job

1.5 Legal Load Pricing: \$500.00 per load for in-pod loads. Should the load leave the origin pod and go to another pod it will be subject to additional time on an hourly basis pursuant to Table 2.

1.6 Oversize Load Pricing: \$600.00 per load for in-pod loads. Should the load leave the origin pod and go to another pod it will be subject to additional time on an hourly basis pursuant to Table 2.

2. Table 2: Hourly/Daily Rate Pricing for Marcellus and Eagle Ford Shale Operating Areas

**Rate Sheet - Flint Energy Services (USA)**

Pricing Legend    Hourly     Daily     Percent

Equipment	Rate
Tandem Gin Pole Truck Up to 350"	\$ 300.00
Tandem Bed Truck 360" to 400"	\$ 300.00
400" + w/ Front Wheel Drive ( depending on conditions)	\$ 400.00
Tandem Picker 40 ton and Up	\$ 300.00
Tandem Winch Tractor	\$ 140.00
Tri-Drive Winch Tractor	\$ 160.00
Planetary Winch Tractor	\$ 150.00
Tri-Axle Highboy	\$ 30.00
Tri-Axle Lowboy	\$ 40.00
Quad Axle Highboy/Lowboy	\$ 50.00
Quad Axel Extensible Lowboy	\$ 60.00
5 Axel Lowboy	\$ 75.00
Double Drop Extendible	\$ 50.00
Double Drop XL	\$ 100.00
Double Drop XL With Jeep	\$ 150.00
Double Drop XL with Booster	\$ 150.00
8 Wheel Jeep	\$ 25.00
Single Axel Booster	\$ 20.00
Tandem Booster	\$ 25.00
Man Lift	\$ 75.00
Loader	\$ 175.00
Forklift Grapple	\$ 25.00
Supervision with Pickup	\$ 1,500.00
Safety Supervisor with Pickup	\$ 1,200.00
Rigger	\$ 75.00
Crew Van	\$ 300.00
Pilot Truck	\$ 75.00
Subsistence	\$ 150.00
Cranes	Cost+10%
Permits	Cost+10%

3. **Contractor Mark-Up:** 10% on permits and third party charges.

4. **Standby Charges:**

4.1 First four (4) hours per standby event are at no charge for any equipment that has been mobilized.

4.2 Once the initial four (4) hours has passed, standby will be charged at 75% of hourly rates, minus any discounts – for the following 8 hours.

4.3 Following the first 12 hours of standby, if standby should continue it will be charged at 75% of hourly rates (minus any discounts) for 12 hours each day until the standby event ends.

4.4 The maximum standby that may be charged on the first day of standby is 8 hours at the standby rate of 75% of hourly rates. Any subsequent standby days are charged at 75% of the hourly rate up to a maximum of 12 hours per piece of equipment in standby mode.

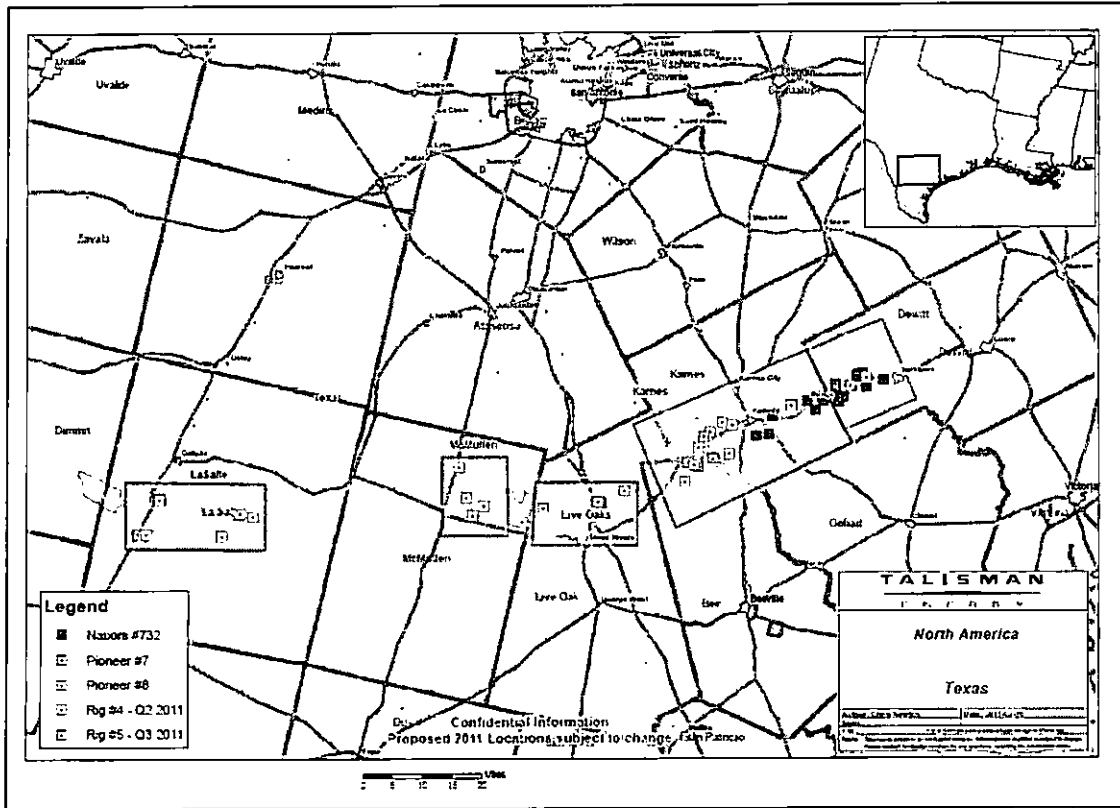
5. **Pricing Discount:** 10% off of final pricing for all rig moves in the Marcellus operating area.

6. **Other Charges:**

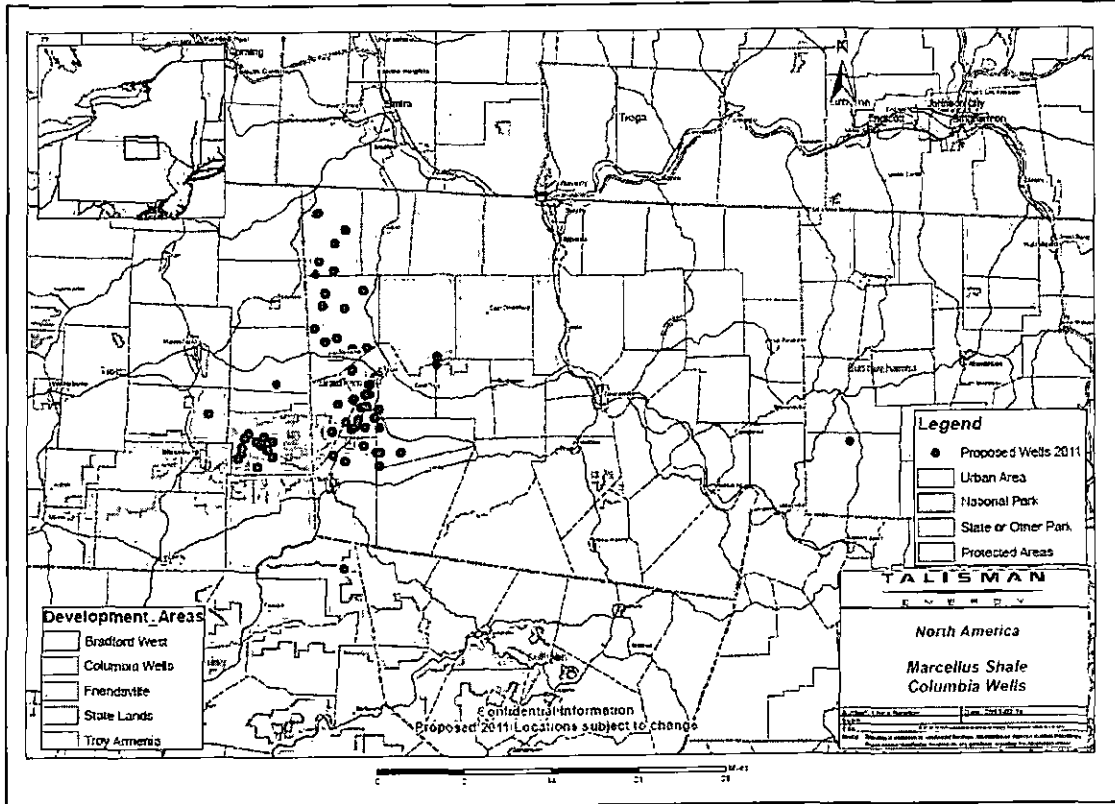
6.1 \$30 per truck-hour premium will be charged on statutory holidays.

6.2 Subsistence: \$150/day per man upon Company approval.

Schedule C Figure 1: Eagle Ford Operating Area



Schedule C Figure 2



Contract # TEU7606

**Schedule C Attachment I: Estimated Rig Load Lists**



## RIG NO. 8

**CLASSIFICATION:** 1500 HP Electric

**SWIVEL:**

Continental Emsco LB-400

**DRILLING DEPTH CAPACITY:**

18,000' w/ 5" dp

**DRILL PIPE:**

5" od

**POWER SYSTEM:**

Three (3) CAT 3512-B diesel engines with three(3) Kato 1365 KW AC generators, one (1) Ross Hill SCR, four (4) bays to power pumps, drawworks, lighting plus hotel load

**DRILL COLLARS:**

As Required

**DRAW WORKS:**

National 110-UE with 6032 Baylor brake powered by two (2) GE 752 traction motors

**ANNULAR PREVENTER:**

Hydril Type GK 11" 5,000 psi

**RAM PREVENTERS:**

Cameron Type U 11" 10000 psi WP double ram  
Cameron Type U 11" 10000 psi WP single ram

**MAST:**

NOI 136' telescoping mast rated at 735,000# SHL

**CHOKE MANIFOLD:**

4-1/16" x 2-1/16" 10000 psi WP

**DRILL LINE:**

1-3/8"

**ACCUMULATOR SYSTEM:**

Ross Hill with remote control six (6) station  
240 gal.

**SUBSTRUCTURE:**

NOI 22' telescoping with 735,000# rotary capacity and 400,000# setback capacity, 17'-8" clear height from rotary beam to ground level

**MUD SYSTEM:**

Two (2) Tank 1000 BBL System  
Three (3) Derrick 513 HG Shakers  
Brandt 2 cone desander  
Brandt 12 cone desilter  
Brandt Vacuum Degasser

**MUD PUMPS:**

Two (2) Continental Emsco FB-1600 triplex pumps each rated at 1600 hp, each driven by two (2) GE 752 series traction motors

**AUXILLARY EQUIPMENT:**

Toolpusher and crew quarters  
One 500 BBL water tank  
Automatic drifter  
Pipe spinner  
Kelly spinner  
Totco electronic drilling recorder  
0-7 degree drift indicator  
One (1) 10,000 gal. fuel tank  
NOV Iron Roughneck ST80-C

**ROTARY:**

Ideco 27-1/2" independently driven by GE-752 series traction motor 53-1/4" center

**TOP DRIVE:**

Can Rig 275  
275 Ton AC Drive

**BLOCK AND HOOK:**

Brewster 400 Ton Block  
BJ 5350, 350 ton hook



## RIG NO. 7

**CLASSIFICATION:** 1500 HP Electric

**SWIVEL:**

Gardner Denner 400

**DRILLING DEPTH CAPACITY:**

18,000' w/ 5" dp

**DRILL PIPE:**

5" od

**POWER SYSTEM:**

Three (3) CAT 3512-B diesel engines  
with three (3) Kato 1365 KW AC generators,  
one (1) Ross Hill SCR, four (4) bays to power  
pumps, drawworks, and lighting plus hotel load

**DRILL COLLARS:**

As Required

**DRAW WORKS:**

National 110-UE with 6032 Baylor brake  
powered by two (2) GE 752 traction motors

**ANNULAR PREVENTER:**

Shaffer 13-5/8" 5000 psi WP

**MAST:**

NOI 136' telescoping mast rated at 735,000# SHL

**RAM PREVENTERS:**

Shaffer SL 13 5/8" 10000 psi WP double ram

Shaffer SL 13 5/8" 10000 psi WP single ram

**DRILL LINE:**

1-3/8"

**CHOKE MANIFOLD:**

4-1/16" x 2-1/16" 10000 psi WP

**SUBSTRUCTURE:**

NOI 22' telescoping with 735,000# rotary capacity  
and 400,000# setback capacity, 17'-8" clear height  
from rotary beam to ground level

**ACCUMULATOR SYSTEM:**

Ross Hill w/ remote control six (6) station  
240 gal.

**MUD PUMPS:**

Two (2) Continental Emsco FB-1600 triplex  
pumps each rated at 1600 hp, each driven by  
two (2) GE 752 series traction motors

**MUD SYSTEM:**

Two (2) Tank 1000 BBL System  
Three (3) Brandt King Cobra Shakers  
Brandt 2 cone desander  
Brandt 12 cone desilter  
Brandt Vacuum Degasser

**TOP DRIVE:**

NOV TDS-10 250 Ton AC

**AUXILLARY EQUIPMENT:**

Toolpusher and crew quarters  
One 500 BBL water tank  
Automatic driller  
Pipe spinner  
Kelly spinner  
Totco electronic drilling recorder  
0-7 degree drift indicator  
NOV - Iron Roughneck ST 80-C

**ROTARY:**

Ideco 27-1/2" independently driven by GE-752 series  
traction motor

**BLOCK AND HOOK:**

National 500 ton block  
National 500 ton hook





NABORS - R - 768 - 322

NABORS 322 - NAB - 768

LOAD DESCRIPTION	LOAD DEMENSIONS			WEIGHT (LBS)
	LENGTH	WIDTH	HEIGHT	
1. CREW HOUSE	55 FT.	14 W	13 H	50,000
2. PUSHERS HOUSE	55 FT.	14W	13 H	50,000
3. SAFETY PUSHERS HOUSE	55 FT.	14 W	13 H	55,000
4. CHANGE HOUSE	40 FT.	10 W	13 H	45,000
5. BACK UP GEN.	20 FT.	8 W	10 H	25,000
6. SMALL WATER TANK	20 FT.	8 W	10 H	25,000
7. SCR	50 FT.	12 W	13' 6"	55,000
8. GEN. MOTOR	50 FT.	12 W	13' 6"	60,000
9. GEN. MOTOR	50 FT.	12 W	13' 6"	60,000
10. GEN. MOTOR	50 FT.	12 W	13' 6"	60,000
11. FUEL TANK	45 FT	12 W	13' 6"	50,000
12. GRASSHOPPER	50 FT.	12 W	10'	45,000
13. MUD PUMP	40 FT.	12 W	12'	90,000
14. MUD PUMP	40 FT.	12 W	12'	90,000
15. MUD PUMP, MATS-MISC.	30 FT	9 W	LEGAL	40,000
16. MUD PUMP, MATS, MISC.	30 FT	9 W	LEGAL	40,000
17. SUCTION MUD TANK	55 FT.	12 W	13' 6"	65,000
18. INTERIM MUD TANK	55 FT	12 W	13' 6"	65,000
19. SHAKER MUD TANK	55 FT	12 W	13' 6"	65,000
20. SHAKER SKID	45 FT	14' 6"	13' 6"	50,000
21. MUD EQUIP.-SKID	35 FT	9 W	10'	30,000
22. MUD EQUIP. SKID	35 FT	9 W	10'	30,000
23. MUD TANK, SHEDS, MISC.	35 FT	13 W	6'	30,000
24. BULK TANK SKID	35 FT	12 W	13' 6"	30,000
25. TRIP TANK, MANIFOLD SKID	45 FT	12 W	13' 6"	45,000
26. GAS BUSTER SKID	35 FT	10 W	13' 6"	40,000
27. DRAWWORKS	15 FT	12 W	10'	90,000
28. DRAWWORKS-COMPOUND	15 FT	5 W	10'	35,000
29. WEBBING	LEGAL HAULING			40,000
30. WEBBING	LEGAL HAULING			40,000
31. SUBSTRUCTURE	55 FT	12 W	12'	90,000
32. SUBSTRUCTURE	55 FT	12 W	12'	90,000
33. SUB, MATS	LEGAL HAULING			40,000
34. SUB, MATS	LEGAL HAULING			40,000
35. A-LEG	30 FT	7 W	13' 6"	45,000
36. A -LEG	30 FT	7 W	13' 6"	45,000
37. DERRICK SECTION	35 FT	10 W	LEGAL	45,000
38. DERRICK SECTION	35 FT	10 W	LEGAL	45,000
39. DERRICK SECTION	35 FT	10 W	LEGAL	45,000
40. CROWN	25 FT	14 W	13' 6"	45,000
41. MONKEY BOARD, BLOCK	12 FT	9 W	13' 6"	45,000 W/TRAVELING BLK
42. DRLINE, MISC, HDACHE RK	8 FT	8 W	10'	50,000 W/HEADACHE RACK
43. CATWALK, MISC.	LEGAL HAULING			12,000
44. JUNKBOX	30 FT	9 W	5'	50,000
45. KOOME	35 FT	9 W	12'	45,000
46. WATER TANK	30 FT	12 W	12' 6"	50,000
47. WATER TANK	30 FT	12 W	12' 6"	50,000
48. TOP DOG HOUSE	30 FT	12 W	13' 6"	45,000
49. BOP'S	LEGAL HAULING			40,000

R-132

Sequence	Description	Length	Width	Height	Weight	Required	Required
1	GENERATOR MOTOR	85	12	15' 6"	57,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
2	GENERATOR MOTOR	85	12	15' 6"	57,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
3	GENERATOR MOTOR	85	12	15' 6"	57,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
4	MUD PUMPS	85	12	14'	88,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	MUD PUMPS	85	12	14'	89,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
6	MUD TANK	85	12	15' 6"	68,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
7	MUD TANK	85	12	15' 6"	90,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
8	MUD TANK	85	12	15' 6"	85,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
9	PARTS HOUSE	85	12	15'	36,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
10	WATER TANK	85	12	15' 6"	50,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
11	SCR HOUSE	85	14	15' 6"	54,400	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
12	PUSHERS HOUSE	85	14	15' 6"	36,800	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
13	CREW QUARTERS	85	14	15' 6"	36,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
14	FUEL TANK	85	12	15' 6"	45,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
15	GEN. HOUSE W/CAT ENG.	85	12	15'	45,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
16	CEN. PIECES W/ROTARY	85	12	14'	40,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
17	PONY SUB	85	12	15'	30,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
18	PONY SUB	85	12	15'	30,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
19	SUBSTRUCTURE BOTTOM SUB	85	12	15' 6"	36,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
20	SUBSTRUCTURE BOTTOM SUB	85	12	15' 6"	36,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
21	SUBSTRUCTURE BOTTOM SUB	85	12	15' 6"	40,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
22	PONY SUB	85	12	15'	30,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
23	A-LEGS	85	12	15' 6"	45,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
24	A-LEGS	85	12	15' 6"	45,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
25	CROWN SECTION	85	12	15'	40,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
26	CHANGE HOUSE	85	12	14' 6"	36,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
27	DRAWWORKS	85	12	15'	94,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
28	MUFFLER FLOOR PLATE & STAIRS	L	L	L	45,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
29	GAS BUSTER & DOUBLE BOP	L	L	L	38,000	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
30	MANIFOLD SKID	85	12	14'	40,000	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
31	CHOKE MANIFOLD	85	12	14'	45,000	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
32	MATTING BOARDS/SUITCASE/MUD HOSE	L	L	L	45,000	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
33	DOUBLE SHACKER TANK	85	13	14' 6"	30,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
34	CAT WALK/STEPS & FLOW LINE	L	L	L	45,000	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
35	DRILL PIPE W/RACKS	L	L	L	45,000	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
36	DRILL PIPE W/RACKS	L	L	L	45,000	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
37	DRILL PIPE W/RACKS	L	L	L	45,000	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
38	DRILL PIPE W/RACKS	L	L	L	45,000	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
39	DRILL PIPE W/RACKS	L	L	L	45,000	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
40	DRILL PIPE W/RACKS	L	L	L	45,000	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
41	DRILL COLLARS	L	L	L	45,000	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
42	DRILL COLLARS	L	L	L	45,000	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
43	TRIP TANK W/ACCUMULATOR	85	12	14'	32,000	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
44	SUITCASE/FLOOR PLATE/STAIRS	L	L	L	30,000	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
45	V-DOOR SLIDING STAIRS	L	L	L	45,000	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
46	DERRICK SECTION	85	12	15'	45,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
47	DERRICK SECTION	85	12	15'	45,000	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
48						<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
49						<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
50						<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

..... NOTE: THIS RIG REQUIRES 3 CRANES TO RIG DOWN AND RIG UP RIG DERRICK A BOLSTER IS BEING BUILT TO ALLEVIATE THIS PROBLEM. ....

SCHEDULE "D"

attached to and made part of the Truck Transportation Master Services Agreement dated June 23<sup>rd</sup>, 2011  
between Talisman Energy USA Inc. and Flint Energy Services Inc.

COMPANY POLICIES AND PROCEDURES

**TALISMAN**  
E N E R G Y

1. **ADDITIONAL DEFINITIONS** In addition to the terms defined in Schedule "A" of this Contract, the following additional defined terms are used in this Schedule "D":

- (a) **"Company Testing Program Administrator"** means the Company's Occupational Health Department which handles drug and alcohol testing results pursuant to the Alcohol & Drug Policy Expectations for Contractors set out in Exhibit 1 to this Schedule "D";
- (b) **"HSE"** means health, safety and the environment;
- (c) **"Incident"** means an undesired event or near miss, arising in relation to any member(s) of Contractor Group, the Services, On-Site Work or in proximity to the Services, On-Site Work or the Worksite, which resulted in or may have resulted in, harm to a person or people, damage to or loss of property, damage to the environment, or process loss, including but not limited to a fire, explosion, a loss of revenues, vehicles, equipment, productivity, hydrocarbons, or may involve a release, flare, vent or leak of any pollutant(s) or contaminant(s) to the environment;
- (d) **"On-Site Work"** means the performance of any Services on or otherwise entering onto a Worksite in connection with this Contract, including any pick-up, loading, delivery, inspection or repair of Goods at a Worksite;
- (e) **"Safe Services Systems"** include the provisions in the Company's "Contractor Safety Handbook" (booklet enclosed with and forming part of this Contract) and shall also include any standards, procedures, directives, rules, regulations, requirements, codes, operating procedures, safety rules, loss control standards, codes of practice and guidelines of Company and its Affiliates governing the conduct of personnel, the performance of Services or On-Site Work and operation of the Worksite, including without limitation, the requirements listed in Schedule "B", permit to work and confined space entry procedures, and any additional or revised safe work systems determined, adopted or implemented by Company or its Affiliates from time to time and communicated to Contractor; and
- (f) **"Waste"** means a substance or mixture of substances generated from or associated with the Services or On-Site Work which has chemical, physical, and toxicological properties which require it to be managed, handled, treated, transported and disposed of in accordance with Applicable Laws, Policies, Safe Services Systems and Good Industry Practices in order to protect human health and the environment and which includes: hazardous waste, industrial waste, dangerous oilfield waste, non-dangerous oilfield waste, flowback water and produced water.

2. **HSE PROCEDURES** Contractor Group shall strictly comply with the following provisions:

- (a) **ISNETWORLD** Contractor agrees to register with and maintain an account, at its own expense, with ISNetworld or such other contractor prequalification service as approved by the Company and provide such information requested by the Company in order to permit the Company to monitor the Contractor's safe work systems and compliance with Safe Services Systems and Policies and Procedures.
- (b) **HSE Commitment & Safe Services Systems (SWS)** Contractor Group shall conduct all Services in a safe manner, take all reasonable measures to ensure the health and safety of all workers and members of the public, immediately rectify all unsafe situations or potential hazards, and strictly comply with Applicable Laws (including reporting requirements) and Safe Services Systems.

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- (c) HSE Interface Contractor Group shall have in place, or will ensure it has adopted or will adopt, its own policies and safe work systems, which meet or exceed Company's Policies and Procedures and Safe Services Systems. Prior to the commencement of Services, Contractor shall collaborate with Company in establishing:
- (i) HSE interface arrangements and producing an HSE interface document that indicates which policies and procedures of the Contractor or the Company have precedence during the Services.
  - (ii) A performance improvement plan in order to address gaps and deficiencies, as determined by the Company, in the Contractor's safe work systems or compliance with Safe Services Systems or Policies and Procedures.

Contractor shall be responsible for ensuring that interface arrangements and requirements of any performance improvement plan are communicated to the Contractor Group and its Personnel and for monitoring the implementation of such arrangements. Contractor also agrees to make such changes to its safe work systems to satisfy the requirements of the performance improvement plan on such date specified by the Company or where no date is specified, as soon as is reasonably practicable.

- (d) HSE Training
- (i) Competency All Contractor Group personnel shall have the necessary safety, emergency, and job-related training and shall be competent to undertake their required duties in a safe and efficient manner prior to the commencement of On-Site Work, and shall provide training records and certificates to Company upon request.
  - (ii) Green Workers For any unqualified worker to perform On-Site Work, Contractor Group shall: (a) obtain prior written approval of Company Worksite Representative, (b) ensure such worker is conspicuously identifiable to other Worksite personnel, and (c) ensure such individual is adequately supervised by a member of Contractor Group who is qualified to do the On-Site Work.
- (e) HSE Orientation Each member of Contractor Group performing On-Site Work shall complete an HSE orientation as required by Company prior to entering a Worksite, regardless of prior experience, which orientation will address mandatory HSE policies, procedures, Safe Services Systems and any Worksite-specific hazards.
- (f) Emergency Response Plans Contractor Group shall become familiar with the Worksite evacuation procedures and emergency response plans, participate in all Worksite emergency drills and immediately clarify any questions regarding same.
- (g) Personal Protective Equipment In addition to the specific PPE requirements listed in Schedule "B",
- (i) Contractor Group shall provide, at no additional cost to Company, its personnel with all safety equipment and personal protective equipment ("PPE") required by Applicable Laws or requested by Company Worksite Representative;
  - (ii) Contractor Group shall ensure that all PPE provided is appropriate for the nature of the risks and health hazards (including noise) to which the worker is exposed. Unless otherwise directed by the Company Worksite Representative, PPE provided to workers and visitors to the Worksite shall include at a minimum: safety helmets, ear protection, safety glasses, gloves and steel-toed safety footwear. Other equipment such as: breathing apparatus, fire-retardant overalls, harnesses or belts, rain gear, personal gas detection monitors, chemical resistant clothing, first aid kits or fire extinguishers shall be provided as required for the On-Site Work; and
  - (iii) Contractor Group shall provide its personnel with appropriate training for the use and care of all PPE and shall maintain the PPE in good condition.
- (h) HSE Meetings Unless otherwise directed by the Company Worksite Representative, Contractor Group shall:

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- (i) prior to the commencement of On-Site Work attend to a pre-work project meeting. The Contractor will ensure that at a minimum that a representative for each of the Contractor's HSE, operations and management functions is in attendance at the pre-work project meeting;
  - (ii) hold regular HSE meetings and Contractor Group shall conduct toolbox meetings at individual work locations before commencement of daily activities. A job specific HSE meeting must be convened prior to the initiation of critical or hazardous work. Such meetings and inspections should be documented, with copies available to the Company Worksite Representative upon request. Contractor Group shall also attend Company HSE meetings as requested from time to time;
  - (iii) attend performance review meetings with the Company on a frequency to be determined by the Company;
  - (iv) If requested by the Company, participate in a post contract performance review within one month of the completion of Services whereby the performance of the Contractor will be compared to the requirements of this Contract, the interface document and any performance improvement plan.
- (i) HSE Performance Metrics At Company's request, Contractor Group shall implement a HSE Performance Monitoring program which will include analysis of leading and lagging HSE performance indicators and shall provide HSE performance reports monthly, or as requested by Company.
- (j) HSE Inspection Unless otherwise directed by the Company Worksite Representative, Contractor Group shall conduct regular HSE inspections, review, and audits (collectively referred to as "HSE Inspections") of the Services and shall submit a copy of the HSE Inspections to Company. Company reserves the right, at any time, to independently conduct HSE Inspections of the Services and Contractor's Equipment, procedures and HSE management system to verify compliance with Applicable Laws, HSE Interface agreements, and this Contract. Contractor Group shall fully cooperate with Company in such HSE Inspections and shall implement any recommendations in a timely manner with agreement from and at no cost to Company.
- (k) Substance Abuse
- (i) While performing Services, no member of Contractor Group shall:
    - (A) possess, use, distribute or sell alcoholic beverages;
    - (B) misuse legitimate or prescription drugs;
    - (C) possess, use, distribute or sell illicit drugs or non-prescribed prescription drugs or other controlled substances; or
    - (D) perform Services under the influence of alcohol or any such other drugs or mood altering substances.
  - (ii) Contractor Group shall comply with Company's "Contractor Expectations for Alcohol and Drug Policies" attached Exhibit 1 of this Schedule "D" and use the Company drug and alcohol testing program when required by Company and/or the Authorities.
  - (iii) Performance of On-Site Work is conditional upon the Company's right to conduct unannounced searches for compliance with the drug and alcohol provisions of Schedule "D".
- (l) Drug and Alcohol Testing
- (i) Contractor acknowledges all members of Contractor Group performing Services may be subject to testing under the Company testing program and that all test results will be reported directly to the Company Testing Program Administrator, who will advise Contractor of the results.
  - (ii) Contractor Group shall, prior to the provision of any Services, sign a waiver indemnifying Company from any legal liability associated with the provision of testing services.

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- (iii) Company reserves the right to invoice Contractor for reasonable and customary charges associated with providing this service.
  - (iv) Contractor Group shall ensure that its testing protocol includes a requirement for its personnel to sign a release indicating the name of the donor and his/her permission for the results to be released to Company Group. In any situation where any Contractor Group personnel are tested under Company's employee testing system, the tested individual must confirm in writing that his/her test results can be released to the Company Testing Program Administrator.
  - (v) If Services are provided in the US, Contractor Group shall comply with alcohol and drug testing requirements of the US Department of Transportation.
- (m) Incident Investigation and Reporting Contractor Group shall:
- (i) immediately notify Company of any Contract-related injury, illness, fatality, spills, contaminant releases, or other HSE-related Incidents, and promptly report all HSE-related Incidents to the Authorities in accordance with Applicable Laws;
  - (ii) immediately notify Company of any regulatory inspections or interactions or stakeholder complaints;
  - (iii) immediately contain and clean up any spill or release in accordance with Applicable Laws and in consultation with or as directed by the Company Worksite Representative;
  - (iv) promptly investigate and report all HSE-related Incidents;
  - (v) cooperate fully in any Incident investigation, including providing any records generated by the Contractor as part of its health and safety management system, or in order to comply with the Policies and Procedures, and make Contractor Group Personnel available in a timely manner for interviews and drug and alcohol testing as requested by Company;
  - (vi) allow Company, at its sole discretion, to participate in any Incident investigation; and
  - (vii) provide Company with copies of an Incident investigation report that contains the following minimum information:
    - (A) summary of Incident investigation process including identification of investigation team members;
    - (B) causal analysis of Incident including direct causes, contributing factors and root causes;
    - (C) supporting evidence including witness statements, pictures, drug and alcohol test results, expert reports or opinions and police reports;
    - (D) corrective action(s) taken and/or planned to prevent recurrence of Incident;
    - (E) details of any interaction with HSE regulators or other Authorities; and
    - (F) copies of all Incident reports submitted with the applicable Authorities.
- (n) Environmental Management
- (i) Worksite Management Contractor Group shall confine the On-Site Work to the areas designated by Company. Contractor Group shall ensure that the Worksite is kept tidy and free from debris. Upon completion of the On-Site Work or when directed by Company, Contractor Group shall promptly remove any debris and leave the Worksite in a clean condition. Contractor Group shall obtain approval from the Company Worksite Representative before using any of Company's pollution control or waste disposal facilities.

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- (ii) Prevention Contractor Group shall conduct On-Site Work in a manner which: complies with Good Industry Practice and which prevents, avoids or minimizes damage to the environment and leaves the affected area in as close to its original condition as practicable.
  - (iii) Storage, Use and Labeling of Chemicals Contractor Group shall: (A) store any fuels, lube oils and hazardous chemicals used during the On-Site Work securely and well away from streams and other water bodies, (B) keep such chemicals in clearly labeled containers to identify their contents, (C) provide secondary containment where appropriate and periodically inspect storage sites for leakage and spillage and (D) store explosives securely and well away from Worksite and camps.
  - (iv) Return of Chemicals All chemicals not consumed in On-Site Work must be kept in stock and returned to supplier (to the extent possible) or recycled by Contractor at its own risk and account.
  - (v) Material Safety Data Sheets All regulated chemicals supplied by Contractor Group in respect of On-Site Work must be accompanied by Material Safety Data Sheets ("MSDS"). Contractor Group shall instruct its personnel in the safe handling and use of the chemicals and provide all personnel with personal protective equipment ("PPE") indicated on the MSDS. Contractor Group shall ensure workers potentially exposed to such chemicals use appropriate PPE. Contractor Group shall keep the MSDS in respect of the chemicals in a location readily available to all workers and, if necessary, shall translate the MSDS into local languages.
  - (vi) Waste For all On-Site Work that generates Waste, Contractor Group shall:
    - (A) develop and implement a waste management plan ("WMP") for storage, handling, transportation and disposal of hazardous and non-hazardous waste material, (including water) that is acceptable to Company, prior to the commencement of On-Site Work;
    - (B) provide the WMP to Company for review;
    - (C) identify and catalogue all Wastes as either non-hazardous and/or hazardous; and
    - (D) regularly monitor implementation of the WMP.
  - (vii) Water Management Contractor Group shall control, manage and dispose of all water derived from performance of On-Site Work in accordance with Applicable Laws.
  - (viii) Wildlife Contractor Group shall ensure that its personnel refrain from harassing, hunting, fishing, trapping, trading animals or disturbing the wildlife in the area of the Worksite.
- (o) Occupational Health
- (i) Fitness for Duty Contractor Group shall ensure that all personnel assigned to perform Services can safely perform the essential functions of their job assignment and produce a "fit for work" statement as requested by Company. Contractor Group shall ensure that all personnel are:
    - (A) medically (physically and mentally) fit to meet the requirements of the respective position and perform all duties specified for their job function without undue risk to themselves, others, or Company Related Party assets; and
    - (B) aware of the health implications and if necessary, have all inoculations and medications recommended to work in the region where the Services are being performed, as advised by the World Health Organization.
- (p) Medical Services
- (i) Contractor Group shall be responsible for the medical welfare of Contractor Group personnel and shall make arrangements for medical treatment, insurance and transport suitable for the Services and the geographical area of the Services. This may include having a qualified, medically trained person available that is appropriate for the Services.

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- (ii) Contractor Group shall provide Company with a comprehensive list of medical equipment and medicines that will be available to its personnel at the Worksite to address both urgent and non-urgent medical occurrences;
  - (iii) If required or requested by the Company's Worksite representative, Contractor Group shall provide Company with a list of the medical facilities in the area and near the Worksite and a list of site-specific medical risks associated with the Services, the findings of which will also govern the provision of extra medical materials and/or personnel; and
  - (iv) If required in order to support field medical services, Contractor Group shall provide adequate back-up medical support (24-hour coverage) from a Company-approved care provider (i.e. local hospital, clinic, International SOS or otherwise) or a Company-approved physician.
- (q) Medical Evacuation Contractor Group shall document and post a medical evacuation procedure for urgent and non-urgent occurrences visible to all personnel, visitors and other persons entering the Worksite.
- (r) Industrial Hygiene Program Contractor Group shall have an industrial hygiene program to assess potential health hazards, to monitor potential hazards and ensure that personnel are not exposed to any health hazards in excess of the recommended exposure guidelines or standards. The program will include recommended methods for controlling the potential health hazards. These methods may include engineering controls and appropriate safety practices for personnel, such as the substitution of safer materials, or the use of ventilation and PPE.
- (s) Removal from Worksite If, in the opinion of Company, any member of Contractor Group is performing unsafe work practices, is not complying with Applicable Laws, Policies and Procedures, Good Industry Practice, or the terms of this Contract, or is not competent to perform the activities being undertaken safely, Company reserves the right to request the immediate removal of the individual from the Worksite or from performing Services. Notwithstanding the foregoing, Contractor Group shall retain all authority and control over its personnel. Contractor Group shall be liable for any costs arising directly or indirectly from such circumstances.
- (t) Disciplinary Action Contractor shall establish a disciplinary policy and communicate it to all Contractor Group personnel in order to ensure that expectations are clear, to act as a deterrent against HSE violations, and to provide an opportunity to improve HSE performance. Disciplinary action imposed on Contractor Group personnel at all times remains the responsibility of, and is at the discretion of Contractor. Contractor shall report all cases of disciplinary action taken against Contractor Group personnel for HSE violations to the Company Worksite Representative.

EXHIBIT 1 TO SCHEDULE "D"

ALCOHOL AND DRUG POLICY EXPECTATIONS FOR CONTRACTORS

**PURPOSE**

It is the intention of Talisman Energy Inc. and its subsidiaries and affiliates (referred to as "the Company" or "Talisman") to provide a safe and productive working environment for employees, Contractors, customers, and business associates. We recognize that the use of Illicit Drugs, and the inappropriate use of Alcohol, Medications, and other substances can adversely affect health, safety and job performance. It can also affect or endanger employees, customers or members of the public.

This statement is intended to outline the minimum expectations regarding Alcohol and Drug use and possession which have been set for all Contractors. Contractors are encouraged to implement their own policy which meets or exceeds the standards set out by Talisman in this Policy. Contractors who do not have an alcohol and drug policy or program will be required to ensure the standards of the Talisman Policy are met by everyone assigned to Talisman work.

**II. RESPONSIBILITIES**

**Contractors** are expected to:

- Ensure that their representatives remain free from any adverse performance effects of Alcohol or other Drugs by enforcing these requirements for their employees, sub-contractors and agents, when working on Talisman Business, Talisman Premises and worksites or otherwise in the performance of services for Talisman.

**Contract workers** while on Talisman Business, Talisman Premises and worksites are expected to:

- Report fit for duty, and remain fit throughout their work day or shift,
- Adhere to the Fitness for Duty standards that have been set out below,
- Co-operate with an investigation into a Policy violation including any testing requirements, and
- Conduct themselves in an appropriate manner.

If unexpected circumstances arise where a Contracted worker is requested to perform services while under the influence of Alcohol or other Drugs or substances that could impact safe operations it is the responsibility of that individual to inform the Contractor or Talisman Representative that he or she cannot accept that assignment.

**III. STANDARDS**

i. **Illicit Drugs:** The following are prohibited while on Talisman Business, Talisman Premises, and worksites, and while otherwise performing services for Talisman:

- the use, possession, distribution, offering or sale of Illicit Drugs or Illicit Drug paraphernalia;
- reporting to work while under the influence of Illicit Drugs; and
- presence in the body of Illicit Drugs as determined through the testing program.

ii. **Alcohol:** The possession, distribution, offering or sale of beverage Alcohol is prohibited when on Talisman Premises and worksites with the exceptions noted below. Where permitted, Contract workers are expected to use Alcohol responsibly. Contract workers cannot:

- have an Alcohol test result of .04 BAC or greater; or
- use Alcohol within the first eight hours after an accident or until tested or advised by the Company that a test is not required.

In addition, because of the higher risk involved in Talisman field operations, anyone assigned to work in the field, or temporarily working in the field (including business visits):

- cannot report for duty or remain on duty or remain on duty under the influence of Alcohol from any source;
- cannot use any product containing Alcohol (including beverage Alcohol) when on duty including during meals or breaks; and

- will be removed from duty if they have an Alcohol test result of .02 BAC or higher.

iii. **Medications:** Contract workers are expected to responsibly use prescribed and over the counter Medications. They should investigate (through their doctor or pharmacist or an on-site medic) whether a Medication can affect safe operation, and take appropriate steps to minimize associated risk, which would include notifying their company or a Talisman Representative of any need for modified work under the circumstances. The following are prohibited while on Talisman Business, Talisman Premises and worksites or while otherwise performing services for Talisman:

- the intentional misuse of Medications (e.g. using the Medication not as it has been prescribed or directed by the pharmacy, using someone else's prescription Medication, combining Medication and Alcohol use against direction); and
- the possession of prescribed Medications without a legally obtained prescription, and unauthorized distribution, offering or sale of prescription Medications (trafficking).

**iv. Loss of License/Impaired Driving Charge**

All individuals that operate a motor vehicle on behalf of the Contractor/Talisman when on Talisman Business while performing services for Talisman are required to maintain a valid driver's license. Any loss of license must be reported immediately, and the individual will no longer be qualified to drive any vehicle while performing work on Talisman Business, Talisman Premises and worksites for the duration of the suspension.

Contract workers must inform their supervisor immediately if they have been charged with an impaired driving offense when operating a vehicle on behalf of Talisman. Impaired driving would include but not be restricted to testing over the legal Blood Alcohol Content (BAC) in that jurisdiction, driving while impaired, or refusal to blow into a breath analyzer or provide a sample for testing. Receipt of a charge will result in a full investigation, and action appropriate to the situation.

**v. Possession of Alcohol or Illicit Drugs**

Talisman reserves the right to conduct investigations when there are reasonable grounds to believe that Alcohol and Illicit Drugs are present on premises owned, contracted or otherwise controlled by Talisman. Any Contract worker who refuses to submit to a search requested by a Talisman Representative, will be removed from Talisman Premises and worksites.

**vi. Unfit for Duty Situations**

Talisman reserves the right to require a Contractor to fully investigate a possible violation of this Policy if a Contract worker is on duty in an unfit condition, including the requirement for a reasonable cause test.

If the Contract worker is a single proprietor or other Contract worker, the individual will be removed from Talisman Business and an appropriate investigation will be undertaken by a Talisman Representative. As a part of the investigation process, Talisman reserves the right to request an Alcohol and Drug test at their discretion.

**vii. Post Incident Testing**

Talisman reserves the right to require a Contract worker to be tested for Alcohol and Drugs as part of a full investigation into an event that Talisman deems a Significant Incident. The decision to refer someone, or a group of individuals, for a test will be made by the Talisman Representative or the Contractor employer supervisor investigating the incident.

**viii. Other Testing Circumstances**

Should the location of the worksite, hazards of the worksite, or complexity of the work be such that the safety of the workers or protection of the property or the environment could be highly impacted as a result of Alcohol or Drug risk factors, Talisman Senior Management reserves the right to require pre-access and/or random testing of Contract workers. Depending on the circumstances, this may include all individuals who will be expected to perform work at that worksite or all individuals assigned to a safety-sensitive position at that worksite.

**ix. Access to Testing Services**

The requirements for testing under this Policy are provided in Appendix A, and any Contractor conducting testing under their own policy in a situation triggered by an incident at a Talisman Premises or worksite is expected to meet these requirements. In those situations where testing is required and the Contractor does not have their own

program set up, Talisman will allow Contractors to access Talisman's employee testing system or to independently obtain testing services (using procedures consistent with those set out in this Policy).

Any Contractor accessing Talisman's employee testing system will be required to sign a waiver indemnifying Talisman from any legal liability associated with the provision of testing services. Talisman reserves the right to invoice the Contractor for reasonable and customary charges associated with providing this service. In addition, Contractors must ensure that their testing protocol includes a requirement for their workers to sign a release indicating the name of the donor and that results can be released to Talisman. In any situation where workers are tested under Talisman's employee testing system, that individual must confirm in writing that their results can be released to the Talisman Program Administrator.

#### **IV. VIOLATIONS OF CONTRACTOR EXPECTATIONS**

If there is any reason to believe any Contract worker is on duty in an unfit condition, or otherwise in contravention of the basic intent and provisions of these requirements, an investigation will take place. In the case of a Contractor's employee, sub-contractor or agent, the Contractor:

- is expected to disengage the worker from the work, and conduct the individual to a safe place;
- will be expected to investigate the situation, and may be required by Talisman to conduct a reasonable cause test; and
- will be expected to advise the Talisman Representative of the results of the investigation.

The Contractor must satisfy Talisman that there was not a breach of the Policy. Alternatively, if the Contractor confirms a violation has occurred, they are required to take the appropriate steps to prevent further risk to people, property, the environment or Talisman Business. The individual will not be allowed to return to work for Talisman without written permission from Talisman, and will be required to adhere to any conditions governing their return.

In the case of a single proprietor or other Contract worker not covered by their own company policy, the individual will be escorted from the worksite by a Talisman Representative and given an opportunity to explain the situation. If the Talisman Representative still believes the individual is unfit for normal duty, and after consultation and agreement of a second level of supervision or management whenever possible:

- The individual will be taken for a reasonable cause test if there are grounds to believe Alcohol or other Drugs may be a contributing factor; or
- If there are grounds to believe there is a medical problem, the individual will be taken for appropriate medical attention; or
- The Talisman Representative will take other action appropriate to the situation; and
- In the case of a confirmed violation resulting from this investigation, the individual will not be allowed to return to work for Talisman without written permission from Talisman, and will be required to adhere to any conditions governing their return.

#### **Failure to Test**

Failure to report directly for a test, refusal to submit to a test, refusal to agree to disclosure of a test result to the appropriate Testing Administrator, a confirmed attempt to tamper with a test sample, or failure to report an incident which may require testing, are a violation of this Policy.

#### **Consequences**

Failure of a Contract worker to abide by these provisions may result in permanent removal from Talisman work. Failure of the Contractor or the Contractor's representatives, to meet these expectations will be considered willful misconduct and a failure to comply with health and safety requirements. As such it will be considered a breach of contract, and may result in triggering damage clauses under the contract, or suspension or termination of the contract.

#### **V. KEY DEFINITIONS**

The following key definitions are provided for clarification. Where questions arise with respect to the meaning of any of the terms listed below, in the context of this Policy, Talisman's interpretation shall prevail.

**Talisman Business** refers to all business activities undertaken by Contractors in the course of the Company's operations, whether conducted on or off Talisman premises including when they may be perceived as representing the Company.

**Talisman Premises and worksites, or Talisman Premises or worksites** includes but is not necessarily restricted to all land, facilities, work sites, and vehicles owned, leased or otherwise controlled by Talisman for the purpose of conducting Talisman Business.

**Talisman Representative** refers to the individual accountable for a particular facility, department or area including managers, and others in supervisory positions who direct individuals.

**Contractor** refers to any legal entity which Talisman has contracted or verbally requested to perform a service on Talisman Premises or worksites or on behalf of Talisman. Such entity may be a corporation, unincorporated organization, partnership, joint venture, association, firm, trust or other entity.

**Contract worker** refers to any individual person performing services who may be an employee, subcontractor or agent of a Contractor

**Drug** means any substance, including but not limited to Alcohol, Illicit Drugs, Medications, or herbal preparations the use of which has the potential to change or adversely affect the way a person thinks, feels or acts. For purposes of this policy, Drugs of concern are those that inhibit a worker's ability to perform his or her job safely and productively.

**Alcohol** refers to beer, wine and distilled spirits, and includes the intoxicating agent found in medicines or other products.

**Illicit Drug** means any Drug or substance which is not legally obtainable and whose use, sale, possession, purchase or transfer is restricted or prohibited by law (e.g. street drugs such as marijuana, cocaine, and methamphetamine).

**Medication** refers to a Drug obtained legally, either over-the-counter or through a doctor's prescription.

**Fitness for Work or Fitness for Duty** in the context of this Policy means being able to safely and acceptably perform assigned duties without any limitations due to the use or after-effects of Alcohol, Illicit Drugs or Medications.

**Significant Incident** for purposes of this Policy is defined as follows:

- a fatality or serious personal injury to a Contract worker, a member of the public or any other individual;
- an environmental incident with significant implications;
- significant loss or damage to property, equipment or vehicles;
- significant loss of Company or client revenues; or
- any other event which Talisman deems to be a significant work incident or a near miss considered to have had significant potential for more serious consequences as part of a complete investigation.

## APPENDIX A - ALCOHOL AND DRUG TESTING PROCEDURES

Sample collection, testing and reporting of results must be conducted consistent with standards established by the U.S. Department of Health and Human Services (DHHS) and accepted in Canada, in order to ensure the accuracy and integrity of results. Rigorous sample collection, storage and chain-of-custody procedures must be followed. In addition:

- Testing will be conducted in those circumstances outlined under the Talisman Alcohol and Drug Policy Expectations for Contractors to determine the presence of cannabinoids, amphetamine/ methamphetamine, cocaine, opiates, phencyclidine and Alcohol. The testing program will cover Alcohol and the specified Drugs only; Contractors who wish to test for other substances must do so under their own policy.
- Alcohol tests will be administered by a calibrated breathalyzer with a printout of test results. Only in those situations when a breath analyzer is not readily available will Alcohol testing be done with a saliva strip and urine collection for analysis in the laboratory.
- All drug tests will be administered by urinalysis, or by collection of a saliva sample for analysis in the laboratory. A "point of collection" (quick test) urine drug screening test can be administered provided appropriate adulterant checks are utilized and any result that is not negative is forwarded to a laboratory for confirmation analysis.

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- Collection of urine or saliva specimens and administration of Alcohol tests will be performed by trained nurses or trained collection agents. In post incident and reasonable cause testing situations, samples will be collected as soon as possible after the triggering incident, but collection attempts will end eight (8) hours after the incident for an Alcohol test, and thirty-two (32) hours after the incident for a drug test. Any reason for a delay beyond two hours must be documented and provided to the Talisman Representative.
- All individuals who are tested are required to sign a form to acknowledge the accuracy of the employee and employer information and authenticity of the specimen(s). They will be given a copy of the Drug Testing Custody and Control Form and the Breath Alcohol Testing Form for their records.
- Urine samples will be analyzed by a fully qualified laboratory accredited by the U.S. Department of Health and Human Services (DHHS) using a two-step process with initial screening by immunoassay and all confirmations being performed by gas chromatography/mass spectrometry (GC/MS). If a point of collection screening device is used, any non-negative result will be forwarded to a laboratory for confirmation analysis.
- Saliva samples for drug testing will be analyzed at the laboratory with all confirmations being performed by liquid chromatography/mass spectrometry/mass spectrometry (LC/MS/MS).
- Confirmed positive test results must be reviewed by a qualified Medical Review Officer who is independent of the laboratory and who will provide the donor an opportunity to discuss the result in an effort to determine whether a positive test could have resulted from the legitimate use of Medications or other medical explanations. The individual concerned will be given an opportunity to explain the finding to the MRO who will then determine whether the result will be reported as a negative or a verified positive or a tampered or substituted result.
- For the purpose of this Policy, a positive Alcohol test will be one in which the blood alcohol concentration is at or above .04% BAC and action will be taken appropriate to the situation. In those instances where an individual is subject to an unannounced testing program as a condition of return to assignment with Talisman, a positive test will be one in which the blood alcohol concentration is .02% or more. Individuals who are assigned to field operations will be removed from duty until if they have an Alcohol test result of .02 BAC or higher.
- A positive urine drug test is one in which the amount of Drug in the sample identified by the confirmation test is at or exceeds the cut-off levels noted below which have been established for workplace testing programs throughout North America.

Drug	Initial Test Levels (ng/ml)*	Confirmation Test Levels (ng/ml)*
Marijuana	50	15
Cocaine	300	150
Opiates	2,000	
Morphine		2,000
Codeine		2,000
Phencyclidine (PCP)	25	25
Amphetamines	1000	500
Methamphetamine		500

A ng/ml means nanograms per millilitre. A nanogram is one billionth of a gram.  
A millilitre is one thousandth of a litre.

- In the case of a verified positive test result of a urine test conducted in accordance with this Policy, the person who has been tested may request the MRO to direct the split sample to be tested by an accredited laboratory of that person's choice within seventy-two (72) hours of receiving their results. Where split samples are not collected, the donor can request that their original sample be reanalyzed. Any additional costs must be born by the donor or their company.
- Any positive test result will be considered a violation of this Policy, whether or not the Drugs or Alcohol were actually consumed on Talisman Business, Talisman Premises, or worksites. Failure to report directly for a test, refusal to submit to a test, refusal to agree to disclosure of a test result to the appropriate Testing Program Administrator or an attempt to tamper with a test sample are a violation of the Policy.
- All test results for individuals directed for testing by a Talisman Representative using the Talisman testing system will be reported directly to the Company's Testing Program Administrator or designate who will communicate the result to the Contractor. Contractors using independent testing facilities will be expected to

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advise Talisman site management whether any individual under their direction is in violation of this Policy, or any agreement of continued assignment.

# TALISMAN

E N E R G Y

## North American Operations Health, Safety, Environment and Operational Integrity

### Contractor HSE Management NAO-HSEOI-PRA-07-01

#### Management Endorsement:

**Synopsis:** This document defines NAO minimum standards for Contractor HSE Management.

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Revision – December 09, 2010

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## 1.0 Purpose

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The purpose of this Practice is to promote consistency and set expectations and responsibilities in relation to contractor HSE/OI management throughout Talisman NAO operations.

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## 2.0 Definitions

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**“Contractor”** means a person employed by Talisman or a Contractor’s Subcontractor who is directly involved in the execution of Work under a contract with Talisman; or the supply of critical safety components, equipment or tools to be used for Talisman business;

**“Contractor Sponsor”** means the primary/key business contact that has been designated/assigned to a Contractor;

**“EMR”** is an acronym for Experience Modification Rate which is calculated by insurance companies for organizations performing work in the United States. This is used to gauge both past cost of injuries and future risk;

**“Industry Recommended Practice”** means those good, sound and professional practices, methods and acts engaged in, approved or followed by a significant proportion of the industry in North America, which is involved in providing goods and services similar to the Work which accomplish the desired results at a reasonable cost, in an expedient manner and are consistent with applicable laws, prudent practice, reliability and safety;

**“High Profile Incident (HPI)”** means an incident classified as a Critical Incident, Potential Critical Incident or Major Incident as per NAO Incident Reporting, Investigation & Analysis Practice NAO-HSEOI-PRA-11-01;

**“HSE/OI”** means health, safety, environment and operational integrity;

**“Incident”** means an undesired event or near miss, arising in relation to the Work or in proximity to the Worksite, which resulted in or may have resulted in, harm to a person or people, damage to or loss of property, damage to the environment, or process loss, including but not limited to a fire, explosion, a loss of revenues, vehicles, equipment, productivity, hydrocarbons, or may involve a release, flare, vent or leak of any pollutant(s) or contaminant(s) to the environment;

**“Key Performance Indicators”** (KPI’s) are quantifiable performance measurements that affect health, safety, operational integrity, the environment and regulatory performance and are used to define success factors and measure progress toward the achievement of business goals;

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**"QA/QC"** means Quality Assurance/Quality Control;

**"Safety Management Systems"** (SMS) is a term used to refer to comprehensive systems designed to manage the safety, health, environmental and general risk aspects of industry. Certain regulatory and enforcement frameworks apply. A SMS is the specific application of quality management to safety;

**"Safe Work Systems"** means any standards, procedures, directives, rules, regulations, requirements, codes, operating procedures, safety rules, loss control standards, codes of practice and guidelines of Talisman and its affiliates governing the conduct of personnel, the performance of Work and operation of the Worksite, including without limitation, permit to work and confined space entry procedures, and any additional or revised safe work systems determined, adopted or implemented by Talisman or its affiliates from time to time and communicated to Contractor;

**"Subcontractors"** means any Person to whom execution of any part of the Work is subcontracted directly or indirectly by Contractor and includes its Affiliates, sub-suppliers, sub-contractors and all of the foregoing parties' employees, workers, consultants, partners, agents and representatives;

**"TRIF"** is an acronym for "Total Recordable Frequency Rate" This rate is derived from taking the sum of recordable injuries, fatalities, lost work day cases, restricted work day cases and medical treatment cases;

**"WCB"** means "Workers Compensation Board" which is a non profit, independent agency financed by employers' contributions responsible for the no-fault system of compensation and rehabilitation of occupational accidents and diseases in Canada;

**"Work"** means any services and work that Talisman has requested the Contractor to perform and includes any goods, consumables and equipment and Contractor personnel necessary to perform the Work;

**"Worksite"** means the place(s) where the Work is to be conducted.

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### 3.0 Scope

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This Practice applies to all Talisman employees, contract employees, Contractors and any other personnel involved in the contracting of Work for Talisman or the management of Contractors performing Work for Talisman.

NAO classifies Contractors according to a tiered risk ranking process. The risk ranking is completed in accordance with the pre-qualification questions found in the Global Standard, Contractor HSE Management – HSEOI STD – 07 – 01. Risk ranking considers exposure, potential hazards, consequences and severity for the services to be performed by a potential contractor. The risk ranking also considers harm to people, the environment, facilities as well as Talisman’s reputation as a responsible operator.

Contractors are classified into one of the following Tiers:

- Tier 1 – High Risk
- Tier 2 – Moderate Risk
- Tier 3 – Low Risk
- Tier 4 – Unlikely/Negligible Risk

### 4.0 Responsibilities

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#### 4.1 Local Area Management

Local area management shall:

- Be accountable for supplying adequate resources in order to implement this Practice;
- Reinforce and emphasize Contractor management risks with all employees and contract personnel supervising the Work;
- Be responsible to share all relevant information with respect to managing Contractors.

#### 4.2 HSE/OI Responsibilities

In accordance with this Practice, HSE/OI responsibilities include:

- Managing Talisman criteria maintained in ISNetworld for Contractor prequalification;
- Providing HSE/OI support to Contractor Sponsors and Supply Chain Management;
- Reviewing and providing analysis of Contractor Safety Management Systems;

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- Supporting the development of the interface documents and Contractor Performance Improvement Plans by the Contractor Sponsor;
- Attending pre-job/project meetings, as necessary;
- Determining scope of the on-site verification process and providing appropriate resources and support;
- Reviewing written requests for deviation from this Practice;
- Requesting and reviewing variances as necessary.

### 4.3 Supply Chain Management Responsibilities

In accordance with this Practice, the responsibilities of Supply Chain Management include:

- Reviewing prequalification grade in ISNetworld, as required for contract or bidding process;
- Providing support and resources to Contractor Sponsor in relation to Supply Chain Management processes and requirements,
- Determining Tier classifications and including HSE/OI terms in contracts as contemplated by this Practice;
- Communicating previous work history and performance of Contractor to Contractor Sponsor, HSE/OI and business units, as required;
- Attending pre-job/project meetings; and
- Requesting and reviewing variances as necessary.

### 4.4 Contractor Sponsors

In accordance with this Practice, the responsibilities of the Contract Sponsor include:

- Actively participating in the contractor verification process;
- Ensuring prequalification reviews are conducted;
- Developing the interface document between Talisman and Contractor, with support of HSE/OI and Supply Chain Management;
- Regularly monitoring Contractor performance and the risk associated with the Work against the risk matrix and addressing any change in Tier, or deviation from expectations of Contractor including those outlined in contracts, Performance Improvement Plans, or interface documents, including Key Performance Indicators (KPI's);
- Reviewing incident reports and corrective actions and requesting a verification HSE/OI inspection following an HPI or series of non-HPIs during the course of the Work;
- Meeting with the Contractor to review performance issues as may be required in relation to the Contractor in accordance with this Practice; and
- Requesting and reviewing variances as necessary.

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#### 4.5 Talisman Employees

Talisman employees must:

- Be aware of and follow the expectations and guidelines established in this Practice;
- Participate in Contractor verification process.

#### 4.6 Contractors

Contractors must:

- Be aware of and follow the expectations and guidelines established in this Practice;
- Meet the minimum requirements specified in this Practice;
- Maintain ISNetwork registration as specified in this Practice.

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### 5.0 Contract Management

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The Business Unit or Function proposing to engage a Contractor for the performance of Work is responsible for compliance to this Practice prior to engaging the Contractor for Work on behalf of Talisman.

#### 5.1 Pre-Qualification

Talisman utilizes ISNetwork as a safety information data management tool for our contractors. All potential contractors **must have** HSE/OI and/or Quality Assurance/Quality Control (QA/QC) information evaluated and assessed through the ISNetwork system in order to pre-qualify for work. No contract or work will be offered to a company that is not subscribed to ISNetwork, unless they fit the criteria for exemption.

There are various times when a Contractors HSE/OI status (Grade) within ISN will be reviewed. These include, but may not be limited to the following:

- The Contractor is being considered during a bidding process;
- The Contractor has a contract that is up for renewal;
- The Contractor is performing work on a project during a contract and HSE/OI considerations are being evaluated on an on-going basis;
- Changes to the Safe Work Systems applicable to the Work;
- Poor performance, including an HPI during the performance of Work.

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**NOTE:** A potential contractor is not required to have a contract in place with Talisman in order to be on the prequalification list in ISNetworld, however, the potential contractors safety information must be evaluated through ISNetworld with either an "A" or "B" grade prior to being awarded work for Talisman unless the controls specified in this Practice are in place.

This evaluation process includes, but may not be limited to a review of:

1. Historical Safety Performance & Statistics;
2. Pre-Qualification Criteria Compliance/Safety Performance;
3. Safe Work Management Systems, Safe Work Systems, Policies & Procedures;
4. The Desktop Audit within the ISNetworld system;
5. QA/QC (Quality Assurance/Quality Control);
6. WCB, EMR and Regulatory Compliance.

The Talisman criteria by which we evaluate our potential contractors are based on requirements set out in Appendix 2 of the Global Contractor HSE/OI Management Standard and include the following elements:

1. Leadership and Commitment;
2. Organization, Resources and Documentation;
3. Evaluation and Risk Management;
4. Planning & Procedures;
5. Implementation & Monitoring;
6. Auditing & Review;
7. Financial Stability.

Detailed information on the pre-qualification process within ISNetworld is available in Appendix 1 of this Practice.

## **5.2 Contract Preparation**

In order to promote consistency in Contractor HSE/OI Management throughout Talisman, Model HSE/OI contract terms will be applied to contract templates within Supply Chain Management. Details are provided in the Global Standard, Contractor HSE Management. The model terms are intended to form a baseline for NAO HSE/OI expectations when working for Talisman. NAO Supply Chain Management is responsible for reviewing, finalizing and incorporating model HSE/OI terms in consultation with the HSE/OI department.

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### 5.3 Contract Tender/Award

HSE/OI considerations shall be fully incorporated in the contract tender and award processes, including review and input to the scope of Work, strategy, qualification of contractors and tender evaluations as more fully described in the regional Supply Chain Management Procedures.

Gaps and deficiencies from the initial prequalification evaluation must be reviewed, along with the scope of work, strategy, and qualifications of the Contractor. Things that will also be taken into consideration during this process may include:

1. On site verification audit results, for Tier 1 & 2 contractors;
2. Comprehensive evaluation of the Contractor's Safety Management System, including:
  - Safe work practices that meet local regulatory requirements, and;
  - Industry Recommended Practices, specific to the scope of Work;
3. Post Evaluation assessments from previous work, where applicable;
4. Key Performance Indicators (KPI's);

The contract tender and award process for Tier 1 and Tier 2 contractors should also include a field assessment of the Contractors' Safety Management System. All corrective actions noted during a field assessment shall be documented and communicated to the Contractor and a Performance Improvement Plan must be agreed to by the Contractor Sponsor and the Contractor prior to commencement of Work. The Contractor Sponsor shall complete a Performance Improvement Plan (PIP) for all Tier 1 and Tier 2 Contractors that score a "C", "D" or "F" in the HSE/OI evaluation. The Contractor Performance Improvement Plan (PIP) is developed by the Contractor Sponsor with assistance from the HSE/OI representative for the business unit.

Where a Tier 3 Contractor has a dashboard grade of "D" or "F" Supply Chain Management will advise HSE/OI who will determine if a Contractor Sponsor is required for the Contractor in which case, the Contract Supervisor will be responsible for the drafting of the Performance Improvement Plan. Where no Contractor Sponsor is required, HSE/OI will prepare the Performance Improvement Plan and the business unit responsible for the work will monitor the performance of the Contractor.

Supply Chain Management shall ensure the requirements of all Performance Improvement Plans are incorporated in the contract with the Contractor.

The Contractor Sponsor must monitor the Contractor and follow up on any deviations from the Performance Improvement Plan.

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#### **5.4 Contractor Expectations**

Contractor Sponsor will ensure that collaboration occurs between Talisman and the Contractor to define the key interfaces between the respective Safety Management Systems and determine what aspects of the Talisman Safety Management System will take priority when carrying out the Work.

An HSE/OI Interface Document shall be developed by the Contractor Sponsor and will document the decisions made regarding primacy of Safety Management Systems, including, but not limited to, the Contractor's HSE goals and objectives, targets and implementation plans.

A Pre-Work/Project Meeting must take place. HSE/OI will be advised of the Pre-Work/Project Meeting and will attend as necessary, as determined in the discretion of HSE/OI.

The following must attend the Pre-job/project meeting:

1. Authorized representatives of the Contractor for HSE/OI, Operations and Management departments;
2. Talisman Supply Chain Management Representative;
3. Talisman Contractor Sponsor.

Agenda topics to be addressed will include, but are not limited to:

1. Talisman expectations for Work, including orientation requirements for crews, incident reporting;
2. Key Performance Indicators (KPI's);
3. Scope of Work;
4. Interface Document and/or Performance Improvement Plan (if applicable);
5. Primacy of programs within the Contractor and Talisman Safety Management Systems for the performance of the Work.

#### **5.5 Managing Contract Execution**

The level of Contractor management and monitoring of Contractor HSE/OI performance shall be determined by their Tier classification as outlined below. Please note these are the minimum requirements.

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	Tier 1	Tier 2	Tier 3	Tier 4
<b>Requirements</b>				
<b>Talisman Contractor Sponsor</b>	Required	Required	Recommended	Not Required
<b>HSE/OI Performance Review Meetings</b>	Semi-Annually	Annually	Recommended	Not Required
<b>KPIs Established</b>	Required	Required	Recommended	Not Required
<b>Project Reviews</b> (Includes: Post Contract Evaluation)	Required	Required	Recommended	Not Required

**Where a Tier 3 Contractor has a dashboard grade of "D" or "F" Supply Chain Management will advise HSE/OI who will determine if a Contractor Sponsor is required for the Contractor.**

Performance Review Meetings required for Tier 1 and Tier 2 contractors may need to be per project, and not per year, depending on the type of work or project the Contractor is providing service for. This will be determined during the "Contract Tender/Award" stage and communicated during the "Contractor Expectations" stage.

The Contractor Sponsor is responsible for regularly monitoring the progress of the Work and for assessing the Contractors performance against the contract terms, HSE/OI Interface Document and any Performance Improvement Plan, including the agreed upon HSE/OI monitoring parameters/metrics.

The Semi Annual and Annual Review Meeting agenda will:

1. Review Contractor's management endorsed HSE/OI goals and objectives for the current year (Reference interfacing document/objectives) including progress to date including how Talisman might assist the Contractor to achieve their HSE/OI goals and objectives;
2. Review proactive HSE/OI management in relation to the Work (Reference the interfacing planned work standards) at the Worksite since the previous semi-annual or annual review meeting;
3. Discuss implementing improvement initiatives and program monitoring (reference interfacing performance measurements) including any identified trend improvement initiatives;
4. Review any Contractor HSE/OI Incidents and ensure that all corrective actions arising from all incidents have been tracked to closure;
5. Review interfacing arrangements:

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- a. Review effectiveness of interfacing arrangements;
- b. Discuss any new items of importance to Contractor and Talisman;
- c. Establish agreed upon targets and improvement plans for next work/reporting period including Key Performance Indicators (KPI's).

## 5.6 Verification Process

Except where exempt under this Practice, the verification process to evaluate the effectiveness of the Contractors HSE/OI management system will be done via two stages:

1. Verification through ISNetworld of written safety programs, performance and systems.
2. On-site verification of implementation & effectiveness of the written safety programs, performance and systems.

ISNetworld Verification:

- Safety Programs will have verification through ISNetworld completed to ensure they meet industry, regulatory and/or Talisman requirements;
- WCB coverage and clearance will be verified through ISNetworld.

On-site Verification:

- On-site verification will be completed by HSE/OI or a designated representative to verify the effectiveness and/or implementation of the Contractor Safety Management System and programs in the field.

On-site verifications will be phased in over a three year period ending December 2013 and will be prioritized according to risk. Verifications may be requested by HSE/OI, Supply Chain Management or the Contractor Sponsor.

HSE/OI will determine whether an on-site verification will be performed according to the following criteria:

- The Contractor's Tier ranking:
  - Annual verification for Tier 1 Contractors;
  - Bi-annual verification for Tier 2 Contractors;
- A High Profile Incident (HPI). (This may also be triggered by a series of non-HPI's during the course of work for Talisman.);
- At the request of the Contractor Sponsor due to concerns over performance, services, or substandard equipment;
- High TRIF rates.

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HSE/OI will determine the scope for the on site verification audit/inspection process which may include:

- Review of applicable documentation (permits, safe work practices, training certificates, inspections, hazard assessments, JSA's, etc.);
- Interviews with Contractor's or Subcontractor's employees on-site to confirm training, knowledge and required level of qualification;
- Observation of work being performed (in compliance or not in compliance with Safe Work Systems or the practices or procedures of the Contractor applicable to the Work).

Documentation review will include information previously submitted through ISN, Interface Documents and HSE/OI Performance improvement Plans. Additional documents may be requested from the Contractor as required.

### **5.7 Post Contract Process**

The Contractor Sponsor for Contractors in Tier 1 & Tier 2 categories will perform an HSE/OI performance review or evaluation within one month of completion of work. Contractor HSE/OI performance will be compared against the performance targets set at the beginning of the work.

The form will be housed in the ISN system and can be completed on-line within ISNetworld. Results of the performance review will be available for review by Supply Chain Management and HSE/OI.

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## **6.0 Conflict Resolution**

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### **6.1 Resolving Conflict between Regulatory Guidance and this Practice**

Any conflict between this Practice and the regulatory requirements will be resolved by adopting the more stringent of the two, if not prohibited by law or regulation.

### **6.2 Variance Process**

Under certain circumstances, a variance authorizing deviation from this Practice may be granted with the written approval of:

- The Contractor Sponsor;
- Representative of Supply Chain Management; and
- Representative of HSE/OI.

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The reason for the variance must be documented and the additional controls, such as supervision or additional procedures, equipment, processes to be utilized in relation to the Work, must be specified. Work will not commence without prior approval of the variance. Variances should only be granted in exceptional circumstances such as an emergency and the variance must set out the date or circumstances under which the variance will expire.

Variances shall be housed in a central storage location for access by impacted stakeholders. Variances must be reviewed annually by:

- Manager of NAO Supply Management or designate;
- Manager of NAO Personal Safety or designate.

This will be done in order to do trending and analysis, ensure consistency with this Practice and to determine if a need for a change to this Practice is necessary.

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## Appendices

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**Appendix 1 - HSE/OI Evaluation Process & Performance Improvement Plan**

ISNetwork Subscription Criteria

Not all Contractors are required to be subscribers of ISNetwork. The majority will be but there are a few exceptions. Table 1-1 addresses the subscription/exemption requirement criteria for ISNetwork.

Looking up a Contractor's HSE/OI Status

The Dashboard grade determines the potential contractor's status and process that is engaged prior to contracting Work to the contractor. The following legend explains:

Dashboard Grade	Percentage Range	Description
<b>A</b>	90% - 100%	HSE/OI Approved: Superior Safety Programs and performance. HSE approval automatic, proceed with contract.
<b>B</b>	80% - 89.99%	HSE/OI Approved: Above average safety programs and/or performance. HSE approval automatic, proceed with contract.
<b>C</b>	70% - 79.99%	HSE/OI Acceptable: Meets minimum requirements and/or performance. Consider additional risk reduction measures: Use A or B Contractor's first preference. May need minor controls. See Guidelines in Appendix 2
<b>D</b>	60% - 69.99%	HSE/OI Below Expectations: Significant gaps in safety programs and/or performance. Use requires risk reduction measures and management approval. Likely to need moderate controls. See Guidelines in Appendix 1 of this document.
<b>F</b>	-100 - 59.99%	HSE/OI Unacceptable: Excessive gaps in safety programs and/or performance or inadequate information have been provided. Employment requires risk reduction measures, on-site safety supervision and management approval. HSE does not approve an "F" Contractor. Please refer to Guidelines in Appendix 1.

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**Table 1-1 Talisman NAO - ISNetwork Subscription/Exemption Criteria**

Category	Required to Subscribe	Not Required to Subscribe	Exemption Basis
	Canada or US Criteria site	Exempted from ISNetwork	Description
<b>Contractors</b>	On-site Contractors. Sites may include seismic, drilling, construction, operating sites, etc.	Single person contract supervisors/operators working directly for Talisman as Staff Contractor.	Talisman Safety Systems, policies and procedures apply at all times.
<b>Service Providers</b>	On-site service providers such as vacuum trucks, cranes, medical services, transportation & trucking companies, etc.	Off-site service providers such as courier services, office deliveries, janitorial staff, Safety Training schools, waste treatment facilities, etc.	Not working on Talisman work sites, limited "visitor" to any TLM site.
	Engineering and other consulting companies (e.g. environmental, monitoring, etc.) that work on Talisman's sites.	Office only consultants and engineering companies, accounting and staffing services, etc.	
<b>Equipment Contractors</b>	Tagged equipment Contractors/installers (e.g. pumps, compressors, vessels).	Tagged equipment Contractors/installers (e.g. pumps, compressors, vessels).	No work on Talisman sites - does not install, or commission, start up equipment. They have limited "visits" to a Talisman site (e.g. warranty review).
	Bulk material Contractors, installers, (e.g. pipe supply & install, concrete supply and placement, etc.).	Bulk material Contractors (e.g. pipe mills and distributors, cement plants, etc.	
		Rental Equipment Contractors who do not come to site, do not drop off, deliver, pick up equipment, do not supply equipment operator, but merely rent equipment, tools, etc. to TLM, that TLM picks up, uses and returns.	
<b>Landowner /Rural Residents</b>	Rural residents who perform minor services, maintenance & support to Talisman sites whose activities may include ground disturbance, chemicals, herbicides, pesticides, electrical work, trenching or excavations (spraying, excavating, trenching, fencing/post holes, etc.).	Landowners performing work on their own lands (owned/ leased/rented).	No work on Talisman sites or Limited "visits" to Talisman sites, low volume, low hazard work. Other mitigation controls in place.
		Rural residents performing minor maintenance and support services such as snow clearing, snow removal, providing access to a wellhead, etc are exempt provided the following criteria is met:	
		1.They operate under an executed and written agreement with Talisman.	
		2. The work does not provide the primary income for the rural resident.	
		3. They operate as a single person entity.	
4. The rural resident has taken out the appropriate wellhead insurance (if relevant).			
<b>Fabrication &amp; Manufacturing Contractors</b>	Fabrication shops & facilities (e.g. compressors, vessels, pipes, flare stacks, critical process safety components, equipment & tools.	Fabrication shops & facilities - Non critical components and services.	No work on Talisman sites - does not install, or commission, start up equipment. They have limited "visits" to a Talisman site (e.g. warranty review) .
If you have a company that requires an exemption, please request one from ISN or HSE/OI - Contractor Management. This form needs to be completed sent to HSE/OI-Contractor Management for authorization and tracking.			

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### Dashboard Grade of "A" or "B"

If a Contractor's HSE/OI status is an "A" or a "B" then they can be hired with no, or very few, controls in place. The Supply Management person may proceed with the contract preparation, tender process. They do not need to contact HSE/OI department for involvement. See Table 2-2 for more information.

### Dashboard Grade of "C" or "D"

If the Contractor scores a "C" or "D" then HSE/OI controls must be put into place and the Performance Improvement Plan developed and implemented into the contract for that particular Contractor or Contractor. See Table 2-2 for more information.

### Dashboard Grade of "F"

If a Contractor scores an "F", then HSE/OI **will not support the use of** this Contractor. Always look at the details of why the Contractor is scoring an "F". Sometimes there will be reasons for a poor grade that may not be indicative of a poor performance or reason for not using. Some examples that may require a manual HSE/OI override would be:

1. A WCB premium that has been paid but not yet received by WCB or submitted to ISN. Always check with Contractor if this shows up. They may be able to give you a copy of the payment made and it just has to be updated in the system. (WCB that is not paid or is pending will automatically result in an "F");
2. Incomplete information in the ISN system – ask the Contractor to complete the information by a determined timeline.

If any of the above is a contributing factor for the "F" dashboard grade, contact HSE/OI for a manual approval process and thorough detailed check of Contractor status. Please see Table 2-2 for more information.

If none of the above are the reason for an "F" and the business determines it necessary to use the Contractor a Performance Improvement Plan must be developed in consultation with HSE/OI in order to sufficiently address the mitigation strategy for controlling any risk resulting from the use of the Contractor.

### Developing a Performance Improvement Plan:

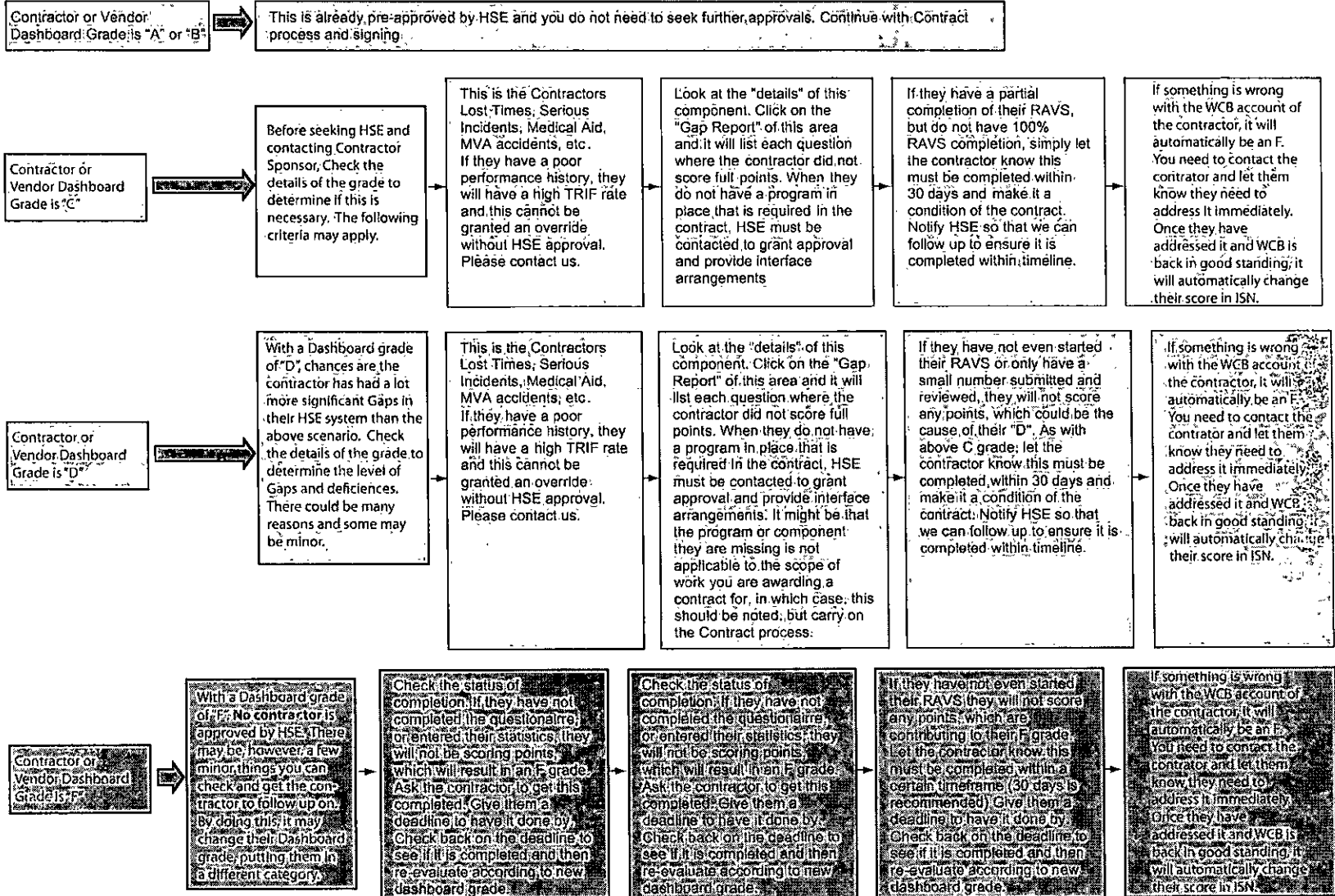
1. Review details and background information that lead to the C, D, or F grade and determine what the gaps and deficiencies are:
  - a. Scope of work, location, KPI's, current or past performance, etc., will need to be taken into consideration;
2. Evaluation of above must be communicated to the Contractor Sponsor;

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3. The Contractor Sponsor develops the Performance Improvement Plan (with support from HSE/OI);
4. Contractor Sponsor will then discuss the Performance Improvement Plan with the SCM representative, and the Senior Vice President or Vice President of the applicable business unit. The SVP or VP signature is required before Contractor can be awarded work for any F graded Contractor;
5. Contractor Sponsor meets with Contractor to discuss and sign off on the Performance Improvement Plan;
6. Contractor Sponsor must monitor and follow up on the Performance Improvement Plan requirements and ensure requirements are completed as per scheduled timelines in the Performance Improvement Plan;
7. Continuous monitoring during life of project must be done by Contractor Sponsor and SCM, Supervisor, Foreman, HSE/OI, as applicable. Regular reports must be given to the Senior VP and VP, as required, regarding the Contractors current status;
8. Upon completion of requirements in the Performance Improvement Plan, Contractor Sponsor will complete the Performance Improvement Plan follow up section. A copy of the action items and their completion will be given back to HSE/OI rep for sign off;
9. Signed & completed Performance Improvement Plan will be retained with signed contract by SCM.

**Note:** The HSE/OI rating assigned in the pre-qualification process should have a minimum of 25% weighting in the total bid evaluation/selection process. Other factors, such as cost, past performance with Talisman, technical and service aspects will be considered in the selection of the overall preferred Contractor.

**Table 1-2 - HSE Evaluation Guidelines**



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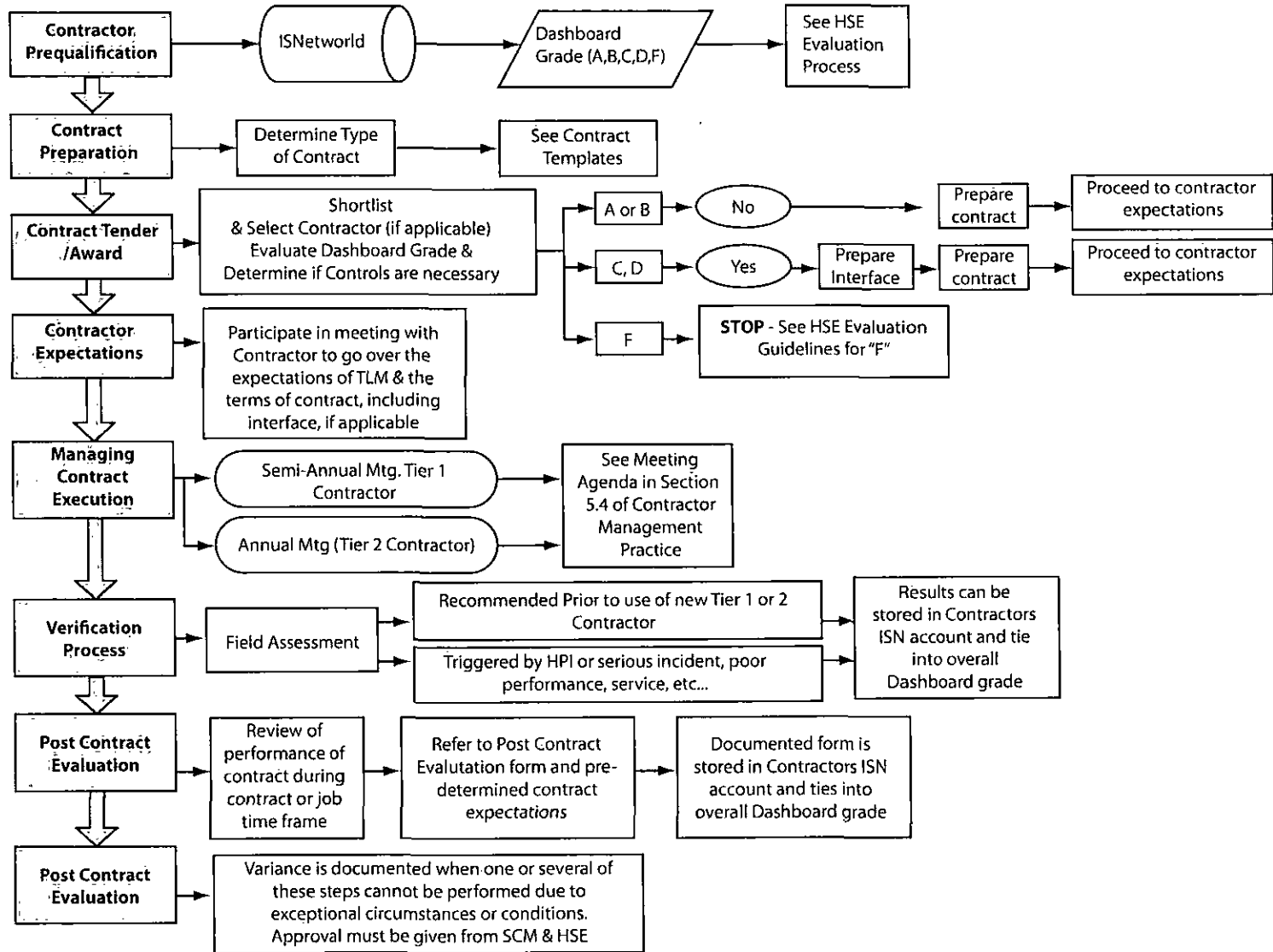
**Contractor/ Talisman Performance Improvement Plan**

<b>Contractor Name:</b>		<b>Date:</b>		
<b>Contractor Contact:</b>		<b>TLM Contractor Sponsor:</b>		
<b>Telephone #:</b>		<b>TLM HSE/OI Rep:</b>		
<b>Contractor Address:</b>		<b>TLM SCM Rep:</b>		
<b>REASON FOR PLAN:</b>	<input type="checkbox"/> <b>ISN HSE/OI Evaluation Grade of C,D or F</b> (Gaps or Deficiencies identified through the ISN system)	<input type="checkbox"/> <b>Significant or HP Incident</b>	<input type="checkbox"/> <b>Deficient or absent HSE/OI programs or policies</b> (TLM & Industry SWP's)	<input type="checkbox"/> <b>Deficiencies identified in HSE/OI Audits ( √ ):</b>
	<input type="checkbox"/> <b>Deficient or Absent Regulatory</b> (HSE/OI / DOT /OHS/ OSHA ) Compliance Program(s)	<input type="checkbox"/> <b>HSE/OI Performance History/ Concerns</b>	<input type="checkbox"/> <b>Bridging Document Used (attached)</b>	<input type="checkbox"/> <b>Primacy Programs and KPI's</b>
<b>Agreed Upon Expectations:</b> (Primacy of Safe Work Programs, Policies, KPI's, etc.)				
<b>Identified Gaps &amp; Deficiencies:</b> (As Identified by Talisman)				<b>Required Timeline</b>
<b>Performance Improvement Plan:</b> (Plan by Contractor)				<b>Status of Action:</b>

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Approvals:	Signatures
<p><b>Contractor Sponsor:</b> _____</p> <p><b>HSE/OI Representative:</b> _____</p> <p><b>Business Unit Representative:</b> _____</p> <p><b>Supply Management Representative:</b> _____</p> <p><b>Authorized Contractor Representative:</b> _____</p>	
Follow Up & Monitoring:	Status & Date:

### Appendix 2 - Contractor Sponsor Process Flow Chart



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**Table 2-2 - RACI Chart**

Resources & Tools	CS = Contractor Sponsor, SCM = Supply Chain Management, HSE = HSE Contact, BUE = Business Unit Engineer, FCS= Facilities & Construction Superintendent, VP = Vice President of Business Unit, OM = Operations Manager, BUS = Business Unit Supervisor, CD = Contracts Department, N/A = Not Applicable						
	Functional Tasks				Name of Position		
	Item	Responsible	Accountable	Consults/Supports	Informed		
ISN Account Dashboard Grade Rating	Pre-qualification	1	Contractor has Dashboard Grade of A or B - No Performance Improvement Plan is required - continue to next step	SCM	SCM	BUE	CS
ISN Account Dashboard Grade Rating		2	Dashboard Grade of C or D - Performance Improvement Plan is or may be required	SCM	CS	HSE, SCM	OM or BUS
ISN Account Dashboard Grade Rating		3	Dashboard Grade of F - Not approved, Use only with Sr. Authorization and Performance Improvement Plan is required	SCM	CS	HSE, SCM	VPBU
Check with Contracts Department (Kathleen McKenzie)	Contract Preparation	1	Ensure correct Contract Type is set up with Model HSE Terms	SCM	SCM	CD	N/A
Review Details of grade in their ISN account, Call HSE for assistance in understanding details		2	Gaps and Deficiencies Identified	HSE	CS	BUE, OM, BUS, FCS	VPBU
Request Contractor to submit a table of contents to verify the existence of safe work practices applicable to the scope of work being bld on.		3	Review Safe Work Practices required for scope of work	CS	CS	HSE, BUE, BUS, OM, FCS	N/A
Check with SCH to determine if previous work history with TLM exists, check old files for post contract forms or information		4	Evaluate previous work history for TLM	SCM	CS	SCM, CS, HSE, FCS	
Determine priority , previous poor work history, poor rating, poor performance, HPI's in past for TLM	Contract Tender/Award	1	Ensure contract considers scope of work, Contractor qualifications, strategy and tender evaluations as per SCM processes	SCM	CS	SCM, HSE, BUE, BUS, OM, FCS	N/A
		2	Field Assessment for Tier 1 & 2 Contractors recommended if never used before, if previous work history indicates need, Previous HPI's, etc.	HSE/BUS	CS	BUS, OM, FCS,	SCM, VPBU,
		3	Develop Performance Improvement Plan to include Gaps and Deficiencies needed to be addressed for service being provided	HSE	CS	HSE	VPBU
Scope of Work, what job procedures do they need? What do they have? Look at the Gaps & Deficiencies in ISN, What permits or authorizations do they need, What Incident Reporting models and processes do they have, What training and competency standards can they provide? Have they had a TLM orientation	Contractor Expectations	1	Pre job/project meeting with Contractor to discuss Job scope, orientation requirements Incident reporting, KPI's, Services covered under contract, Performance improvement Plan, Primacy of programs	CS	CS	SCM, HSE, BUE,	BUS, OM, VPBU ( as applicable)
Look at Meeting criteria agenda, the previously developed Interface document, any Performance Improvement Plans put into place, any incidents, MVA's, Equipment failures, scope of work for service contract, etc.	Managing Contract Execution	1	Tier 1 Contractors must have Semi-annual HSE performance review meetings	CS/HSE	CS	HSE, SCM	VPBU
		2	Tier 2 Contractors must have Annual HSE performance review meetings	CS/HSE	CS	HSE, SCM	VPBU
		3	Monitor progress of work against agreed upon parameters and risk matrix	CS, BUS, HSE	CS	HSE, SCM	VPBU
Check with the Superintendent in the field for this Contractor and work closely with him to check performance, permits, training, equipment maintenance, inspections, etc.	Verification Process	1	Request a verification to determine effectiveness of programs based on Tier ranking, HPI's , concerns over performance, etc...	HSE/CS	HSE	HSE, BUS, FCS,	VPBU, SCM
This may also be done in conjunction with the annual/semi annual Contractor meeting, if applicable.	Post Contract Process	1	HSE Evaluation on Tier 1 & Tier 2 Contractor's performance within one month after completion of work. (Contractor Sponsor to determine applicability and may be part of the annual or semi-annual meetings)***	CS, HSE, BUS	CS	HSE, BUS, FCS,	VPBU, SCM
Variance should only be granted in exceptional circumstances, and should be of temporary nature, if possible. Must be documented and retained on file.	Variance	1	May exempt a Contractor from having to meet various/certain requirements of Talisman and Contractor HSE Management Practice	CS	VPBU	SCM, HSE, BUL, OM,	N/A

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<b>RACI DEFINITIONS</b>		
<b>R</b>	Who is Responsible	The person who is <u>assigned</u> the work
<b>A</b>	Who is Accountable	The person who makes the <u>final decision</u> and has the <u>ultimate ownership</u>
<b>C</b>	Who is Consulted	The person who must be consulted <u>before</u> a decision or action is taken
<b>I</b>	Who is Informed	The person who must be informed that a decision or action <u>has</u> been taken

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**Appendix 3 - HSE/OI Post-Contract Evaluation Form**

**Prepared by:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Project Name:** \_\_\_\_\_

**Location:** \_\_\_\_\_

**Talisman Contractor Sponsor:** \_\_\_\_\_

**Contractor Representative:** \_\_\_\_\_

**Background Information**

**Job Planning and Procedures**

Pre-Job Planning

Work permits issued prior to work commencement? .....Yes  No

Were pre-job hazard assessment completed? .....Yes  No

Behavioral Based Safety (BBS) Observation Process

Was BBS observation and feedback process in place and utilized?..... Yes  No

Was the BBS observation and feedback process documented? .....Yes  No

Training

Did Contractor employees have required training and certification? .....Yes  No

Personal Protective Equipment (PPE)

Was the required PPE available and worn? .....Yes  No

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Critical Policies/Procedures

Did Contractor follow Talisman or Contractor critical procedures? .....Yes  No

Did Contractor follow hazard management guidelines? .....Yes  No

**Environment**

Housekeeping:

Was Worksite housekeeping satisfactory? .....Yes  No

Was the Worksite clean after job completion? .....Yes  No

Spill Prevention:

Did Contractor have a spill prevention, reporting and clean up procedure? ....Yes  No

Damages:

Was there any environmental damage associated with Contractor activity? ....Yes  No

**Work Performance**

Performance Ratings:

(1 = Exceeded expectation, 2 = Satisfactory, 3 = Issues resolved, 4 = Poor, 5 = Failure)

Equipment 1, 2, 3, 4, 5

Personnel 1, 2, 3, 4, 5

Work processes and procedures 1, 2, 3, 4, 5

Management support 1, 2, 3, 4, 5

Work Stoppages

Were any Work stoppage orders issued? Yes  No

Were issues discussed and resolved? Yes  No

Quality Assurance/Quality Control

Repair, rework or errors Yes  No

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**Contract/Project Value**

What was the estimated contract/project value? \$ 0.00

What was the actual contract/project/Job cost? \$0.00

How much over estimate was due to rework, repairs or errors \$0.00

What is the variation between the estimate and actual? \$0.00

Explanation for variance

**Contract/ Project Objectives and Targets**

(Examine the extent to which objectives have been met, including targets linked to these objectives using the key below)

++ Fully achieved    + Partially achieved    - Not achieved

Target/Objective	Extent Achieved	Explanation

**Contract/Contractor Benefits**

(Outline the extent to which the estimated non-quantifiable benefits of the specific Contractor have been achieved, or in the case of non-achievement, please explain reasons why.)

++ Fully achieved    + Partially achieved    - Not achieved

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Benefit	Extent Achieved	Comment

**Project Management.**

(Comment on the overall contract/project/job management, (what worked well, what could have been improved, any unforeseen issues which arose, what could be done differently etc.).

**Value for Money**

Based on your knowledge of the actual costs, achievement of objectives and non-monetary benefits, can you confirm that the option chosen represents value for money?

Yes  No

Comments

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**Conclusions/Recommendations**

Please identify any lessons to be learned and provide recommendations for the appraisal and management of future contracts/projects.

Lessons Learned	Recommendations

Overall HSSE/OI Ranking based on attitude, performance, systems and experience (A-D).

### Appendix 4 - NAO Contractor Risk Matrix

Severity Rating	Consequence Categories						Likelihood of Incident			
	Health/Safety	Environment	Process Safety / Business Loss / Community Impact / Reputation			Regulatory	Unlikely	Low	Moderate	High
Sub-Category	Personal Injury / Illness	Environmental Releases	Unintentional Hydrocarbon Releases	Business Loss	Community Impact	Reputation	<p>It is unlikely an incident will occur with existing controls,</p> <p>Frequency of occurrence is less than 1/40 years (for Contractor Management use 1/15 years),</p> <p>May occur less than once during the BU/facility/project lifetime,</p> <p>Given current practices and procedures an incident is not likely to occur at this facility.</p>	<p>There is concern that a potential incident may occur but there is no history of an incident in this situation,</p> <p>Frequency of occurrence is greater than 1/40 years but less than 1/15 years (for Contractor Management use 1/15 years),</p> <p>An incident has occurred at a similar facility and may reasonable occur at this facility within the next 40 years.</p>	<p>There is history or an obvious potential for an incident to occur,</p> <p>Frequency of occurrence is greater than 1/15 years but less than 1/ year (for Contractor Management use 1/5 years but less than 1/year),</p> <p>Expected to occur in the BU/facility project lifetime,</p> <p>An incident is likely to occur at this facility within the next 15 years.</p>	<p>High likelihood that an incident will occur,</p> <p>Frequency of occurrence is greater than 1/year,</p> <p>Expected to occur several times in the BU/facility/project lifetime,</p> <p>An incident has occurred at this facility and has potential to occur at any time.</p>
Critical Incident	Fatality or multiple fatalities	Acute damage resulting in long-term (>5yrs) environmental management	Leak which cause a fire and/or explosion or as measured in Appendix 1B*	Total Cost of Incident >\$10 million USD	International public concern or disruption and/or international media attention	Infraction resulting in Judicial Action or adverse risk to license to operate				
Major Incident	Major Injury or Permanent Disablement	Acute damage resulting mid-term (1-5yrs) environmental management	Leak which caused a total facility shutdown longer than 24 hours or as measured in Appendix 1B*	Total Cost of Incident >\$1 million USD	National public concern or disruption and/or national media attention	Infraction resulting in Administrative Order				
Serious Incident	Lost Work Day Case (LWDC)	Acute damage resulting in short-term (< one year) environmental management	Leak which caused local equipment alarm and/or shutdown or as measured in Appendix 1B*	Total Cost of Incident >\$100,000 USD	National public concern or disruption and/or national media attention	Infraction resulting in Notice of Non-compliance or active onsite regulatory investigation				
Minor Incident	Restricted Work Day Case (RWDC) or Medical Treatment Case (MTC)	Temporary damage: minimal and quick clean up efforts	Leak which noted but no alarm and/or shutdown or as measured in Appendix 1B*	Total Cost of Incident >\$10,000 USD	Local Public concern or disruption and/or local media attention	Infraction resulting in Warning				
Negligible Incident	First aid treatment or (for illness) other not involving LWDC, RWDC or MTC	Unintended release of non-damaging material; nor or minimal clean-up required	A trivial but detectable seep or weep	Total Cost of Incident <\$10,000 USD	Local Public awareness, but no concern	Self disclosure or compliance item immediately corrected				
Near Miss	No actual injury, but potential to cause injury (e.g. dropped object from height)	Release of material into containment; potential to cause environmental damage		No disruption of community or damage or costs, but potential for either						

<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
---------------	---------------	---------------	---------------



# GOLDEN RULES

## For Safe Operations

TALISMAN  
ELECTRICITY



### 1. PREVENT OIL, GAS AND CHEMICAL LEAKS

We prevent oil, gas and chemical leaks by:

1. Operating equipment within specified safe limits
2. Inspecting and maintaining Safety Critical Equipment in line with approved schedules
3. Completing repairs within specified timeframes
4. Repairing anything that is leaking or looks like it is about to leak
5. Investigating all leaks to determine root causes



### 2. DO A RISK ASSESSMENT

We manage the risks associated with all activities and organizational changes by:

1. Risk assessing all task-based and security activities
2. Risk assessing proposed deviations from procedure
3. Recognizing change and ensuring management of change procedure is adhered to prior to implementation
4. Obtaining the correct level of risk assessment approval and communicating to all affected personnel
5. Re-assessing risks if things change



### 3. GET A PERMIT TO WORK

We always comply with our Permit to Work system by:

1. Never starting a task without an approved work permit, procedure or routine
2. Understanding and following the work permit, procedures or routine to ensure the scope of work is defined and the identified hazards and controls are addressed
3. Involving all participants in a pre-job meeting before work starts
4. Checking that identified control measures are in place
5. Stopping the work at any time if we have concerns



### 4. ISOLATE ENERGY SOURCES

We never start a task without:

1. Identifying the requirement for isolation and safe discharging of energy
2. Implementing barriers to ensure all energy sources are isolated or eliminated
3. Applying a system of locks and tags at identified isolation points
4. Ensuring that isolations have been checked and approved
5. Testing to prove that isolations are effective



### 5. CONDUCT SAFE LIFTING OPERATIONS

We never commence a lifting operation without:

1. Appointing a competent person responsible for the lift and assigning roles and responsibilities
2. Preparing a lifting plan and risk assessment
3. Ensuring that loads are rigged by competent personnel using certified equipment
4. Designating safe areas during lifting and jockey operations ensuring ricochet hazards are considered
5. Agreeing on and testing communication methods



### 6. CONTROL ENTRY TO CONFINED SPACES

We only enter a confined space after:

1. Planning the entry thoroughly
2. Isolating all sources of energy affecting the space
3. Testing the atmosphere in the space
4. Controlling the entry under a Permit to Work
5. Preparing and practicing a rescue plan



### 7. WORK SAFELY AT HEIGHT

We only carry out work at height (two (2) meters or more – all or:

1. Checking that the correct equipment has been provided
2. Ensuring that personnel involved have been adequately trained
3. Checking that road platforms have appropriate access, egress and guard rails
4. Ensuring that fall arrest equipment has the required anchor attached appropriately
5. Preparing and practicing a rescue plan

\*Unless that has been covered by a control measure by the task assessment



### 8. PREVENT DROPPED OBJECTS

We prevent dropped objects and injury from dropped objects by:

1. Ensuring all tools, equipment and materials are secured
2. Taking measures to prevent dropped objects when working at height or over grating
3. Erecting barriers around drop zones below workites
4. Removing all tools, equipment and materials from the worksite on completion of work
5. Inspecting structures and equipment at risk from falling



### 9. OPERATE VEHICLES SAFELY

We never operate vehicles without:

1. Completing a pre-trip vehicle inspection, assessing the risks and planning accordingly
2. Ensuring the driver is properly licensed for the class of vehicle and free from fatigue, drug or alcohol impairment
3. Driving with care at appropriate speeds for road conditions and ensuring all occupants fasten seatbelts
4. Avoiding the use of all mobile communication devices and other driver distractions while using any company-based vehicle on company time
5. Designating safe areas while working around moving vehicles



### 10. CONTROL GROUND DISTURBANCE

We will never start a ground disturbance without:

1. Identifying and locating any sub-surface hazards prior to commencing work
2. Controlling the ground disturbance under a Permit to Work
3. Identifying and maintaining safe working distances between equipment and sub-surface hazards
4. Controlling access to the excavation area to prevent falls, dropped objects and exposure to harmful atmospheres
5. Taking precautions against the possibility of collapse and minimizing the time for which the excavation exists

THINK SAFE. WORK SAFE. HOME SAFE.

### **Good Neighbor Program**

Contractor shall work diligently to reduce the impact of performing the Services on roads, dust levels, traffic, noise and to be a responsible and welcome neighbour in the communities in which the Services are being performed.

Contractor shall:

#### **Roads**

In the event Contractor causes road damage, including but not limited to decreasing the amount of gravel or grading on such road, Contractor shall immediately obtain the necessary approvals and repair such road damage. Where practical, Contractor shall improve the roads to be capable of handling any anticipated heavy use prior to using the road.

Supply the necessary flag people or escort vehicles in areas of reduced visibility to safely manage traffic.

Provide effective road signage prior to a rig or heavy equipment move.

Ensure that all vehicle license plates and company names are clearly visible at all times.

#### **Traffic**

Strictly follow all posted speed limits and reduce speed appropriately where non ideal driving conditions exist.

Adhere to the directions of any Company security officer.

Post effective and visible signage to alert drivers to industrial traffic, and effectively coordinate one-way traffic on congested roads.

Significantly reduce the impact of heavy equipment and rig moves on school bus travel and reduce truck and vehicle traffic through school and playground zones at the beginning and end of each school day, during peak use periods, and at any other time when school children are moving about the school.

#### **Noise**

When safe, truck drivers will limit the use of retarder and/or jake brakes within town limits or in close proximity to residences.

Manage and mitigate all noise when there are residences nearby. This includes but is not limited to, mufflers, low speed fans, noise attenuated coolers and buildings and strategic placement of noisy facilities and equipment.

#### **Well Pad Maintenance**

Contractor shall regularly maintain and clean all well pads and roads during the performance of the Services.

Contractor shall ensure that all garbage and waste is tied down and secured on site in all trucks, and that weed control measures are undertaken regularly with necessary permissions.

Contractor shall contain all spills.

**Dust**

Contractor shall take all necessary dust control measures.

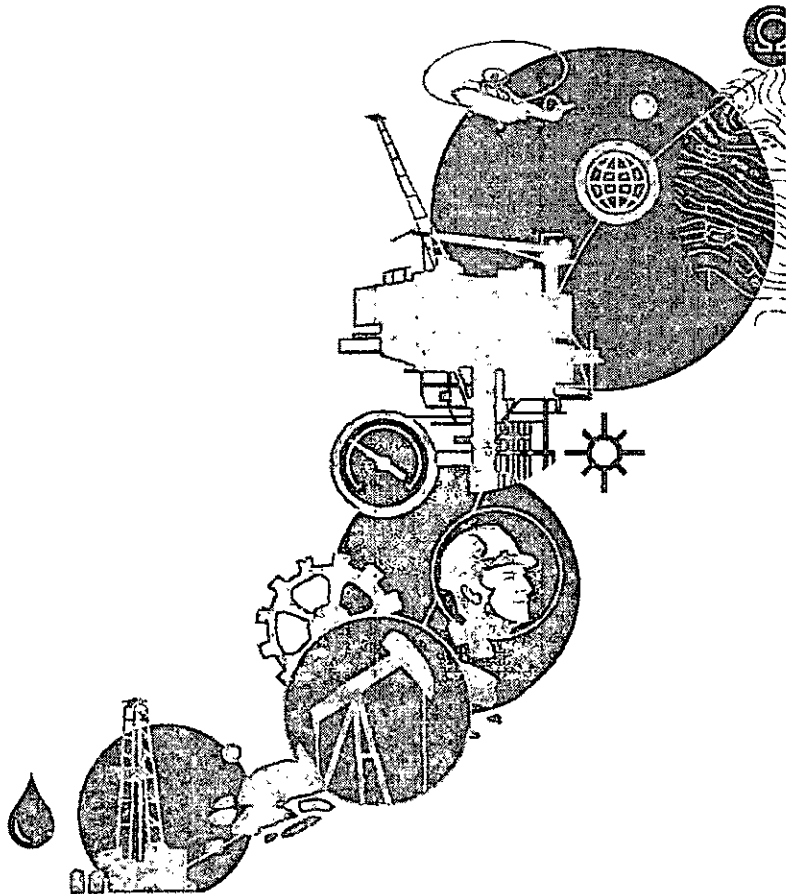
# TALISMAN

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E N E R G Y

## Policy on Business Conduct and Ethics

December 2010



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The Policy on Business Conduct and Ethics (PBCE) is a statement of the principles to which Talisman Energy Inc. is committed to uphold across its operations worldwide. The Policy reflects our Values and commitment to conduct business safely, in an ethically, socially and environmentally responsible manner. It explains the way we do business and sets standards for everyone who works for, or on behalf of, Talisman to follow. It has also been developed to be consistent with internationally recognized standards that Talisman adheres to, including the United Nations Global Compact, the Voluntary Principles on Security and Human Rights and the Extractive Industries Transparency Initiative.

In the upstream business we are subject to many different laws and local customs in different parts of the world, and of course often what we do in one part of the world is reflected and played back in another. That is the benefit and price of being a global company. We must take great care to apply consistent standards to the way we do business everywhere. It is each employee's accountability to know about this Policy and to apply it in all situations.

This Policy applies not only to Talisman employees, officers and directors, but also to independent contract workers to the extent they conduct activities at or for Talisman. The Company will make reasonable efforts to promote the application of these ethical business practices by our joint venture partners and third party suppliers. Everyone conducting work on the Company's behalf is an ambassador of Talisman. You are encouraged to act in a manner that upholds the spirit of the Policy and demonstrates Talisman's values every day. As such I ask that you take the time to read this Policy and consider what it means for you.

If at any time you have a question, are unsure about what to do, or have a concern that someone has undertaken an action inconsistent with the Policy you have the responsibility to raise the issue even if the message is difficult. Honest communication is critical. You can do this a number of ways including speaking with your Supervisor, Manager, Country Manager or Executive Vice President. Furthermore, you are strongly encouraged to report any business ethics concerns via Talisman's Integrity Matters hotline. The hotline is operated by a third party host and all reports made in good faith and in the context of a breach of any of Talisman's policies will be taken very seriously. All calls and reports will be treated in confidence and information will be shared with only those persons who need to know or persons who are required to know. Where permissible or required by law, anonymity of the reporter will be maintained at the request of the reporter. Please remember that non compliance with the Policy or retaliation against someone who raises an issue regarding the Policy will not be tolerated.

Maintaining the goodwill of our stakeholders, including employees, governments and communities is critical to *our Company's objective of maximizing shareholder value*. All activities undertaken by Talisman must, of course, be lawful and safe, but it is equally important that these be conducted in an ethical, honest and fair manner, free from deception and impropriety, and with constant regard for Talisman's reputation. This is the foundation of our license to operate and without that we have no business.

By our continued commitment to the principles embodied in this Policy, we can ensure that Talisman is a welcome corporate citizen worldwide.

A handwritten signature in black ink, appearing to read "John A. Manzoni", is written over a horizontal line.

John A. Manzoni  
*President and Chief Executive Officer*  
Talisman Energy Inc.

December 10, 2010

## INTRODUCTION

The Policy on Business Conduct and Ethics is a reference guide for employees, officers, directors and independent contract workers that conduct activities on Talisman's behalf. The Policy defines Talisman's standards in a variety of areas including: ethical business conduct; personal conduct; health, safety and environment; employee practices; human rights and community relations.

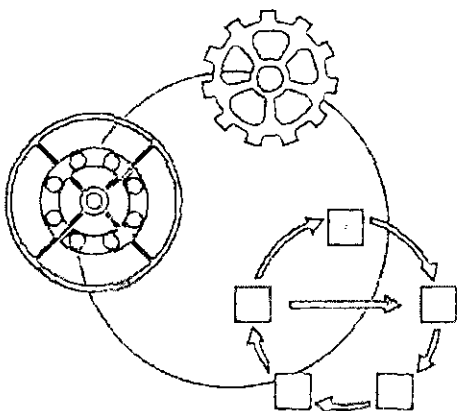
### Scope

The Policy applies to Talisman employees, officers, directors and independent contract workers to the extent that they conduct activities on the Company's behalf. It also applies to all subsidiaries of Talisman Energy Inc. In this document, the term "Talisman" and "the Company" shall refer to Talisman Energy Inc. and all of its subsidiaries.

### Responsibilities

Everyone to whom this Policy applies must become familiar with the policies and procedures described in the Policy and review them periodically. To assist you in this regard both the complete Policy and the supporting policies and procedures referenced therein are available on the Talisman Intranet. In addition, certain geographical and functional areas of the Company have specific procedures for various purposes to adhere to local laws. It is your responsibility to be aware of, and comply with, all procedures applicable to your area.

Managers have additional responsibilities in regard to the Policy. Every Manager is expected to lead by example and must promote compliance with the Policy by providing clear guidance to employees regarding appropriate business conduct in all situations.



## ETHICAL BUSINESS CONDUCT

To maintain Talisman's excellent reputation with our stakeholders, all dealings on Talisman's behalf must reflect high standards of ethical behaviour. In particular, the following specific principles must be observed:

### **Compliance with Laws**

We must be aware of and comply with all applicable laws, rules and regulations as locally interpreted and administered in all jurisdictions in which the Company conducts business. We have a duty to inform ourselves of any laws relevant to our particular activities. Anyone with questions regarding legal issues should consult the Legal Department.

### **Integrity in Business Dealings**

We must act with integrity in dealings with all persons inside and outside the Company, including government officials, customers, suppliers and members of the community. We must follow established standards in procurement, and must treat tenderers fairly and equally. Detailed procurement procedures apply in each jurisdiction and must be scrupulously followed.

Talisman adheres to antitrust and competition laws that promote and protect free and fair competition. We will not be complicit in price fixing and / or anti-competitive behaviour.

### **Gifts**

No person may give to, or accept from, an associate any material or extravagant gift, prize or entertainment benefit. "Material" and "extravagant" relate to benefits of such value as to appear to an objective observer:

- to be excessive;
- perceived to constitute a personal enrichment for the recipient; and / or
- to be a factor in influencing that person's behaviour.

Gifts, prizes and entertainment benefits are considered material and extravagant if they exceed the standard that Talisman customarily offers to its partners and business associates. As a general rule, the exchange or receipt of gifts, entertainment and prizes must be occasional, modest and consistent with standard industry practice. Any amounts spent on gifts, prizes or entertainment benefits must be properly recorded in Talisman's accounts.

In issues related to gifts, prizes and entertainment benefits, common sense and good judgment should be used at all times. If in doubt as to the appropriateness of giving or receiving any gift, entertainment benefit or prize to or from an associate, consultation with a Supervisor or Manager is recommended.

For additional information on the interpretation of materiality, please refer to the Gift and Entertainment Policy.  
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### **Questionable or Improper Payments**

Where commissions, consultants' fees, retainers and similar payments are required to be made and can be justified in the normal course of business, those payments must clearly commensurate with the services performed and must be properly recorded in Talisman's accounts. No other payments may be given or received. In particular, we may not, in the context of our relationship with Talisman, receive any personal payment or compensation from a source other than Talisman.

### **Compliance With Accounting Policies**

We must comply with the Company's accounting regulations, policies, procedures and related controls. All accounts must properly describe and accurately reflect the transactions recorded and all assets, liabilities, revenues and expenses must be properly recorded and fully disclosed in Talisman's books. No secret or unrecorded funds or other assets are to be established or maintained.

In furtherance of our commitment to comply with applicable accounting regulations and corporate governance principles relating to financial reporting, the Company has instituted procedures to deal with complaints regarding accounting, internal accounting controls and auditing matters as well as the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

### **Political Donations**

All political contributions made on Talisman's behalf must be authorized by Talisman's Chief Executive Officer in accordance with the Company's established guidelines.

### **Political Activities**

Talisman encourages its employees to be active members of their communities and exercise their freedom to participate in lawful political activities; however, employees choosing to participate in political activities must do so on their personal time and at their own expense.

### **Public Disclosure**

Employees and officers responsible for financial and other disclosures must ensure that Talisman makes full, fair, accurate, timely and understandable disclosure in reports and documents that are filed with or submitted to all regulatory bodies and in all other public communications.

Employees and officers are responsible for ensuring that information required in such reports and documents is recorded, processed, summarized and reported on a timely basis, and that any known or perceived weaknesses or breakdowns in the reporting chain are brought to the attention of their Manager or to a member of Senior Management.

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In addition, employees, directors (and third parties to whom this Policy applies) are encouraged to promptly report to a member of Senior Management any information that they consider could be material to the business and affairs of Talisman.

For additional information, please refer to the Disclosure Policy.

### **Compliance with Anti-Bribery Legislation**

In keeping with Talisman's objective of fostering an honest and transparent approach to our business, Talisman has a zero tolerance approach to bribery and corruption and insists that employees comply with this obligation. This means that Talisman employees must not give or accept facilitation payments, bribes, kickbacks or other types of improper payment for any reason. Talisman will endeavor as far as is reasonable to encourage business partners and others to also observe this standard.

Employees should be aware that Talisman is subject to legislation in Canada, the United States and other jurisdictions that prohibit corrupt practices in dealing with foreign governments. These laws make it an offence to make or offer a payment, gift or other benefit to a foreign public official in order to induce favourable business treatment, such as *obtaining or retaining business or some other advantage in the course of business*.

Violation of this legislation may result in substantial penalties to Talisman and to individuals. Foreign public officials include all people who perform public duties or functions for a foreign state. This can include:

- anyone "acting in an official capacity";
- anyone under a delegation of authority from the government to carry out government responsibilities; or
- officers and employees of companies that have government ownership or control, such as national oil companies, regardless of whether the government in question has majority ownership or control.

Talisman, as well as individual employees, officers and directors, must take all reasonable steps to ensure that the requirements of this legislation are strictly met. No payments, gifts or other benefits are to be given, directly or indirectly, to foreign public officials, political parties or political candidates for the purpose of influencing government decisions in Talisman's favour or for securing other improper advantages. Furthermore, no such payments are to be made to agents or other third parties in circumstances where it is likely that part or all of the payment will be passed on to a foreign public official, political party or political candidate.

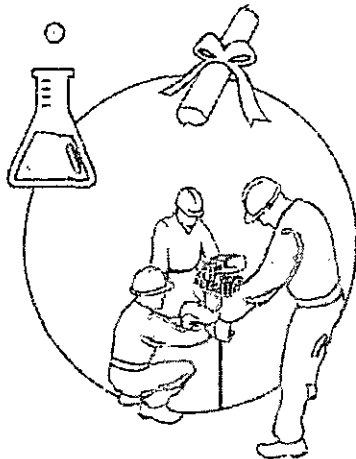
## PERSONAL CONDUCT

We must comply with the standards of ethical behaviour in all aspects of our activities at and for Talisman. This includes our dealings with people outside the Company as well as our relationships within Talisman. In addition, we must act ethically and with loyalty to the Company at all times. In particular, we must not:

- misuse Company resources, including computer systems. Individuals should protect the Company's assets and endeavour to ensure their efficient use. It is acknowledged, however, that minimal use of Company local telephone, electronic mail and internet services for personal use may occasionally take place, provided that such use is consistent with the Talisman IT Global Security Policy;
- engage in Insider Trading. Insider Trading means buying or selling securities in a company when you have knowledge of a material fact or material change regarding the company that has not been publicly disclosed. This includes knowledge you have about the business of Talisman and also applies to the shares of other companies you may have confidential information about as a result of your position with Talisman. Trading with such knowledge, or providing such information to other people, is unethical and illegal. Talisman's Insider Trading Policy provides additional guidance on materiality and restrictions in this regard; or
- pursue improper personal gain or compensation from our employment activities, Company property, information or position.

### Conflict of Interest

Actual or perceived conflicts of interest between an individual's personal interests and those of the Company may hinder that person's ability to perform his or her Talisman work effectively and objectively. Accordingly, in general, individuals representing Talisman must not enter into outside activities, including business interests or other employment, that might interfere with or be perceived to interfere with their performance at Talisman, or that might otherwise compromise loyalty to the Company.



We must not take opportunities for improper personal gain that are discovered through the use of Company property, information or position. We should not compete with the Company but should endeavor to advance its legitimate business interests when appropriate opportunities arise.

Any employee who wishes to serve on a board of directors for a business that is not affiliated with Talisman must obtain the approval of his or her immediate Supervisor or Manager and of the Executive Officer responsible for legal affairs. Any Executive Officer wishing to serve on a board of directors for a business that is not affiliated with Talisman must obtain the approval of the President and Chief Executive Officer. This limitation does not apply to independent directors of Talisman whose service on other companies' boards is taken into account in the Company's board evaluation process.

Conflicts of interest also arise when an employee, officer or director, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company. Loans to, or guarantees of obligations of such persons are prohibited.

All conflicts of interest, whether actual, possible or perceived, should be communicated to your immediate Supervisor, Manager or the Executive Vice President Legal and General Counsel at the earliest possible opportunity.

In addition to the above, the Conflict of Interest in Employment Policy provides additional guidance on other *potential conflict of interest issues*.

### **Corporate Information**

All corporate information is the property of Talisman. Corporate information includes trademarks (e.g., the Talisman logo), patents, software developments and applications, strategic and operational knowledge and financial information. We are in a position of trust with respect to such corporate information in the same manner as with any other corporate property. We must take care to protect the confidentiality of corporate information, including any confidential information received by Talisman from third parties. In particular, we must not:

- use corporate information that has not been disclosed to the public for personal gain;
- disclose confidential corporate information other than in the necessary course of business and with appropriate safeguards;
- reference material publicly undisclosed corporate information in public speeches, written presentations or other publications. Anyone who speaks publicly on behalf of Talisman must obtain approval from the appropriate Talisman authority (in most cases, the appropriate authority would be that employee's Executive Officer) and must remit to the Company any payments or material gifts received; or
- participate in Internet chat rooms or newsgroups discussions on matters relating to Talisman's corporate activities or its securities.

In order to ensure consistency and fair disclosure, all media and investor communications are to be handled by the Corporate Communications and Investor Relations departments unless otherwise approved by the Senior Officer responsible for Corporate Communications or the President and Chief Executive Officer.

For additional information, please refer to the *Disclosure Policy*, the *Insider Trading Policy* and the *Gift and Entertainment Policy*.

## HEALTH, SAFETY AND ENVIRONMENT

Our goal is to create a working environment such that we cause no harm to people, and where we minimize our impact on the environment.

To achieve this we will:

- always comply with the law, or Talisman standards, whichever are higher;
- operate our business to ensure proactive risk mitigation and continuous improvement;
- set goals and targets, and measure performance against them;
- hold ourselves and our contractors accountable to meet Talisman standards; and
- communicate openly with those who may be affected by our activities.

Safe operations in all company activities is a core value. If operational results and safety ever come into conflict, we all have a responsibility to choose safety over operational results and Talisman will support that choice.

*Workplace health and safety and environmental protection are responsibilities shared by every member of the Talisman workforce. Our leaders create the capacity for effective individual performance through role clarification, training, and competency verification, and they are expected to lead by example.*

For additional information, please refer to the Health, Safety and Environment Policy and the Protocol for reporting High – Profile HSE Incidents.



## EMPLOYEE PRACTICES

Talisman recognizes that it must earn the loyalty that it expects from its employees. Talisman is committed to treating its employees ethically and fairly. In particular, Talisman strives, in conjunction with local legal requirements, to ensure the following:

- no discrimination on the basis of gender, physical or mental disability, age, marital status, family status, sexual orientation, religious belief, race, colour, ancestry or place of origin;
- consistency with universally accepted standards related to exploitation of child and / or forced or compulsory labour;
- freedom of association and collective bargaining;
- fair and competitive compensation;
- promotion of a harassment-free workplace;
- confidentiality of employee records; and
- compliance with local employment laws in conjunction with internationally recognized best practices.

All employees, and particularly Managers, must maintain and promote these principles in their hiring practices and in their relationships with other employees. Talisman expects all contactors to comply with these practices.

For additional information, please refer to the Canadian Privacy Policy and your local policies and procedures.

## HUMAN RIGHTS

Talisman will conduct its business activities with integrity and will show respect for human dignity and the rights of the individual, based on the following principles:

### **Promoting respect for the Universal Declaration of Human Rights**

Talisman supports the principles of, and will promote respect for, the Universal Declaration of Human Rights. We will lead by example, demonstrating values of tolerance and respect in the conduct of our operations.

### **Reviewing potential human rights issues and their relationship to our operations**

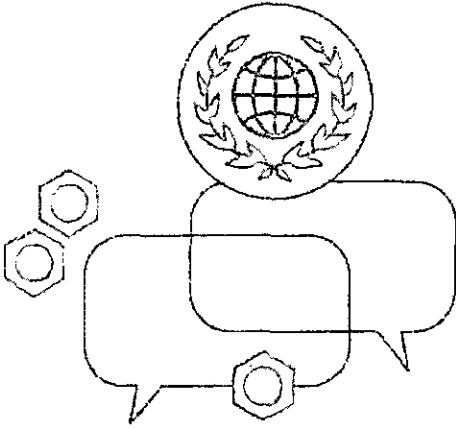
Talisman will review the human rights climate of countries and regions when proposing, planning and implementing new investments and projects. Talisman will review associated potential human rights issues and their relationship to our ongoing operations. Talisman will liaise with stakeholders to identify such potential issues.

### **Addressing human rights concerns within our sphere of influence**

Talisman will promote adherence to and respect for human rights principles in our areas of operation and will not be complicit in human rights abuses. We will strive to advance best practices with host governments, partners and third parties and we will seek consistency with our Security Policy and Guidelines, which has been based on the Voluntary Principles on Security and Human Rights.

### **Respecting the diverse cultures and perspectives of indigenous peoples**

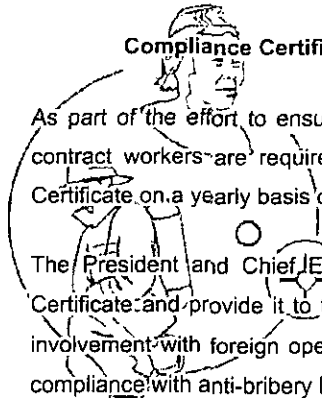
Talisman recognizes and respects the diverse cultures and perspectives of indigenous peoples. We will work with indigenous communities in all countries where we operate to better understand each other's cultures, perspectives and values. We recognize that our activities have the potential to overlap with the use of lands by indigenous or tribal peoples and that they should be consulted on decisions affecting rights to use lands and resources.



## COMMUNITY RELATIONS

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Talisman's approach to community relationships is based on the principles described in our Global Community Relations Policy (GCRP). The GCRP recognizes cultural diversity and the potentially differing needs and aspirations of different communities, including those of indigenous and tribal peoples. The GCRP responds to the expectation that others have of Talisman: that we will assess and understand the cultural and economic context in which we are working; that we will do no harm; and that we will enhance social and economic well-being. Please refer to the GCRP. Talisman believes that being a responsible and welcome member of the communities in which we operate is an essential part of our business strategy. Strong and transparent relationships with communities, based on trust and respect, allow the Company to effectively and efficiently carry out operations to the mutual benefit of the Company and our neighbours.



### Compliance Certificates

As part of the effort to ensure compliance with this Policy, all employees, officers, directors and independent contract workers are required to complete Talisman's Online Ethics Awareness Training and a Compliance Certificate on a yearly basis certifying observance with this Policy.

The President and Chief Executive Officer and each member of the Board of Directors shall complete a Certificate and provide it to the Chairman of the Board of Directors. Employees whose positions may include involvement with foreign operations will be notified if additional Compliance Certificates are required to ensure compliance with anti-bribery legislation.

### Questions

If you have any questions regarding this Policy, you are encouraged to speak to your Supervisor or Manager. In addition, a Vice President in the Legal Department, the Vice President Audit or an Executive Officer, whether the Executive Officer to whom you report, or the Executive Officer functionally responsible for the matter in question, is available to answer questions or concerns relating to this Policy.

### Reports

Talisman values open and honest communication with its internal and external stakeholders. The Company understands that even though reporting an observed breach of this Policy may be a requirement, it is not always easy. Talisman welcomes you to raise your concerns in a number of ways, such as speaking with your Supervisor, Manager, Country Manager, Executive Vice President or by making a report via the Integrity Matters hotline.

### Integrity Matters - Talisman's Hotline

You are encouraged to utilize Integrity Matters as an alternative method of reporting any perceived breaches of the PBCE. The third party operated hotline can be reached by telephone at 1-877-213-1029 anywhere in Canada or the United States. Contact information and special directions to reach the Integrity Matters hotline from other countries where Talisman has operations can be found at [www.talisman-energy.com](http://www.talisman-energy.com). Reports can also be made electronically through the Internet at [www.ethicspoint.com](http://www.ethicspoint.com) or through Talisman's internal and external websites.

All reports made in good faith and in the context of a breach of Policy are reviewed in accordance with Talisman's Global Investigation Policy. You may submit such a report or observation with the knowledge that the Company values your good faith actions and will not tolerate retaliation of any kind. Anonymity of the reporter will be maintained where permissible by law and as requested by the reporter. All reports and questions will be treated in confidence. Information will be shared with only those persons who need to know.

### **Waivers**

The Governance and Nominating Committee of the Company's Board of Directors must approve any waiver of any of the provisions of this Policy for a Director or an Executive Officer. Material departures from this Policy by a Director or Executive Officer which constitute a material change to the Company will be promptly disclosed to shareholders.

### **Discipline**

Breaches of this Policy will be dealt with in accordance with the Company's Progressive Discipline Procedure.

Contract # TEU7606

**SCHEDULE "E" – NAO DRIVING POLICY**

attached to and made part of the Truck Transportation Master Services Agreement dated June 23<sup>rd</sup>, 2011  
between Talisman Energy USA Inc. and Flint Energy Services Inc.

North American Operations - Health, Safety, Environment and Operational Integrity Driving and Vehicle Practice  
NAO-HSEOI-PRA-10-05

# TALISMAN

E N E R G Y

## North American Operations Health, Safety, Environment and Operational Integrity

<b>Driving and Vehicle Practice</b> NAO-HSEOI-PRA-10-05	
<b>Management Endorsement:</b> <b>Dan Lebsack</b> <b>VP NAO Health, Safety,</b> <b>Environment &amp; Operational</b> <b>Integrity</b>	<b>Synopsis</b> This document defines NAO minimum standards for safe operation of motor vehicles while conducting Talisman business.
	<b>Published by:</b> North American Operations HSE/OI
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Revision - September 20, 2010	

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## 1.0 Purpose

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To establish the minimum requirements for safe operation of motor vehicles while conducting Talisman business and provide a standard practice for NAO employees and contractors operating vehicles on behalf of Talisman that aligns with Golden Rule 9 – Operate Vehicles Safely.

Golden Rule 9 States:

We will never operate vehicles without:

1. Conducting a pre-trip inspection, assessing the risks and planning accordingly.
2. Ensuring the driver is properly licensed for the class of vehicle and free from fatigue, drug or alcohol impairment.
3. Driving with care at appropriate speeds for road conditions, and ensuring all occupants fasten seatbelts.
4. Avoiding the use of all mobile communications devices and other driving distractions.
5. Designating safe areas while working around mobile vehicles.

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## 2.0 Definitions

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**Approved Defensive Driver Training Course:** A driver training course deemed by Talisman as suitable to train and test driver competence. Approved courses shall be a minimum of one day, consist of a combination of classroom and hands on training and must contain a pass fail component. The vehicle driven in the course should be comparable to Talisman vehicles typically operated by the driver at work. A list of approved courses will be recorded in the Talisman Training Framework. NAO HSEOI will review new training vendors upon request.

**Contractor:** A person employed by a contractor or a contractor's subcontractor who is directly involved in the execution of work under a contract with Talisman.

**Contract Driver:** Any contractor who drives on Talisman business.

**Equipment Damage:** Damage to a vehicle while that vehicle is parked. For example, a vehicle damaged while an operator loads an object into the cargo box is considered equipment damage. A stolen vehicle would also be classified as equipment damage and theft.

**FTE:** Talisman employee or contractor that is a full-time-equivalent.

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**Journey Management Plan:** A site-specific plan used by a driver to highlight the reason for the trip, the journey hazards and how the hazards will be managed.

**Motor Vehicle:** Includes an automobile, truck or any other self-propelled vehicle designed for running on land but not on rails.

**Motor Vehicle Incident:** any incident involving a motor vehicle that results in injury, loss/damage, or harm to the environment; whether it impacts Talisman and/or its contractors directly, or a third party.

**Near Miss - Vehicle:** An occurrence that, under slightly different circumstances, had the potential to cause a vehicle incident or equipment damage.

**Non-Recordable Vehicle Incident:** any incident involving a motor vehicle resulting in an injury, or loss/damage, or harm to the environment, whether it impacts Talisman and/or its contractors directly, or a third party that is "non-work related".

Non-Recordable Vehicle Incidents will be classified based on actual and potential severity and investigated to determine root cause, corrective actions and shared learnings with the same rigor as a Recordable Vehicle Incident but will not be captured in the Talisman vehicle statistics for benchmarking driving performance against industry partners.

**Professional Driver** – a driver who typically drives on Talisman business for 10,000 km (6,213 miles) or more over a twelve-month period or as designated by their supervisor.

**Road Hazard Assessment:** A detailed description of the hazards related to driving on an access road to a Talisman operation site or project activity.

**Recordable Motor Vehicle Incident:** any incident involving a motor vehicle resulting in an injury, or loss/damage, or harm to the environment, whether it impacts Talisman and/or its contractors directly, or a third party.

Exceptions:

- Talisman work vehicles legally parked;
- The journey is to or from the driver's normal place of work;
- Minor wear and tear (i.e. stone damage to windshield, minor paintwork damage);
- An incident that is the result of vandalism or theft;
- A company provided vehicle is driven on non work related activities.

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**SCM** - Supply Chain Management.

**Talisman Driver:** Any FTE who drives on Talisman business.

**Talisman Employee:** A person employed directly by Talisman Energy North American Operations.

**Talisman Vehicle:** Any motor vehicle leased, rented or purchased by Talisman including field and mobile status vehicles.

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## 3.0 Scope

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This practice applies to all drivers operating vehicles on Talisman NAO business, including:

- FTE's using Talisman vehicles for company business;
- FTE's using rental and personal vehicles for company business.

It is expected that Talisman Contractors will have a safe driving practice that meets or exceeds the minimum requirements established in this practice. Contractor's safe driving practices will be evaluated and scored during the contractor prequalification process outlined in the NAO Contractor HSE Management Practice. Contractors that do not have a suitable safe driving practice must comply with Talisman requirements.

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## 4.0 Measures

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### 4.1 KPI's

Leading Indicators - measurement of activities or behaviors that occur before an outcome. These include:

- Vehicle maintenance and inspection – scheduled and completed on time;
- Ride arounds – quality leadership/peer observations focusing on driver behaviors;
- Road hazard assessments - highlighting the hazards associated with access roads;
- Journey management – driver hazard assessments;
- Training – mandatory defensive driver training;

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Lagging Indicators – measurement of actual statistics. Shall include:

- Exposure - Total km (miles) driven;
- Frequency - Total number of incidents/1,000,000 km (621,371 miles);
- Severity - Incident Type and Injuries;
- Total cost of incidents/1,000,000 km (621,371 miles).

Additional examples of leading and lagging indicators can be found in Appendix 1.

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## 5.0 Responsibilities

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### 5.1 Local area management

Local area management shall:

- Be accountable for implementing this practice and providing adequate resources to ensure compliance with the practice;
- Ensure a program for tracking and reporting the leading and lagging indicators is in place;
- Incorporate KPI's and safe vehicle operating behaviors in the employee performance appraisal process;
- Reinforce safe driving behaviors and emphasize driving risks with all employees and contractors;
- Exercising due diligence and share all relevant information to contribute to the safe driving of all who are driving on Talisman business;
- Be accountable to ensure all Talisman vehicles are fit for purpose, technically and mechanically sound and drivers equipped vehicles with appropriate safety equipment;
- Ensure driver abstracts are reviewed and filed as outlined in the driver abstract section of the practice;
- Ensure a system is in place to document road hazard assessments.

### 5.2 Talisman FTE's

All Talisman FTE's:

- Are responsible for their own safe driving behaviors;
- Are responsible to ensure vehicles they operate are fit for purpose, technically and mechanically sound and equipped with appropriate safety equipment;
- Must ensure they are aware of and follow the expectations and guidelines established in the practice;

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- Shall report all vehicle incidents and near misses in accordance with the NAO Incident Reporting, Investigation & Analysis Practice NAO-HSEOI-PRA-11-01;
- Shall advise management as soon as reasonably practicable (within next working day) of any loss of their driver's license and inform their supervisor immediately if they have been charged with an impaired driving offense when operating a Company vehicle or driving on behalf of the Company;
- Failure to report the loss of license or a charge will normally be grounds for discipline up to and including termination of employment.

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## 6.0 Training/Competency

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### 6.1 Initial Training

All Talisman drivers shall maintain a valid North American driver's license for the class of vehicle they operate. All drivers, where required by law, shall have a valid TDG or DOT certificate in their possession.

All Talisman drivers will successfully complete an Approved Defensive Driver Training Course (DDT). This requirement may be waived by local area management if a Talisman driver has completed an acceptable DDT course within the last three years and can provide valid certification.

Talisman drivers who have not taken a DDT course within the past three years will be scheduled on a priority basis to attend a DDT course. Priority will be given to those individuals considered to be Professional Drivers and/or to those whose driving record indicates high-risk driving behaviors.

The schedule within Business Group or Operating Area shall be set to ensure all Talisman drivers attend a DDT course prior to Dec 2013.

A temporary variance for the DDT requirement may also be granted within the Business Group or Operating Area if a Talisman driver successfully completes an external driver assessment and is enrolled in a DDT course within the following six months.

A risk assessment must also be performed at each job site to determine what type of additional driving training may be required. These could include:

- Vehicles fit for purpose and conditions;
- Adverse road conditions (gravel, lease roads, snow and ice, mud, etc.);

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- Winter Driving;
- Backing;
- Sloped surfaces;
- Reverse skidding;
- Fatigue and Journey Management;
- Animal avoidance;
- Understanding 4 X 4's;
- Vehicle recovery;
- Radio communications.

## 6.2 Refresher Training

Talisman employees who are involved in a vehicle incident resulting in a minor classification as classified in the NAO Incident Reporting, Investigation & Analysis Practice Risk Matrix, or who have more than one citation for at risk driving behaviors shall be required to participate in a refresher DDT course as soon as possible after the related incident or citation. Refresher courses for employees will be at Talisman's expense.

## 6.3 Driver Abstracts

Talisman Employees who operate a Talisman vehicle on company business shall provide driver abstracts to their supervisor upon request.

Supervisors shall review driver abstracts for professional drivers who are involved in minor motor vehicle incidents in order to determine if additional training should be taken to improve safe driving behaviors.

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# 7.0 Safe Driver Activities

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## 7.1 Road Hazard Assessments

A road hazard assessment is an inventory of road hazards that exist along the route to a Talisman location. All operating areas within the Talisman NAO operating group will identify high risk roads and communicate road hazards to Talisman and Contract drivers as a proactive measure.

Operating Areas and Delivery Units will assess and identify roads that will require written road hazard assessments, based on risk and use.

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Target completion for initial road hazard assessments is the end of Q2 2011. Communication and updating of road hazard assessments will be ongoing.

Activities outside an existing operating area will require a project specific road hazard assessment.

Road hazards that should be considered and identified include:

- Bridges (width, capacity, no post markers, approaches);
- Adverse road conditions (gravel, lease roads, snow and ice, mud, etc.);
- Identification of narrow road sections;
- Blind corners and hilltops;
- Reduced speed areas;
- Chain up requirements and safe chain up areas.

Appendix 2 includes a sample Road Hazard Assessment Form.

If high hazard areas are identified on Talisman controlled roads, measures such as road crown enhancements, signage upgrades, or improved grading practices should be considered. If Talisman is not the primary road permit holder, the hazard information should be communicated to the permit holder through road use groups or by contacting the permit holder directly.

## **7.2 Journey Management**

All Talisman employees shall question the need to drive and do so only when it is required and when safe driving conditions exist.

Prior to commencing a trip, drivers shall conduct a journey hazard assessment and complete a Journey Management Checklist when the journey is outside of their regular job duties, or schedule. A Journey Management Checklist (guideline) can be found in Appendix 3. The hazard assessment may include:

- Current weather forecast;
- Road conditions;
- Level of alertness;
- Traffic volume;
- Trip duration and distance;
- Working alone;
- Emotional state.

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Ask yourself, "is this trip necessary?"

Where travel is necessary, a trip plan shall be made to ensure that the following controls are in place:

- An appropriate vehicle is available;
- A vehicle safety kit is available (see Appendix 4);
- Potential driving hazards have been identified;
- The driver is well rested;
- The route and estimated schedule are clearly communicated to direct supervisor or an appropriate designate such as an answering service;
- Where applicable a local road hazard assessment map is available from the local Operating Area;
- Drive during daylight hours wherever possible;
- A vehicle inspection has been completed by the driver;
- Ensure working alone requirements are met.

### **7.3 Seatbelts**

- All occupants shall wear seatbelts at all times when a vehicle is moving.

### **7.4 Speed**

- The posted speed limit shall be adhered to on all roads and a hazard assessment should govern speed on private roads where speed limits are not posted.
- A hazard assessment should govern speed limit on any road in inclement weather or other hazardous conditions.

### **7.5 Cell Phones**

Avoid the use of all mobile communications devices while driving.

The use of hand held cell phones or text messaging (or similar wireless devices) while driving are not permitted for any Talisman Driver.

Permitted cell phone practices include:

- Phone must be a hands free device;
- Calls may be answered but shall not be initiated by the driver while driving;

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- Calls shall be answered *only when it is deemed safe to do so*;
- Where hazardous or congested road conditions exist the driver shall pull off the road to engage in *conversation* if it is safe to do so;

The process for complying with the above cell phone practice shall meet all local regulatory requirements as well as the NAO Driving Practice. Any conflict between the NAO Driving Practice and local regulatory requirements will be resolved by adopting the more stringent of the two, if not prohibited by law or regulation.

Use of a two-way radio to call km's (miles) on a radio-controlled road is permitted in accordance with the road rules for the radio-controlled road.

## **7.6 Other Driver distractions**

Drivers must also consider and manage other distractions including but not limited to:

- Eating, drinking;
- Vehicle controls, radios and cd players;
- GPS Unit, MP3 players, two way radios;
- Reading and writing;
- Conversations with passengers;
- Reaching for items;
- Preoccupation with other things and outside surroundings.

## **7.7 Driver Fatigue and Alertness**

All Talisman drivers must be appropriately rested and alert. Talisman drivers operating vehicles that fall within hours of service regulations must comply with duty hour requirements specified by local regulations.

All Talisman drivers will participate in Talismans fatigue awareness training. The fatigue awareness training is available on Insight for review during regular safety meetings or focused training sessions.

## **7.8 Securing of Loads**

- Talisman drivers carrying loose items in the passenger compartment and/or pickup truck box shall use sufficient restraints to ensure objects are secured to prevent a projectile hazard during an emergency braking situation, collision or during travel;
- Flammables shall not be carried in the passenger compartment of a vehicle;
- Where items are transported in a pickup truck or other cargo vehicle, they shall be stored and securely fastened as specified by law and local area policy;

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- Failure to use load binders properly may result in serious injury or even death to a driver or others – Appendix 5 includes a Load Binder Guideline.

### **7.9 Vehicle Walk-Around**

- Driver inspection of the vehicle by walking around is required.
- Prior to driving, Talisman drivers shall engage in completing a mental checklist, guidelines for which are highlighted in Appendix 6.

### **7.10 Parking**

- All drivers will back into parking spaces unless a documented hazard assessment indicates otherwise. A vehicle walk-around prior to moving the vehicle will help to mitigate risk in these situations.
- All vehicles with trailers should be equipped with chock blocks for use when parked.

### **7.11 Hazardous Areas**

No vehicle shall be operated within 25 meters (82 feet) of any wellhead, piping, process vessel or tank containing combustible fluids unless required by a specific maintenance or operating function.

### **7.12 Backing Up Safely – Congested Areas**

Backing up and maneuvering vehicles usually occurs at slow speeds, yet backing incidents account for a disproportionate number of minor low-speed collisions and have the potential for serious consequences.

- Always use a spotter in a congested area;
- Walk around vehicle before backing up;
- Give audible notice that backing will occur if the vehicle is equipped with a back up alarm;
- If the vehicle is not equipped with a back-up alarm, touch the horn lightly two times before beginning the back-up maneuver;
- Check overhead, side and rear clearance;
- Apply the brakes while shifting the vehicle to reverse;
- Back up at a very low speed.

### **7.13 Spotters**

A spotter shall be used when backing into an area with limited visibility, constricted or congested areas, within 25 meters (82 feet) of process equipment or where necessary to guide heavy equipment.

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- Spotter and backing vehicle do not move at the same time – if the spotter must change position, the driver must stop;
- Use a spotter located at the left rear of the vehicle whenever backing up;
- If using hand signals driver and spotter to agree on hand signals used;
- The driver must be able to see the spotter through the mirror and vice versa;
- The driver and the spotter must maintain eye contact;
- If the spotter disappears from the mirror, the driver must immediately stop;
- If there is no spotter available:
  - o Reconsider backing up. Is it really necessary?
  - o Make a reasonable attempt to get someone to act as a spotter;
  - o If a spotter cannot be obtained, get out of the unit and walk around the unit completing a “circle of safety” and survey the backing area;
  - o Hang a ribbon or other marker to indicate the safe backing up distance;
  - o Follow the “backing up safely” steps (above).

#### **7.14 Towing**

Utilizing a tow-truck appropriately sized for the vehicle is the most desirable option for recovering a vehicle. Where a tow truck is not available, all Talisman drivers shall follow the towing procedures specified in Appendix 7.

The towing procedure in Appendix 7 applies only to light and medium-duty vehicles (1 Ton (907 kg) vehicles or lighter). A tow truck must be used for any heavy-duty vehicle (greater than a 1 Ton (907 kg)).

#### **7.15 Boosting, Tire Changes and Chains**

- Talisman drivers should refer to the Owner’s manual provided with their vehicle or with their tire chains;
- Manufacturers’ directions should be followed unless a hazard assessment by the driver indicates these directions would be unsafe to follow. Example: conditions associated with changing a tire on an unstable surface;
- High visibility reflective clothing must be worn in all traffic areas;
- Boosting activities will follow manufacturer’s specifications.

#### **7.16 Smoking**

- Talisman drivers or passengers shall not smoke in Talisman vehicles at any time.

#### **7.17 Radar Detectors**

- The use of radar detectors is prohibited by anyone driving a Talisman vehicle and/or travelling on Talisman business.

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### 7.18 Firearms

Firearms including cross or compound bows shall not be carried in company vehicles while travelling on company business or while on Talisman premises except for the following exceptions:

- Where 'Bear Watch' or other area specific wild-life expertise is needed on site. Firearms safety will be addressed in a HSE Pre-job Plan and a third party trained and competent expert will be utilized;
- Where flare guns are required, site-specific procedures must be developed for the storage, transport and operation of this equipment. Shotguns must not be used for flare guns.

### 7.19 Pets

Pets will not be permitted in company vehicles while traveling on Talisman business or while on Talisman premises.

### 7.20 Passengers

- The number of passengers shall not exceed the manufacturer's specifications for the vehicle or the number of seatbelts available.

### 7.21 Drugs and Alcohol

- Drivers will not be under the influence of alcohol or drugs, or any other substance or;
- Medication that could impair their ability to drive;
- Read the label of all over-the-counter medications before considering driving;
- Refer to Talisman Drug and Alcohol Policy;
- Consult your physician if questions arise regarding prescription medication.

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## 8.0 Vehicles

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### 8.1 Vehicle Selection

Talisman vehicles shall be selected as per the business generated selection list. Any personal or rental vehicles used in the course of Talisman business shall conform to site-specific needs as dictated by road conditions.

### 8.2 Vehicle Outfitting

Each Business Group or Operating Area shall specify the mandatory equipment to be installed in Talisman vehicles. The Business

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Group or Operating Area specific lists will align with the general guidelines highlighted in Appendix 8.

Each Business Group or Operating Area shall equip Talisman field and mobile status vehicles with a vehicle safety kit. The contents of the kit shall be specified by the Business Group or Operating Area and align with the general guidelines highlighted in Appendix 4. For guidance on equipping a rental or personal vehicle see 8.4 and 8.5 respectively.

### **8.3 Vehicle Inspection**

The actual frequency of regular safety inspections will be specified by each Business Group or Operating Area and will be based on mileage driven, operating conditions such as terrain as well as driver feedback or concerns with the vehicle.

All normally scheduled vehicle inspection and maintenance service will be performed in accordance with manufacturers' specifications and supply management requirements. A sample safety inspection checklist can be found in Appendix 9.

### **8.4 Vehicle Rentals**

Rental vehicles shall be fit for purpose and selected based on a pre-trip hazard assessment. Where rental vehicles are used, the employee shall select from the preferred supplier list provided by Supply Management Group (SMG).

Vehicle safety kits should be obtained for use during the trip and can be obtained from NAO HSEOI in Calgary and are also available in all area field offices. A Vehicle Safety Kit Checklist can be found in Appendix 4.

When travelling from the rental facility to your destination where there is a reasonable expectation that help would be readily available if required, such as travelling on a main highway during daylight hours, or inter-city driving for training etc. a kit may not be required.

### **8.5 Personal Vehicles**

It is preferable that individuals rent vehicles whenever required to travel on business. However, if one's own vehicle is used, it must be sufficiently equipped and maintained to allow for safe driving in the area to which the employee is travelling.

An appropriate level of insurance coverage (as per SMG guidelines) must be in place. A Vehicle Safety Kit should also be carried.

When travelling to your destination where there is a reasonable expectation that help would be readily available if required, such as travelling on a main highway during daylight hours, or inter-city driving for training etc. a kit may not be required.

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## 8.6 Vehicle Incidents

All incidents involving Talisman vehicles shall be reported in accordance with the NAO Incident Reporting, Investigation & Analysis Practice NAO-HSEOI-PRA-11-01.

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### Appendix 1: Key Performance Indicators (KPIs)

Competency Domain	Specific Competencies	Lagging Indicators	Leading Indicators
<b>Driver Skills</b>	<ul style="list-style-type: none"> <li>Participate in driver training</li> <li>Self investigation of incidents</li> <li>Awareness of distractions</li> <li>Minimizing distractions</li> <li>Use of appropriate safety procedures</li> </ul>	<ul style="list-style-type: none"> <li>Change in # of incidents</li> <li># of formal assessments required</li> <li># of clear abstracts on file</li> <li># requiring mandatory retraining</li> </ul>	<ul style="list-style-type: none"> <li># of suggested improvements and recommendations</li> <li>Greater # of peer observations</li> </ul>
<b>Vehicle</b>	<ul style="list-style-type: none"> <li>Walk arounds</li> <li>Load securement</li> <li>Parking</li> </ul>	<ul style="list-style-type: none"> <li>Reduction in vehicle damage reports</li> <li>Gear safely stored</li> <li>Lower maintenance and repair costs</li> </ul>	<ul style="list-style-type: none"> <li>Appropriately equipped, road ready vehicles</li> <li>Increased knowledge of towing, boosting, tire change procedures</li> </ul>
<b>Accountability and Responsibility</b>	<ul style="list-style-type: none"> <li>Journey management</li> <li>Fatigue management</li> <li>Promoting opportunities for safe driving by self and others</li> <li>Engaging in hazard assessment</li> </ul>	<ul style="list-style-type: none"> <li>Fewer incidents</li> <li>Positive statistics from data provided through driver self evaluation surveys</li> <li>Completion of checklists</li> </ul>	<ul style="list-style-type: none"> <li>Increased communication of travel plans</li> <li>Use of mental and physical checklists</li> <li>Increase in use of hazard assessment</li> <li>Awareness of safety</li> <li>Number of driver self evaluation surveys complete</li> </ul>

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**Appendix 2 - Road Hazard Assessment**

**Risk Ranking**

- Low Risk
- Exposure managed by application of existing policy, procedure or practice
  - Exposure management within control of driver
- Medium Risk
- Exposure managed by enhancement of existing policy, procedure or practice and/or requires use of utility devices
  - Exposure management remains within control of driver
  - Control must be in place for journey to proceed

**Risk Ranking**

- High Risk
- Exposure mitigated through intervention by party or parties other than driver
  - Control must be in place for journey to proceed

**Assessed risk is based on ideal conditions. Escalating factors should be considered during pre-trip planning as they may impact risk ranking and required controls.**

ROAD HAZARD ASSESSMENT			
RHA Number:	Assessment Date:	Maximum advised speeds (s) KPH/MPH	
Start point: <intersection>	Radio Control:	KM/Mi	
End Point: <gas plant>	Radio Frequency	KM/Mi	
Conditions at time of assessment			
Road (average)		Weather:	Light:
			Temp:
Road directions & detail:			
From:			
Hazard Register			
KM/Mi	Hazard	Risk Rank	Detail, Control & Comments

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Driving Surface Width & Integrity	
Narrow (meeting or passing a vehicle difficult, no pull-off area)	
High crowning-traffic migrates to the centre of the road	
Excessive loose gravel	
Paved or oiled surface breaking up	
Washboard	
Potholes/ruts	
Shoulder Type	Sharp droop off
	Washout
	Soft
Avalanche risk (rock, mud slides, snow)	
Passing other vehicles (poor visibility, dust, blowing snow)	
Meeting other vehicles (logging trucks, weekend traffic, rural)	
Animals (know areas and crossings)	
Pedestrians (school zones, hikers, hunters, tourists)	

Road Design/Intersections	
Comers (blind, sharp, banked)	
Intersection (blind, sharp)	
Railway crossings (high angle, controlled)	
Crest of hill (can't see over)	
Steep hill (runaway downhill, load limiting uphill)	
Risk of grounding out	Crown of hill
	Railroad grade crossing
	Bridge approach
	Very deeply worn ruts
Inadequate or absence of appropriate signage	
Line-of-site obstruction (vegetation, structures)	
Dust	

Potential Collision Object:
Trees/rocks
Encroaching road banks
Narrow bridge/bridge rails/tunnel or abutments/cattle guards
Height restriction (bridges, overpasses, low power lines)
Avalanche risk (rock mud slides, snow)
Passing other vehicles (poor visibility, dust, blowing snow)
Meeting other vehicles (logging trucks, weekend traffic, rural)
Animals (know areas and crossings)
Pedestrians (school zones, hikers, hunters, tourists)

Escalating Factors	
Fog or smoke	
Poor Drainage/frequent mud	
Snow and ice	Shadowed areas (slow to thaw)
	Known drifting location
	Over-graded shoulders
	Frost heaving (muskeg)
	Runoff, thaw/freeze cycle
Crosswinds/Blowing snow	
Weight Restrictions (road/bridges)	
Sun (e.g. low angle in winter)	
Road surface liable to deteriorate rapidly when wet	
Low illumination	
Driver experience	
Fatigue/low alertness	
Conflicting priorities (e.g. crew change)	
Rain	Visibility, pooling on roads
Winds	

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### Appendix 3: Journey Management Plan Guideline

#### JOURNEY MANAGEMENT CHECKLIST

Checklist Items	Complete	Exceptions
Safety & Loss Control Practices Orientation		
Driver Skills Training up to date		
Driver's License current and valid		
Talisman Road Safety Kit available through department or field office and should contain: Fleece Blanket, Basic Tool Kit, Booster Cables, Shovel, 2x Candles, Box of Matches, 3x Safety Flares, Cotton Work Gloves, 2x Bungee straps, 4x Zip Ties, Duct Tape, First Aid Kit, Flashlight, Puncture Sealant, Reflective Vest, Poncho, Emergency Water Bag, Reminder Instructions: "If you Become Stranded", "Call Police" Banner, Reflective Triangle.		
Talisman Contact Numbers you may need in transit:		
File Travel Plans: <ul style="list-style-type: none"> <li>Advise supervisor, designate (i.e. answering service) and/or field contact of your travel plans, routes, approximate travel time</li> <li>If travelling alone – check requirements of Department or Field Safety and Loss Control Working Alone Practice</li> <li>Check in with field office upon arrival</li> </ul>		
Check current and forecasted weather and driving conditions		
Maximize daylight travel during trip		
Ensure appropriate equipment for weather conditions: <ul style="list-style-type: none"> <li>Parka, winter boots, sleeping bag, emergency rations, etc.</li> </ul>		
Two way communication device appropriate for and/or required in locale to which you are travelling: <ul style="list-style-type: none"> <li>Cell phone; satellite phone; two way radio</li> </ul> (be aware of radio controlled roads and required frequency for same)		
Be Prepared for Emergencies: <ul style="list-style-type: none"> <li>Know who to call</li> <li>Be aware of legislative and corporate requirements with respect to reporting incidents/accidents</li> </ul>		

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#### **Appendix 4 - Vehicle Safety Kit Guidelines**

##### VEHICLE SAFETY BAG CHECKLIST

Includes:

1. First Aid Kit (St. John Ambulance Vehicle Kit)
2. Booster cables
3. Shovel
4. Flashlight and batteries
5. Candles
6. Matches
7. Emergency poncho
8. Emergency water bag
9. Safety Vest
10. "Call Police" sign
11. "If you become stranded" information card
12. Reflective Triangle
13. Puncture seal
14. Duct tape
15. Blanket
16. Gloves
17. Bungee cord
18. Flares
19. Small Tool Kit
20. Tire gauge
21. Ice scraper
22. Tow rope (20 feet (6 meter) by 2 inch (5 cm) with loop ends, min 15,000 lb (6803 kg) break strength)
23. Wipe cloth

Available through the Calgary Office

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## Appendix 5: Load Binder Guidelines

- Failure to use load binders properly may result in serious injury or even death to a driver or others;
- Do not operate a load binder while standing on the load;
- Move the handle with caution. It may whip – Keep all body parts clear;
- Keep yourself out of the path of the moving handle and any loose chain lying on the handle;
- *All drivers using load binders, must be familiar with local laws and regulations regarding size and number of straps required for securing loads on trucks;*
- Always consider the safety of nearby workers as well as yourself when using load binders while under tension, a load binder must not bear against an object, as this will cause side load;
- Do not use a handle extender (cheater pipe) - see instructions;
- Do not attempt to close or open the binder with more than one person.

**Appendix 6: Walk Around Inspection Guidelines**

**WALK AROUND INSPECTION CHECKLIST**

Vehicle Checklist	Complete	Attention Required	Exception
Preventative maintenance performed			
All lights functioning			
Tires in good condition			
Brakes functioning			
Windshield not broken or cracked			
Towing equipment in good condition (trailer hitch, towing strap, trailer lights, towing hooks)			
Vehicle fire extinguisher easily accessible and in working condition			
Vehicle clean and tidy – interior and exterior			
Vehicle registration and insurance in vehicle			
Unnecessary items removed from truck box			
Items properly secured in truck box			
Tool box in good condition and appropriately equipped			
Spare tire mount and securing devices in good condition			

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## Appendix 7: Towing Guidelines for 1 Ton Vehicles or Less

### Equipment:

1. Vehicle tow hooks should be installed securely to the front.
2. Vehicles should be equipped with a tow strap 2 inch (5 cm) by 20 feet (6 meter) with a rating of 15,000 lb (6803 kg) break strength.
3. Vehicles should be equipped with a clevis that has a 40,000 lb (18143 kg) rating or higher that has a THREADED pin only.
4. Super strap (rated for 15,000 lb (6803 kg)) with a 40,000 lb (18143 kg) rated clevis braided into it.

The following Guideline has been adapted from the Enform Vehicle Recovery and Towing Guideline for a full version of the document, visit the Enform web page.

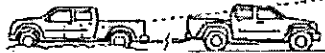
### Key Guidelines with Visuals

#### #1 RULE: IT IS ALWAYS BEST TO CALL A TOW TRUCK!

However, if your company permits and equips you to pull out stuck vehicles, these are the do's and do not's that you **MUST ALWAYS RESPECT**:



DO NOT use a lighter vehicle to pull out a heavier vehicle.



ONLY pull with a vehicle roughly the same size or larger than the stuck vehicle.

Check vehicle weight (GVW) on a plate on the driver door (add load!)



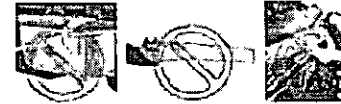
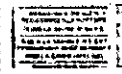


DO NOT use tow straps, chains, or cables that can become killer metal missiles! DO NOT use a web sling.



ONLY use a recovery strap with proper loops.

Check Minimum Breaking Strength (MBS)—should be 2-3 times stuck vehicle weight.



DO NOT attach to bumpers, ball hitches, bull bars, or tie down eyes. These can tear free under towing stress.



ONLY attach recovery strap securely to a load rated component, i.e., loop onto tow hooks, engineered recovery device or on shackle with pin in hitch receiver.

Check Working Load Limit (WLL) of shackle—should exceed recovery strap strength. Frame mounted receiver also needs to be rated to the required weight.



## Procedures

### STEP BY STEP GUIDE FOR PULLING OUT A VEHICLE WITH A RECOVERY STRAP

1. Stop, consider the task at hand and assess the hazards. If you have any questions or doubts at this point, call a tow truck, it remains your best option.
2. If the vehicle recovery takes place on or near a roadway, you must implement a traffic warning or traffic control system (e.g., traffic cones or reflector flares).
3. Ensure that you have the correct equipment—a recovery strap is essential. The recovery strap should be at least 6 m or 20 ft in length, with loops (not hooks) and in good working condition (no cuts or broken stitches). If you do not have a recovery strap like this at hand, call a tow truck.

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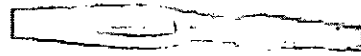
4. Check both vehicle weights and add the weights of any loads either vehicle is carrying. The vehicle doing the pulling must be of equal or, ideally, greater weight than the vehicle that is being pulled.
5. Ensure the recovery strap has a Minimum Breaking Strength (MBS) that is 2-3 times the total weight of the stuck vehicle. If it is less, the danger is the strap may snap under high tension. If the MBS is greater, it will not function optimally (they are most effective when their elasticity enhances the pull).

Recovery straps are usually constructed so that each inch of width adds approximately 10,000 lbs (4,500 kg) of MBS (e.g., a 3 inch wide strap would usually have a rating of approximately 30,000 lbs [13,500 kg]).

6. Ensure tow hooks, hitch receivers and any shackles used are rated to loads that exceed the recovery strap MBS. In the event of excessive loads, the recovery strap should always be the weakest link and snap first. A shackle should have a Working Load Limit (WLL) stamped on it (remember 1 ton = 2000 lbs or 900 kg).
7. As much as possible, clear out mud, sand, or snow from under the stuck vehicle and in front of the tires in the direction of the pull.
8. Position the pulling vehicle in line with the stuck vehicle—the pulling vehicle facing forward; the stuck vehicle being pulled from the front (ideally) or the back. You need to be within 10° of a straight line—side loading can lead to serious vehicle damage. You need to be sure you have a clear path straight forward free of any obstacles that is at least the length of the strap and stuck vehicle.
9. Lay out the recovery strap between the two vehicles and loop the strap onto a tow hook bolted to the vehicle frame or put the loop on a shackle which is properly pinned to a frame mounted hitch rated for recovery. If using a threaded shackle, hand tighten the pin and then turn it back one quarter turn for ease of release later. Never tie the strap onto the vehicle, slip the strap over a ball hitch, or attach it to anything other than a tow hook or frame mounted hitch. Only use one recovery strap (never two in parallel)—however, there are two options for creating additional length with two recovery straps if needed:



Double length by threading straps through each other's eye. A rolled newspaper stuck between the loops provides a safe means of undoing the knot later.



Gain 50% more length by looping one strap through the eye of another.



Never use a shackle to join two straps. If a strap fails, it becomes a deadly projectile.

Reduce the expected strength of the recovery straps by 25% if you are using two correctly joined straps.

10. Drape a heavy coat or blanket over the middle of the strap to dampen any backlash if it snaps or releases.
11. Agree on a plan and communication signals between the two drivers. Industry Recommended Practice Hand Signals for Directing Vehicles (IRP 12) provides a good system of signals to use.
12. Ensure all other bystanders are at least 2 times the length of the recovery strap to the side of the vehicles—both the strap and the vehicles lurching forward unexpectedly present a hazard.
13. The pulling vehicle accelerates slowly (to about 10-12 KPH) to build tension in the strap and provide a sustained pull. Once the slack is taken up, the stuck vehicle likewise applies acceleration in low gear to assist the pulling car. Neither vehicle should spin their tires. Steady momentum is most effective—never resort to jerking or take a long run and jerk. Maintain tension throughout the pull, do not allow slack to develop in the strap at any point. After three attempts to pull the vehicle loose, it is time to stop and call a tow truck.
14. Do not remove straps until both vehicles are fully stopped and secured. It is a good idea to clean and dry out a recovery strap after use as dirt and moisture weaken the strap. Remember, if at any point in the process you have any safety concerns whatsoever or concerns about potential damage to either vehicle, stop and call a certified tow truck.

## Appendix 8: Vehicle Outfitting Guidelines

### VEHICLE OUTFITTING CHECKLIST

Vehicle Checklist	Outfitted	Exception
½ ton, 4 X 4, ext. cab, short box, small V8 Or ¾ ton, 4 X 4, ext. cab, long box, practice spec V8		
Light truck designation, all terrain tires, OEM sizing		
Limited spin differential		
Skid plates		
Towing package		
Front seat cover		
Heavy duty fender mount mud flaps		
Rubber front floor mats		
Wooden box liner		
Summer grille insert		
Two 60" side mount steel tool boxes		
Practice tie down configuration		
Tail gate cap		
30 # purple K fire extinguisher		
Spare key		
UHF Road channel radio Or VHF Communications radio		

## Appendix 9: Vehicle Inspection Guidelines

### VEHICLE INSPECTION CHECKLIST

Vehicle Checklist	Complete	Attention Required	Exception
First Aid Kit: <ul style="list-style-type: none"> <li>• Fully stocked – tab in place</li> <li>• Easily accessible</li> <li>• In good condition</li> </ul> (see Vehicle safety bag Checklist – App. 4)			
Fire Extinguisher: <ul style="list-style-type: none"> <li>• Cover intact</li> <li>• In good working condition</li> <li>• Easily accessible</li> </ul>			
Back up batteries available			
ERP Manual			
Federal and Provincial permit booklet (data up to date)			
Materials in cab securely stored			
Items properly secured in truck box			
Tool box in good condition			
All lights functioning			
Brakes functioning			
Tires in good condition			
Windshield in tact			
Towing equipment in good condition			
Vehicle registration and ownership			
Preventative maintenance up to date			
Drivers' Handbook on board			
Incident Report forms on board			
Inspection for body damage complete			
Booster cables stowed and in good working condition			

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**Appendix 10: BBS Observation Card**



**Driver Observation List**

Location: \_\_\_\_\_  
Observer: \_\_\_\_\_  
Partner: \_\_\_\_\_  
Date: (D/M/Y) \_\_\_\_\_  
Duration: (minutes) \_\_\_\_\_  
Type of hazard Observed: \_\_\_\_\_

Key Safety Concerns/Comments:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Recognition for Exceptional Safety Performance:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Forward this card to your local supervisor or the HSE advisor in your region.