



**TIMOR GAP, E.P.**

And

---

**SERVICE AGREEMENT**

For

**3D Seismic Data Processing Project**

---

**TABLE OF CONTENTS**

1.	DEFINITIONS .....	3
2.	SERVICES .....	4
3.	COMMENCEMENT DATE AND DURATION.....	6
4.	CONTRACT PRICE AND PAYMENT .....	6
5.	AVAILABILITY OF TOOLS AND EQUIPMENT.....	7
6.	TRANSPORT AND LOCAL LIVING ARRANGEMENTS .....	9
7.	REPLACEMENT OF THE PROFESSIONAL.....	10
8.	TAX AND DUTIES .....	10
9.	LANGUAGE AND COMMUNICATION .....	11
10.	CONTRACTOR'S OBLIGATIONS AND UNDERTAKING .....	11
11.	LIABILITY, INDEMNIFICATION & INSURANCE .....	13
12.	TERMINATION OF THE AGREEMENT.....	13
13.	CONFLICT OF INTEREST AND AUDIT .....	15
14.	GOOD GOVERNANCE.....	15
15.	GOOD FAITH.....	16
16.	NON-DISCLOSURE .....	16
17.	NOTICES .....	17
18.	SETTLEMENT OF DISPUTES.....	17
19.	MISCELLANEOUS.....	18
<b>APPENDIX I – SCOPE OF WORK</b>		
<b>APPENDIX II – SCHEDULE OF FEES AND INSURANCE COVERAGE</b>		
<b>APPENDIX III – SERVICE LEVELS</b>		
<b>APPENDIX IV – COMPANY AND CONTRACTOR REPRESENTATIVES</b>		
<b>APPENDIX V – TENDER DOCUMENTS</b>		

### **SERVICE AGREEMENT**

This Service Agreement (the “**Agreement**”) is made on this (Date) day of (Month) (20xx).

By and between:

**TIMOR GAP – TIMOR GÁS E PETRÓLEO, E.P.**, a State-owned company incorporated, organized and existing under the laws of the Democratic Republic of Timor-Leste, created by means of Decree-Law no. 31/2011, of 27 July 2011, having its registered office at Level 3, Timor Plaza, Rua Presidente Nicolau Lobato, Comoro, Dili, Timor-Leste (hereinafter referred to as the “**COMPANY**”) of the one part,

And

[*Insert company's full name*], a company incorporated in [*insert place of incorporation*], with registered number [*insert registration number*] and having its registered office at [*insert registered address*], (hereinafter referred to as the “**CONTRACTOR**”) of the other part.

(Each a "Party" and together the "Parties")

**WHEREAS**, the **COMPANY** requires the **CONTRACTOR** to provide *3D Seismic Data Processing services* as described in **Appendix I** (Scope of Work) and the **COMPANY** commits itself to pay the **CONTRACTOR** in accordance with **Appendix II** (Schedule of Fees and Insurance Coverage) for the Services (as defined below) rendered herein.

**WHEREAS**, the **CONTRACTOR** is engaged in the business of providing such Services (as defined below) and represents that it has adequate resources, competent, experienced, suitably qualified and fully trained personnel and is capable, willing and ready to carry out the required Services (as defined below) to the satisfaction of the **COMPANY**.

**WHEREAS**, the **COMPANY** wishes to engage the **CONTRACTOR** to provide the Services described herein and the **CONTRACTOR** agrees to provide the Services with the terms and conditions contained in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter provided, the **CONTRACTOR** and the **COMPANY** agree to comply with the terms and conditions of this Agreement as follows.

#### **1. DEFINITIONS**

The following words and expressions shall have the meaning assigned to them, except where the context requires otherwise. The singular shall include the plural and the masculine shall include the feminine and vice-versa where the conditions so require:

- (a) “**Affiliate**” means a company directly or indirectly controlling, controlled by or under common control with the **CONTRACTOR**, whereby control means the right to direct the management through ownership of more than fifty per cent (50%) of the votes or of the voting rights in the company, or through any other ownership interest;

- (b) **“Agreement”** means this agreement and includes the schedules and any appendixes to it or documents incorporated by reference;
- (c) **“Confidential Information”** means all information of a confidential nature (or which the CONTRACTOR might reasonably expect that the COMPANY would regard as confidential) disclosed (howsoever disclosed and in whatsoever form) by the COMPANY or any of its Representatives to the CONTRACTOR, whether before or after the date of this Agreement, including information relating to the provisions of this Agreement, the negotiations leading up to this Agreement, the COMPANY’s requirements, the Work, and any information relating to the operations, plans, know-how, design, finances, contractual arrangements, technical and business information, research and development, production, manufacturing and engineering processes, methods of doing business and any books and records of the COMPANY, together with all analyses, compilations, studies, or other documents or records prepared by or for CONTRACTOR or any of CONTRACTOR’s Representatives, which contain or otherwise reflect or are generated from such information;
- (d) **“Contract Intellectual Property”** means any and all Intellectual Property Rights incorporated or comprised in any materials created by or on behalf of the CONTRACTOR in the course of providing the Services to the COMPANY under this Agreement;
- (e) **“Contract Price”** means the total maximum amount payable by the COMPANY to the CONTRACTOR under this Agreement in accordance with Appendix II (Schedule of Fees and Insurance Coverage);
- (f) **“CONTRACTOR”** means the contracting party specified above as a person rendering the Services;
- (g) **“Deliverables”** means goods, products, software, programs, records, reports, documentation, designs, drawings and other media, materials, or other objects produced as a result of the Services as specified in Appendix I (Scope of Work);
- (h) **“E-Procurement System”** means the information and procurement tool on the internet set up by the Government to enhance transparency and effectiveness in the procurement of projects by the public sector of Democratic Republic of Timor-Leste;
- (i) **“Force Majeure”** means any event or circumstance (excluding the inability to pay compensation due under this Agreement) beyond the reasonable control of a Party which prevents or impedes the due performance of this Agreement, and which by the exercise of reasonable diligence, such Party is unable to prevent, including, without limitation, act of war, act of terrorism, riot, rebellion or civil unrest, act of God, flood, earthquake, lightning or other natural physical disaster, explosion, fire, or expropriation, nationalization, requisition or other interference by any government authority, the enactment or amendment after the effective date of any statute, order, by-law or other rule or regulation having the force of law in the place of performance of the Services or promulgated by a government body claiming to have jurisdiction over a Party, and national or regional strikes or similar labor disputes (official or not). The mere shortage of labor or equipment shall not constitute Force Majeure unless caused by events or circumstances that are themselves Force Majeure.
- (j) **“Good Industry Practice”** means in relation to the performance of any activity to which this standard is applied, the exercise of that degree of skill, diligence, prudence and foresight as would reasonably be expected from a properly qualified and competent person engaged in carrying out works or services of a similar size, nature, scope, type and

complexity, complying with all legal requirements and applicable Timorese and International standards and published codes of practice;

- (k) **“Government”** means Government of the Democratic Republic of Timor-Leste;
- (l) **“Government Results Portal”** means the information tool on the internet set up by the Government to enhance transparency in the delivery of projects by the public sector of Democratic Republic of Timor-Leste;
- (m) **“Intellectual Property Rights”** includes all present and future copyright and neighbouring rights, all proprietary rights in relation to inventions (including patents), registered and unregistered trademarks, confidential information (including trade secrets and know how), registered designs, circuit layouts, and all other proprietary rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields;
- (n) **“Party”** means either the COMPANY or the CONTRACTOR, as the case may be;
- (o) **“Parties”** means the COMPANY and the CONTRACTOR;
- (p) **“Pre-Existing Intellectual Property”** means any and all Intellectual Property Rights in any works, items or systems created by or the property, or in the possession, of the CONTRACTOR prior to the commencement of the provision of the Services;
- (q) **“Professional”** means a member of the CONTRACTOR’s or Subcontractor’s personnel who shall possess the required specialization in the relevant field as specified in the Agreement and the Parties hereto agree that the person shall be directly involved in carrying out the Services;
- (r) **“Representative”** means as to any person such person’s Affiliates and its and their partners, directors, officers, employees, advisors, agents, worker, Subcontractor, Professional, and controlling person;
- (s) **“Service Levels”** means the service levels the CONTRACTOR must comply with in performing its obligations under this Agreement, as specified in Appendix III, and may be amended by the agreement of the parties from time to time;
- (t) **“Services”** means all services to be rendered under this Agreement by the CONTRACTOR as per details specified in **Appendix I** (Scope of Work) attached hereto and in accordance with the terms and conditions of this Agreement;
- (u) **“Center”** means the processing center or any other place as may be specifically designated in the Agreement and/or **Appendix I** (Scope of Work) attached hereto as forming part of the processing center; and
- (v) **“Subcontractor”** means any person, other than the COMPANY, having an agreement with the CONTRACTOR for rendering of the Services or any part thereof. Any person other than the COMPANY, participating in the provisions or execution of the Services with a direct or indirect link to the CONTRACTOR is, for the purpose of the Agreement, considered to be a Subcontractor.

## **2. SERVICES**

- 2.1 The Services shall comprise the carrying out of the activities specified in **Appendix I** titled **“Scope of Work”** attached hereto forming an integral part of this Agreement, including any

other activities reasonably relating thereto or that can be reasonably contemplated to form part of the Services, which may be required by the COMPANY.

- 2.2 The CONTRACTOR shall provide Professional(s), and/or equipment and materials as per the terms and conditions to be rendered for full accomplishment of the Services.
- 2.3 The CONTRACTOR must provide the Services to a standard that reaches or exceeds the Service Levels. In addition, the CONTRACTOR shall:
- (a) perform the Services in a proper, timely and efficient manner, ensuring a high quality of work, using that standard of care, skill, diligence, prudence and foresight that would reasonably be expected from a prudent, expert and experienced provider of services that are similar to the Services; provide the Services in accordance with Good Industry Practice;
  - (b) ensure that the Services are provided in accordance with Safety, Health and Environment industry standard;
  - (c) perform the Services in such a manner that the facilities and/or utilities provided by the COMPANY are used economically and prevented from abuse or waste;
  - (d) ensure that the Services are provided in accordance with Timor-Leste's laws, all relevant Government approvals, policies and administrative procedures;
  - (e) ensure that the Services are completed in accordance with the scope, technical specifications, plans and requirements presented by the CONTRACTOR as set out in Appendixes I and III;
  - (f) submit to the COMPANY, a weekly progress report in respect of the CONTRACTOR's performance under this Agreement, in a format and containing the matters required by the COMPANY from time to time which shall, in all cases, include processing status with statistical summary to evaluate progress, parameter tests and their results, a detailed breakdown of all sums expended by the CONTRACTOR from the sums provided under the Contract Price in the period to which that progress report relates;
  - (g) provide training to Timorese engineers, as required by the COMPANY and in the terms to be agreed between the Parties;
  - (h) perform training sessions with subject-matters to be proposed by the COMPANY and discussed with the CONTRACTOR;
  - (i) respond promptly and effectively to any requests or notices received from the COMPANY from time to time in respect of the Services;
  - (j) immediately upon becoming aware that it requires a decision of, or information from, the COMPANY which is essential to the continuity of the Services and/or their completion within its term, the CONTRACTOR shall give notice of such requirement to the COMPANY with full supporting information to mitigate any delay to the Services to the fullest extent possible; and
  - (k) Undertake all reasonable endeavours to complete the Services and deliver all Deliverables to the COMPANY within the timelines set out in this Agreement.

- 2.4 The CONTRACTOR agrees that all deliverable goods, products, documents, software, programs, records, source data, materials or reports produced, authored or prepared by the CONTRACTOR as work products during and/or in connection with the performance of the Services under this Agreement are the sole and exclusivity property of the COMPANY, including all Intellectual Property Rights and ownership.
- 2.5 The CONTRACTOR hereby irrevocably and unconditionally grants to the COMPANY and the Government, free of additional charge, a non-exclusive, worldwide licence to use any Pre-Existing Intellectual Property to the extent that such Pre-Existing Intellectual Property forms part of or is integral to, any works or other items created by the CONTRACTOR for the COMPANY in connection with the provision of Services under this Agreement or the creation of Contract Intellectual Property.

### **3. COMMENCEMENT DATE AND DURATION**

The commencement of this Agreement is conditional on the approval of the agreement by the competent authority.

The performance of the Services shall commence on (TBD) and shall continue thereafter until the Services are completed unless earlier terminated under the conditions as set forth under clause 12.

This Agreement may be renewed or extended for any period as may be agreed in writing between the Parties.

### **4. CONTRACT PRICE AND PAYMENT**

- 4.1 The Contract Price payable to the CONTRACTOR is the LUMP SUM FIXED PRICE, including all taxes and duties due by the CONTRACTOR in Timor-Leste or any other jurisdiction. All rates, prices or sums, as set out in Appendix I and II, shall be firm and fixed and not subject to indexation or other increase for any reason whatsoever, including but not limited to currency fluctuation.
- 4.2 The CONTRACTOR shall provide the COMPANY, in accordance with Appendix II (Schedule of Fees and Insurance Coverage), for effective services rendered, starting on the Effective Date, with an invoice evidencing satisfactory completion of the Services. Upon receipt of such invoice, the COMPANY shall pay such invoice in accordance with the provisions under this Agreement. All invoices shall comply with any requirements imposed by the laws of Timor-Leste.
- 4.3 Unless otherwise expressly agreed in writing by the Parties, all costs incurred by CONTRACTOR in providing the Services hereunder shall be deemed to be covered by the amount set forth in Article 4.1.
- 4.4 Any amounts paid by the COMPANY to the CONTRACTOR hereunder shall be for Services actually rendered, and no part of any such amount paid to CONTRACTOR hereunder or any other funds of CONTRACTOR shall, directly or indirectly, be paid to, or accrue for the benefit of, any official, agent, or employee of, or in any manner connected with, any government or any political subdivision, ministry, agency, or authority thereof, when such payment or accrual would be illegal under the laws of Timor-Leste or of any other jurisdiction where the CONTRACTOR performs Services.

- 4.5 If the COMPANY, in good faith, disputes any portion of the CONTRACTOR's invoice, the COMPANY shall notify CONTRACTOR of same in writing and may withhold payment for the disputed portion until the dispute is resolved. The COMPANY's right to withhold such payment will be in addition to, and not in any way in lieu of, any other right of the COMPANY hereunder. Payment of any invoice shall not prejudice the right of the COMPANY to question the propriety of any charges therein.
- 4.6 The payment for all undisputed portions of any correctly prepared invoice (that has all required supporting documents and any time sheets to enable proper verification of costs, fees, charge on reimbursable items) shall become due upon thirty (30) days after the COMPANY's receipt of the CONTRACTOR's invoice(s). The COMPANY shall pay all undisputed amounts of each such invoice (less withholding tax and other taxes) to CONTRACTOR's bank account as specified in writing to the COMPANY.
- 4.7 The CONTRACTOR shall furnish an irrevocable first demand bank guarantee at or before the commencement of the Services or the signing of this Agreement. The required bank guarantee shall be in an amount 10% of Contract Price and be issued by a reputable, financially viable commercial bank acceptable to the COMPANY. For the purpose of this paragraph, the "**Contract Price**" shall be the figure noted in Appendix II (Schedule of Fees and Insurance Coverage) lump sum price, then the total sum of the price, fees, reimbursable items and related expenditure that the CONTRACTOR quoted for performing and completing the Services. In the absence of such quotation, the bank guarantee to be furnished by the CONTRACTOR shall be in an amount as the COMPANY reasonably determines, as stated in Appendix II (Schedule of Fees and Insurance Coverage).

If the COMPANY believes that the CONTRACTOR or its Subcontractor is not fulfilling or may not, fulfill in a proper manner of its obligations and the COMPANY elects to require security for performance, the COMPANY shall have the right to draw immediately any undrawn amount under the bank guarantee under this clause or to apply against the liabilities of the CONTRACTOR to the COMPANY under this Agreement:

- (a) To satisfy the CONTRACTOR's liabilities to the COMPANY in the event of a termination of this Agreement pursuant to the CONTRACTOR's defaults;
- (b) To satisfy any liabilities of the CONTRACTOR to the COMPANY for the failure of the CONTRACTOR to comply with any covenant or obligation under any provision under this Agreement;
- (c) To satisfy the CONTRACTOR's liabilities to the COMPANY in the event the COMPANY engages third parties to complete the pending Services or any additional costs and expenses reasonably incurred by the COMPANY in connection with the engagement of the third parties to do so;
- (d) To satisfy the CONTRACTOR's liabilities to the COMPANY in the event this Agreement requires the CONTRACTOR to pay liquidated damages in case of delay or failure to fulfill obligations under this Agreement, the amount of liquidated damages due as a result of such delay or failure by the CONTRACTOR; and
- (e) To satisfy any other liabilities of the CONTRACTOR to the COMPANY other than those set forth in (a) to (d) above to the extent such liabilities are due and payable.

If the amount of bank guarantee decreases in whole or in part, whether for some reasons, CONTRACTOR shall provide additional performance bank guarantees to replace in full amount within 15 days from receiving notice from COMPANY.



**5. AVAILABILITY OF TOOLS AND EQUIPMENT**

- 5.1 The CONTRACTOR confirms that it has all required tools and equipment to perform the Services in accordance with the terms and conditions of this Agreement and such tools and equipment are included in the Contract Price. If however, additional tools and equipment are required in order to perform the Services (“**Additional Tools**”), the CONTRACTOR shall, upon recognizing such requirement, immediately notify the COMPANY.

With respect to all required tools and equipment to perform the Services in accordance with the Agreement, the CONTRACTOR shall comply with the Safety, Health and Environment industry standard. Non-compliance by the CONTRACTOR, its Subcontractor, its alleged Subcontractor or any employee or alleged employee or any agent of the foregoing shall be deemed as a breach of the terms and conditions of the Agreement.

- 5.2 Should the COMPANY and the CONTRACTOR agree that Additional Tools are required in order to perform the Services, the CONTRACTOR assumes full responsibility for the procurement and delivery of same to the Centre (including without limitation, sourcing, preparation of all documents to purchase or lease, order, ship, expedite, inland delivery and return to vendor-lessor (if required)). In the event that, in the COMPANY’s reasonable judgment, it is determined that Additional Tools either:

- (a) could not have been reasonably foreseen by the CONTRACTOR, then the costs of Additional Tools and all of the CONTRACTOR’s actual, reasonable and verifiable costs incurred in delivery of Additional Tools to the Centre shall be for COMPANY’s account; or
- (b) could have been reasonably foreseen by the CONTRACTOR, then the costs of Additional Tools and all of the CONTRACTOR’s costs incurred in obtaining and delivery of Additional Tools to the Centre shall be for the CONTRACTOR’s account.

- 5.3 The CONTRACTOR shall be responsible for clearance of all imported equipment and materials and all other imported items used by the CONTRACTOR in the performance of the Services under this Agreement. The CONTRACTOR shall ensure that such clearance will be properly managed and in compliance with the applicable laws.

The CONTRACTOR shall indemnify and hold harmless the COMPANY including their directors, employees, and agents from and against any and all liabilities, damages, losses, claims, demands, actions, causes of action, and costs (including reasonable attorneys’ fees and expenses) for any breach of or failure to comply with this clause 5.3 by the CONTRACTOR, its Subcontractors, employees or agents.

- 5.4 The CONTRACTOR shall be responsible for all of the required approvals, permits, licenses or consents with respect to all equipment, materials, machinery and item used by the CONTRACTOR in the performance of the Services to the COMPANY and shall apply and obtain such approval, permits, licenses or consent from the relevant government authority in its own name. In case, if required, such approvals, permits, licenses or consents are to be applied or obtained in the name of the COMPANY, the CONTRACTOR shall provide the COMPANY with an assistance and best effort as the COMPANY may request in obtaining such approval, permits, licenses or consent from the relevant government authority.

**6. TRANSPORT AND LOCAL LIVING ARRANGEMENTS**

- 6.1 Unless agreed otherwise in **Appendix II** (Schedule of Fees and Insurance Coverage), the Contract Price includes all CONTRACTOR's costs for transportation and food and temporary lodging of Professional or the CONTRACTOR's personnel and those of its Subcontractors.
- 6.2 The CONTRACTOR shall be responsible and pay for medical examination / inoculations prior to departure, application for visa (if any), traveling arrangements, any other matter necessary to ensure timely departure to, entry into, work in, and exit from Timor-Leste. Also the CONTRACTOR shall be responsible for any actions, work, costs and fees required for obtaining work permit or any other the necessary permits and papers as well as other arrangements for the Professional to be eligible to enter and stay in Timor-Leste.
- 6.3 Subject to terms and conditions specified in **Appendix II** (Schedule of Fees and Insurance Coverage), the costs of local transportation (personal and business) shall be for the CONTRACTOR's sole account.
- 6.4 The CONTRACTOR shall make its own arrangements for board and lodging during visits to Timor-Leste.
- 6.5 The COMPANY shall not be responsible, apart from first aid, for providing free medical attention, treatment, medication and hospitalization to Professional or other CONTRACTOR's personnel. Costs involved in medical attention, treatment, medication and hospitalization as well as related expenditure such as medical evacuation shall be for the CONTRACTOR's account.

**7. REPLACEMENT OF THE PROFESSIONAL**

- 7.1 The CONTRACTOR shall replace forthwith any Professional as requested by the COMPANY, including but not limited to non-compliance with the COMPANY's rules and regulations, unacceptable behavior, incompetence, illness or injury due to accident.
- 7.2 If replacement of the CONTRACTOR's Professional arises from his/her medical condition, the CONTRACTOR shall, within two (2) weeks, inform and submit to the COMPANY evidence showing that proper medical examination took place prior to the Professional's departure.
- 7.3 Costs related to such replacements shall be for the CONTRACTOR's account.

**8. TAX AND DUTIES**

- 8.1 The CONTRACTOR shall be solely liable for and pay any tax arising from income, gains and profits that the CONTRACTOR will receive from the COMPANY or realizes in connection with this Agreement.
- 8.2 The COMPANY shall be entitled to withhold from any payments due and payable to the CONTRACTOR any taxes and to remit such tax to the relevant Timor-Leste tax authority, as and when required under the applicable laws.

**9. LANGUAGE AND COMMUNICATION**

9.1 The CONTRACTOR shall keep daily records of all significant events related to the Services. These records shall be submitted weekly to the COMPANY. Any event that endangers or may endanger the proper and timely execution of the Services, such event shall immediately be reported to the COMPANY, with full supporting information to mitigate any delay to the Services to the fullest extent possible.

9.2 All communication with respect to the Services shall be in writing and in the English language, unless agreed otherwise.

9.3 All correspondence between the COMPANY and the CONTRACTOR must bear a reference to both the Agreement Title as follows:

**Agreement Title:** 3D Seismic Data Processing Project.

All correspondences must be sent to the address of the Parties as per details set forth in this Agreement.

9.4 Every Professional shall have a good command of the English language at the level appropriate for proper completion of the assignment under the Services, unless agreed otherwise.

9.5 During the performance of the Services, the COMPANY shall be represented by the persons named in the **Appendix IV** (COMPANY and CONTRACTOR Representatives) or his/her appointed replacement. All correspondence, contacts and communication shall be through the said COMPANY representative(s).

9.6 During the performance of the Services, the CONTRACTOR shall be represented by the persons named in the **Appendix IV** (COMPANY and CONTRACTOR Representatives) or his/her appointed replacement. All correspondence, contacts and communication shall be through the said CONTRACTOR representative(s).

9.7 The CONTRACTOR shall obtain the COMPANY's written permission prior to disclosing – by way of press release or otherwise – to any third party or the general public any information from the COMPANY or information relating to the Services and/or the Agreement, including insofar as necessary for the information of potential Subcontractors(s), or the obtaining of any necessary licenses or permits. Prior to disclosing information to third parties, the CONTRACTOR shall first obtain confidentiality obligations from any such third parties, which shall require such third parties to be bound by obligations no less stringent than the confidentiality obligations imposed on the CONTRACTOR by virtue of the Agreement and/or the separate confidentiality agreement entered between the Parties hereto.

**10. CONTRACTOR'S OBLIGATIONS AND UNDERTAKING**

10.1 The CONTRACTOR shall ensure that the COMPANY or its representative(s) has the opportunity to inspect the Services at any time during or after the performance of the Services and to check on progress of the Services under the Agreement. If as a result of the inspection, the COMPANY condemns any part of the Services, including but not necessarily limited to, the quality of work products, the materials used or incorporated as part of the Services or the progress of the Services, and so advises the CONTRACTOR, the

CONTRACTOR shall for its own account take all necessary remedial action to make good such defect, deficiency or delays.

Such inspection under this clause 10.1 shall not relieve the CONTRACTOR of any obligation or liability under the Agreement, nor shall it give any entitlement to the CONTRACTOR to claim additional charges from the COMPANY.

- 10.2 In the performance of its obligations under this Agreement, the CONTRACTOR shall comply with industry standard of the Safety, Health and Environment. Noncompliance by the CONTRACTOR, its Subcontractor, its alleged Subcontractor or any employee or alleged employee or agents of the foregoing shall be deemed as in breach of the terms and conditions of the Agreement.
- 10.3 The CONTRACTOR shall have full regard for the safety of all personnel of the CONTRACTOR and/or Subcontractor entitled to be upon the Centre and keep the Centre and the Services in an orderly state appropriate to the avoidance of danger to such personnel(s).
- 10.4 The CONTRACTOR shall take all reasonable steps to protect the safety and environment and to avoid damage or nuisance to its personnel or to property of the public or others resulting from pollution, noise or other causes arising as a consequence of its methods of operation.
- 10.5 The CONTRACTOR warrants that the Services shall be rendered, performed, tested, commissioned and completed in accordance with the terms and conditions of the Agreement and to Good Industry Practice.
- 10.6 CONTRACTOR shall supervise its workers or its Representative to perform their works according to orders, regulations and legible command of the COMPANY relevant to the Services as already prescribed or to be prescribed later strictly, carefully, efficiently base on the professional standard.
- 10.7 CONTRACTOR shall provide to the COMPANY the reports and all other deliverables in a timely manner, including all source files.
- 10.8 It is understood that reasonable disclosure of the core terms of the Agreement may be made to the public to the extent that such disclosures meet Government transparency goals and allow effective use of tools such as the Government Results Portal and E-Procurement System.

## **11. LIABILITY, INDEMNIFICATION & INSURANCE**

### **11.1 Liability, Indemnification**

The CONTRACTOR shall assume entire responsibility for and shall defend indemnity and hold COMPANY harmless from and against any suit, actions, claims, demands, losses, costs, expenses, and damages arising directly or indirectly out of or in connection with the performance of the Services and arising from:

- (a) injury, including fatal injury and disease, to any person in the employment of the COMPANY; and

- (b) loss of or damage to the property of, or injury, including fatal injury and disease to third parties

howsoever and whatsoever arising, from negligence or breach of duty of CONTRACTOR, its employees, its agents or subcontractors which has caused or contributed to such injury, loss or damage.

The CONTRACTOR shall assume entire responsibility for any suit, actions, claims, demands, losses, costs, expenses, and damages from or related to its personnel arising directly or indirectly out of or in connection with the performance of the Services.

#### 11.2 Insurance

Unless otherwise agreed under the Agreement, the CONTRACTOR shall, at its own expense, obtain, effect and maintain and shall cause its Subcontractors to obtain and maintain insurances covered the works, such as property damage insurance, transportation insurance including third parties liability insurance for the performance of its obligations until the Services has been completed by CONTRACTOR and approved by COMPANY's Representative. The insurance under this Section will not limit, reduce or discharge the responsibility and liability of CONTRACTOR under this Agreement.

### 12. **TERMINATION OF THE AGREEMENT**

- 12.1 In the event of the CONTRACTOR becomes bankrupt or insolvent or goes into liquidation or passes a resolutions in connection with dissolution or liquidation, the COMPANY is entitled to terminate this Agreement immediately without notice to the CONTRACTOR.

The COMPANY is also entitled to terminate this Agreement at any time for the COMPANY's convenience, by giving thirty (30) days advance written notice of such termination to the CONTRACTOR. The termination shall take effect on the date specified in such notice. Upon such termination,

- (a) the COMPANY shall pay to the CONTRACTOR an equitable portion of the Contract Price, as agreed by the COMPANY and the CONTRACTOR, based on the percentage of the Services performed in accordance with the requirements of this Agreement and other reasonable cost related thereto as of the date of termination;
- (b) the CONTRACTOR shall coordinate and make all reasonable efforts to minimize the charges referred to in this paragraph;
- (c) the COMPANY's maximum financial exposure under this paragraph shall not exceed the total Contract Price under this Agreement and the CONTRACTOR shall not claim any liquidated damages or loss of profits; and
- (d) except for the amount to be paid under this paragraph, if the COMPANY terminates this Agreement under this paragraph, the COMPANY shall not be liable to pay to the CONTRACTOR any further amount (including damages) in respect to the Services.

- 12.2 If the CONTRACTOR:

- (a) has repudiated the Agreement, or
- (b) despite previous warning from the COMPANY, in writing, is otherwise persistently or flagrantly neglecting to comply with or does not comply with the

terms and conditions of the Agreement, such that it could prevent or hinder timely completion of the Services, or

(c) has ceased to pay its debts when they become due or has filed a request for suspension of its payments prior to completion of all of the Services in accordance with the Agreement.

Then the COMPANY may, after giving thirty (30) days written notice to the CONTRACTOR, terminate this Agreement without releasing the CONTRACTOR from any of its obligations or liabilities under the Agreement, or affecting the rights and authorities conferred on the COMPANY by the Agreement and claim for damages.

12.3 In the event of the COMPANY:

(a) failing to pay to the CONTRACTOR the amount due within sixty (60) days, or

(b) Becoming bankrupt or insolvency or going into liquidation or passing the resolutions in connection with dissolution or liquidation other than for the purpose of a scheme of reconstruction or amalgamation.

the CONTRACTOR shall be entitled to terminate this Agreement by giving a written notice to the COMPANY. Such termination shall take effect thirty (30) days after the COMPANY's receipt of such notice.

12.4 **Penalty Fees:** Should the CONTRACTOR be in breach of any or all of its obligations in providing the Services within time specified under the conditions stipulated in this Agreement, the CONTRACTOR consents to pay the COMPANY a penalty corresponding to 0.3% of Contract Price per day, but not exceed 10% of Contract Price. If it appears to the COMPANY that the CONTRACTOR does not duly rectify the breach within the reasonable period of time or within the period of time as stipulated in the notice to the CONTRACTOR, the COMPANY shall be entitled to terminate this Agreement and to exercise the right to claim in accordance with this clause 12. The imposition of penalty under this clause 12.5 shall not prejudice the right of the COMPANY to claim for compensation due to any breach by the CONTRACTOR of this Agreement.

**13. CONFLICT OF INTEREST AND AUDIT**

No director, employee or agent of the CONTRACTOR or of any Subcontractor of any tier shall give to or receive from any director, employee or agent of the COMPANY, fee, or rebate, or any gift or entertainment of significant cost or value in connection with this Agreement or enter into any business arrangement with any director, employee or agent of the COMPANY other than the authorized representative of the COMPANY without a prior written notification thereof to the COMPANY. The CONTRACTOR shall promptly notify the COMPANY in writing of any violation of this clause and any consideration received as a result of such violation. Additionally, if any violation of this clause occurring prior to the date of this Agreement resulted directly or indirectly in the COMPANY's consent to enter into this Agreement with the CONTRACTOR, the COMPANY may, at the COMPANY's sole option, terminate this Agreement.

The CONTRACTOR and its Subcontractors of any tier shall maintain true and correct records in connection with the performance of the Services and all transactions related

thereto and shall retain all such records for the maximum period of time as required by applicable laws after termination of this Agreement. The COMPANY may from time to time and at any time after the date of this Agreement until two (2) years after termination of this Agreement make an audit or to have such audits carried out by any auditing firm appointed by the COMPANY of all records of the CONTRACTOR and its Subcontractors of any tier in connection with performance of the Services and supply of materials and all transactions related to this Agreement. The CONTRACTOR shall assist the COMPANY in making the above audits.

**14. GOOD GOVERNANCE**

Neither the CONTRACTOR nor its employees, agents or Subcontractors, or their employees or agents, shall make any payment or give anything of value to any official of any government or public international organization (including any officer or employee of any government department, agency or instrumentality) to influence his/her or its decision, or to gain any other advantage for the COMPANY or the CONTRACTOR in connection with the Services performed hereunder. The CONTRACTOR shall immediately notify the COMPANY in writing of any violation of this clause. In the event of any violation of this clause, the COMPANY may, at its sole option, terminate this Agreement at any time and notwithstanding any other provision of this Agreement, and pay no compensation or reimbursement to the CONTRACTOR for any Services performed after the date of such violation.

**15. GOOD FAITH**

Each Party undertakes to act in good faith in implementing this Agreement, and to refrain from exercising any right or power in a manner that is unreasonably burdensome to the other Party.

**16. NON-DISCLOSURE**

Any specifications or other information provided to CONTRACTOR by COMPANY shall be treated as confidential, shall be used only for the purpose of the performance of this Agreement and shall not be reproduced in whole or in part for any other purpose.

The CONTRACTOR hereby agrees and undertakes, subject only as provided below:

- (a) to preserve the secrecy of, and not disclose to others (other than its employees or agents on a need to know basis), the Confidential Information disclosed to, or received or obtained by it or of which it becomes aware belonging or relating to the COMPANY;
- (b) to keep the Confidential Information secure and protected against theft, damage, loss or unauthorized access; and
- (c) not to retain, duplicate, modify, adapt or use the Confidential Information for any purpose except for the performance of its obligations under or otherwise as contemplated by this Agreement and to ensure that these obligations are observed by its employees, officers, agents, Subcontractors and any other person to whom it discloses the Confidential Information in accordance with the term of this Agreement.

The CONTRACTOR further agrees and undertakes that it shall, immediately on a written request of the COMPANY, return all documents and materials containing any Confidential Information or, if so required, shall at the written request of the COMPANY destroy all materials containing any Confidential Information (including any copies, analysis, memoranda or other notes made by the CONTRACTOR or any Subcontractors) in its possession or under its custody and control and shall in addition remove any Confidential Information stored within any computer or word processing system whether or not in machine-readable form and confirm to the COMPANY in writing as soon as reasonably practicable that all such Confidential Information has been completely destroyed.

In case where proper confidentiality agreement is required to be executed by Subcontractor who has been disclosed with or is recipient of the Confidential Information, the CONTRACTOR undertakes to procure such Subcontractor to execute the confidentiality agreement in a form satisfactory to the COMPANY.

The obligations imposed under this clause shall survive the termination or expiry of this Agreement but shall not apply to information which the CONTRACTOR can prove:

- (a) at the time it is received is in the public domain;
- (b) subsequent to its disclosure in connection with this Agreement comes into the public domain without its fault;
- (c) is lawfully received by the CONTRACTOR from a third party, entitled to disclose such information, on an unrestricted basis; or
- (d) is required to be disclosed by law pursuant to a court order or other regulatory body.

## 17. NOTICES

- 17.1 All notices, demands and other communications required or permitted by the terms of this Agreement to be given to any Party hereto shall be in writing, and shall be given by hand or courier, mail, electronic-mail or facsimile transmission addressed or directed to the Parties as set forth below:

IF to the COMPANY:

Attention: Mr. Dino Gandara – Managing Director  
RE: 3D Seismic Processing Project  
Address: Level 3, Timor Plaza, Rua Presidente Nicolao Lobato, Comoro,  
Dili, Timor-Leste  
Phone: +670 3310953  
Fax: +670 3310952  
E-mail: [dino.gandara@timorgap.com](mailto:dino.gandara@timorgap.com)

IF to the CONTRACTOR:

Attention: (Insert position of CONTRACTOR's Representative)  
RE:  
Address: (Insert name of agreement, agreement No)

Phone: ( )



Fax: ( )  
E-mail: ( )

- 17.2 Any such notice, demand or communication shall be deemed effective either: (i) when received, if delivered by hand or courier that provides for a signed receipt upon delivery (ii) (a) if mailed to an address in the same country as the sender, five days after being deposited in the mail, certified or registered, with appropriate postage prepaid, or (b) if mailed to an address not in the same country as the sender, ten days after being deposited in the mail, certified or registered, express postage prepaid, or (iii) when sent, if sent by electronic-mail or facsimile.

## **18. SETTLEMENT OF DISPUTES**

- 18.1 In the event that there is any dispute between the Parties concerning this Agreement or any term, condition or provision hereof, or concerning the Services or any part thereof, either Party may give notice to the other specifying in detail the matter being disputed and requiring that such dispute be considered as a dispute within this clause 18.1. The Parties shall then seek to resolve such dispute acting in good faith.
- 18.2 Any such dispute, controversy, or claim arising out of, relating to, or in any way connected with this Contract, including, without limitation, the existence, validity, performance, breach, or termination thereof which remains unresolved 15 days after either Party requests in writing negotiation under Article 18.1 or within such other period as the parties may agree in writing, shall be settled by final and binding arbitration in accordance with the arbitration Rules of the International Chamber of Commerce (ICC).
- 18.3 The seat of the arbitration shall be Singapore.
- 18.4 The language of the arbitration shall be English.
- 18.5 Three-Member Tribunal. Within thirty (30) days of respondent's receipt of notice of arbitration, each Party shall select an arbitrator, and within fifteen (15) days of selection of the second arbitrator the two arbitrators shall select the third, who shall act as Chair.
- 18.6 The arbitrator(s) shall be qualified by education, training, or experience to determine the dispute, controversy, or claim.
- 18.7 The Parties agree that a judgment based on an arbitral award made under this Article 18 may be entered and enforced by any court of competent jurisdiction.

## **19. MISCELLANEOUS**

### **19.1 Representation of Ability to Execute**

The Parties represent that the execution of this Agreement and the performance of any obligation pursuant to this Agreement will not contravene or constitute a default under its memorandum or articles of association or under any commitment by which the Parties are bound.

### **19.2 Relationship of the Parties**

The relationship of the Parties is that of independent CONTRACTORS dealing at arms' length and except as expressly provided in this Agreement, nothing in this Agreement shall

be construed so as to constitute the Parties as partners, joint ventures or co-owners or empower either Party to act for, bind or otherwise create or assume any obligation on behalf of the other and neither Party shall hold itself out as entitled to do the same.

### 19.3 Force Majeure

19.3.1 Neither Party shall be liable for any delay in or failure of performance of the terms of this Agreement (excluding indemnification obligations and the payment of compensation) if and to the extent such delay or failure is attributable to Force Majeure.

19.3.2 If either Party is prevented from or delayed in performing any of its obligations under this Agreement by Force Majeure, such Party shall promptly give Notice to that effect to the other Party, stating the particulars of such Force Majeure and of the obligations thereby affected, and shall thereupon be excused from the performance or punctual performance, as the case may be, of such obligations for so long as the circumstances of Force Majeure continue. A Party so affected by Force Majeure shall use every reasonable effort to minimize the effect of Force Majeure upon the performance of this Agreement and shall promptly resume performance as soon as reasonably possible after removal of the circumstances of Force Majeure.

19.3.3 Either Party may terminate this Agreement by notice to the other Party if performance ceases for reasons of Force Majeure for a continuous period of five (5) consecutive days; In the event of termination for Force Majeure, CONTRACTOR shall be compensated as though the Agreement was terminated for convenience.

### 19.4 Costs and Expenses

Except as specifically agreed to the contrary in writing, each Party shall be responsible for its own costs and/or expenses incurred in relation to the performance of obligations under this Agreement and the subject matter hereof.

### 19.5 Severability

If the application of any provision of this Agreement to any particular facts or circumstances shall be held to be invalid or unenforceable by any court of competent jurisdiction, it is agreed that: (i) the validity and enforceability of such provision as applied to any other particular facts or circumstances and the validity of the other provisions of this Agreement shall not in any way be affected or impaired thereby; and (ii) such provision shall be amended by the Parties, to the extent necessary, to make the same valid and enforceable when applied to such particular facts and circumstances.

### 19.6 Entire Agreement

This Agreement constitutes the entire agreement of the Parties hereto with respect to its subject matter and supersedes all prior and contemporaneous expression, representations, proposals, discussions, agreements and communications, whether oral or in writing. This Agreement (i.e., including any attachment) may be modified or amended only in writing signed by both Parties.

### 19.7 Modification and Amendments

This Agreement contains every obligation and understanding between the Parties relating to the work and performance hereunder, and it is the intention of the Parties that this

Agreement can be modified only by written instrument properly executed by duly authorized representatives of the respective Parties. Failure of either Party to insist on strict performance by the other Party of any provisions hereunder shall not be deemed or construed to in any way affect the right to require such performance.

19.8 Assignment

Neither Party may transfer or assign its rights and obligations under this Agreement without a prior written consent of the other Party. Notwithstanding the foregoing, without the consent of CONTRACTOR, (a) the COMPANY may transfer or assign its rights and obligations hereunder in whole or in part, provided such entity shall be bound by the terms hereof, and (b) the COMPANY may transfer or assign its rights and obligations hereunder in whole or in part pursuant to any merger, consolidation or otherwise by operation of law. This Agreement will be binding upon and will inure to the benefit of the proper successors and assigns.

19.9 Waivers

No failure or delay by any Party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy. Without limiting the foregoing, no waiver by any Party of any breach of any provision hereof shall be deemed to be a waiver of any subsequent breach of that or any other provision hereof.

19.10 Survival of Provisions

All of the provisions of this Agreement shall remain in full force and effect during the term of this Agreement (except insofar as they set out obligations which have been fully performed).

19.11 Language of Agreement

This Agreement has been executed in English, and the rules of construction and definitions of the English language shall apply in interpreting this Agreement.

19.12 Governing Law

This Agreement shall be governed by and determined in accordance with the laws of the Democratic Republic of Timor-Leste.

19.13 Counterparts

This Agreement may be entered into on separate engrossments, each of which when so executed and delivered shall be an original but each engrossment shall together constitute one and the same instrument and shall take effect from the time of execution of the last engrossment.

19.14 Safety

19.14.1 The CONTRACTOR will be solely responsible and accountable for the occupational health and safety of the CONTRACTOR's Personnel.

19.14.2 The CONTRACTOR must, for its own account and responsibility, provide all safety equipment for the CONTRACTOR's Personnel and maintain effective safety devices to lessen hazards during the performance of the Services. Should the CONTRACTOR fail to meet its obligation to furnish safety equipment, the COMPANY must have the right to purchase that equipment for the CONTRACTOR's Personnel and the cost of the equipment shall be a debt due to the COMPANY.

19.14.3 The CONTRACTOR must comply with:

- (a) International standards and codes for occupation health, safety and security;
- (b) All occupational health, safety and security guidelines, policies, rules and systems of the COMPANY (as amended or varied by the COMPANY) notified in writing to the CONTRACTOR by the COMPANY; and
- (c) the further requirements of the COMPANY, if any, set out in Appendix I- SCOPE OF WORK.

19.14.4 If, during the performance of the Services, the CONTRACTOR is not conducting the Services in compliance with its obligations as to occupational health and safety, or is conducting the Services in a way that endangers the safety of any person or equipment, then the COMPANY's Representative may notify the CONTRACTOR of the breach involved and the CONTRACTOR must immediately rectify that breach.

If the CONTRACTOR does not rectify a breach notified by the COMPANY's Representative, the COMPANY's Representative may direct the CONTRACTOR to suspend the Services until the CONTRACTOR satisfies the COMPANY's Representative that the Services will be resumed in conformity with the CONTRACTOR's obligations.

During periods of suspension, the COMPANY is not required to make any payment to the CONTRACTOR.

If the CONTRACTOR fails to rectify any breach for which the Services are suspended or if the CONTRACTOR's performance of the Services has involved recurring breaches of that nature, then the COMPANY may terminate the Agreement.

18.14.5 The CONTRACTOR must notify the COMPANY's Representative immediately of:

- (a) any near miss or potential lost time accident; and/or
- (b) any person either suffering disabling bodily injury or dying whilst providing the Services.

For each of these events, the CONTRACTOR must record the relevant information in a written report to the COMPANY detailing all relevant information and a statement of the measures which the CONTRACTOR has taken to prevent recurrence of that occurrence within 12 hours of when the accident occurred.

In the case of clause 18.14.5(b), the CONTRACTOR must provide a further report, as soon as possible, to the COMPANY setting forth:

- (i) the nature and cause of injury or death; and
- (ii) measures which the CONTRACTOR has taken to prevent recurrence of any such accident.

18.14.6 The CONTRACTOR must allow and cooperate with the COMPANY and Government inspectors to investigate any accident or near miss incident.

18.14.7 The CONTRACTOR must ensure that the CONTRACTOR's Personnel do not:

- (a) use firearms, explosives or other weapons;
- (b) manufacture firearms, explosives or other weapons;
- (c) engage in transactions involving the possession, transporting, purchasing, selling, storage of firearms, explosives and other weapons; or
- (d) take alcohol or drugs, while performing the Services.

The CONTRACTOR shall ensure that persons found in breach of this requirement will immediately be removed from the Centre and will not be permitted to return.

18.14.8 The CONTRACTOR shall ensure that smoking and the use of fire including welding and torch cutting must be limited to such locations and occasions, which are specifically agreed in writing by the COMPANY's Offshore Representative.

18.14.9 The CONTRACTOR shall ensure that the CONTRACTOR's Personnel dress properly and with consideration for their safety.

#### 19.15 Environmental management

18.15.1 The CONTRACTOR must perform the Services in such a way as to avoid or minimize environmental damage or pollution.

18.15.2 The CONTRACTOR must in performing its obligations under this Agreement comply with:

- (a) all applicable environmental pollution control laws; and
- (b) all environmental and waste management guidelines, policies, rules and systems of the COMPANY notified in writing to the CONTRACTOR by the COMPANY.

18.15.3 If, during the CONTRACTOR's performance of the Services the CONTRACTOR is either not conducting those Services in compliance with its obligations under this clause 18.15 or is conducting the Services in such a way as to risk being in breach of clause 18.15.2, then the COMPANY may notify the CONTRACTOR of the breach involved. The CONTRACTOR must immediately rectify the breach notified by the COMPANY.

In the event that the CONTRACTOR does not rectify the matters notified by the COMPANY, the COMPANY may direct the CONTRACTOR to suspend the Services until the CONTRACTOR satisfies the COMPANY that those Services will be resumed in conformity with its obligations.

During periods of suspension under this clause 18.15, the COMPANY is not required to make any payment to the CONTRACTOR.

In the event that the CONTRACTOR fails to rectify the breach for which the Services are suspended, or if the CONTRACTOR's performance of those Services has involved recurring breaches of this nature, then the COMPANY may terminate this Agreement immediately.

*[The next page is the signing page]*

DRAFT

This Agreement is made in duplicate, each of which is identical to each other, one set of the original copy with the stamp duties affixed is retained by the CONTRACTOR and the duplicate is retained by the COMPANYY.

IN WITNESS WHEREOF the Parties have caused this Agreement to be duly executed here below by duly authorized person(s) together with company's seal affixed (if required) on the date first written above.

**FOR COMPANY:  
TIMOR GÁS E PETRÓLEO, E.P**

Signed \_\_\_\_\_

(Mr. Francisco da Costa Monteiro)  
President and CEO

**WITNESSES:**

Signed \_\_\_\_\_

(Mr. Dino Gandara)  
Managing Director of TIMOR GAP Offshore Block

**FOR CONTRACTOR:  
(TBD)**

Signed \_\_\_\_\_  
( )

**WITNESS:**

Signed \_\_\_\_\_  
( )

Appendix I

**SCOPE OF WORK**

DRAFT



**Appendix II****Schedule of Fees and Insurance Coverage**

The rates hereunder shall be for CONTRACTOR's personnel who are qualified and have experience in their respective areas and shall be all inclusive to cover all CONTRACTOR's costs, overheads and profit incurred in the performance of the Services under the Agreement, including but not limited to direct labor costs, and related welfare, board and lodging, transportation, medical costs, taxes (except VAT), work permits, visas, licenses, insurances, tools, consumables and import duties.

**1. Services Fees****1.1 Lump Sum Fixed Fees for 3D Seismic Processing Project**

The fee for Services rendered by CONTRACTOR under the Agreement shall be made to CONTRACTOR lump sum fixed (insert the amount in figure (USD) (insert the amount in word). CONTRACTOR shall provide breakdown of the costs including man-hours estimated per each discipline.

**1.2 Variable Fees**

In the event that CONTRACTOR is not able to commit fixed costs for some works items, CONTRACTOR shall propose ceiling price including cost breakdown.

**1.3 Additional Work Fees/Change of Work Fees**

Addition work Fees/Change of Work Fees for the provision of the Service shall be charged at the applicable rate as the following;

The pricing stipulated in Article 1.1 and 1.2 includes overtime working costs, there will not be overtime charges incurred to COMPANY.

**2. Invoicing**

Invoice shall be in an original format on the official company note paper bearing company tax registration number, respective authorized signature and, if applicable, bearing the corporate seal. The currency of the amount due shall be clearly specified and be in line with the payment provision stipulated in item 3 Payment Term

All payment will be subject to COMPANY's representative approval and acceptance. Any amount becomes due and payable by COMPANY in respect of this Agreement shall be invoiced directly to COMPANY.

**3. Payment Term**

COMPANY will pay undisputed invoice within thirty (30) days after receipt of invoice and payment timing shall be in line with COMPANY regulation. The bank charges shall be borne by CONTRACTOR.

**4. Payment Schedule**

**CONTRACTOR** shall propose proper payment schedule upon deliverables. The payment schedule as describe in below table;

**5. Penalty Fees**

In connection with article 12.5 of the Service Agreement, if **CONTRACTOR** fails to deliver the final report within three (3) months after receipt of Environmental Impact Assessment study, the **CONTRACTOR** agreed to pay a penalty corresponding to 0.3% of Contract Price per day, but not exceed 5 % of Contract Price.

**6. Insurance Coverage**

- 6.1 **CONTRACTOR** shall provide workmen's compensation insurance according to the laws of the country of the **CONTRACTOR**. **CONTRACTOR** shall be liable for any claims, damages, injury, and death from **CONTRACTOR**'s personnel in the performance of the Service.
- 6.2 **CONTRACTOR** shall provide tools and Equipment Insurance to cover **CONTRACTOR**'s property, tools and equipment, **COMPANY**'s property, tools and equipment and/or those under care, custody and control of **CONTRACTOR** or to be self-insured (Self Insurance).
- 6.3 **CONTRACTOR** will provide the insurance policies referred to in Clause 6.1 and 6.2, in a manner approved by the **COMPANY** including evidence of premium payment to the **COMPANY** within 15 days from contract signing date and **CONTRACTOR** will ensure that the insurance policies are in full force and effect during the contract period.

**7. Bank Guarantee**

The Bank Guarantee must be submitted and approved by the **COMPANY**'s representative. This guarantee will be returned to the **CONTRACTOR** within two (2) weeks, without interest, starting from the date which the **CONTRACTOR** has relieved from all obligations under the Agreement and the final Work Acceptance Certificate has already been issued. Bank guarantee shall be valid from contract Effective Date and expire twelve (12) months after acceptance of the final report.

**Appendix III****Service Levels**

In providing the Services and otherwise performing its obligations under the Agreement, the CONTRACTOR must comply with the following Service Levels:

- Provide the Services in a proper, timely and efficient manner using the standard of care, skill, and diligence that would be reasonably expected from an experienced CONTRACTOR;
- Ensure a high quality of work and delivery of Services with efficiency;
- Act in good faith, honestly and faithfully and in the best interests of the COMPANY;
- Keep the COMPANY informed of all matters of which it ought reasonably be made aware and provide such information in relation to the provision of the Services as may reasonably be required by the COMPANY from time to time;
- Carry out its obligations and duties and complete the provision of Services to the reasonable satisfaction of, and in accordance with, the requirements of the COMPANY.

**Appendix IV****Company and CONTRACTOR Representatives**

By virtue of Clauses 9.5 and 9.6 of this Agreement, during the performance of the Services, the COMPANY and CONTRACTOR shall be represented by the persons named or his/her appointed replacement below:

1. The COMPANY's representative is:

Commercial and Technical: Mr. Dino Gandara – Managing Director  
Address: Level 3, Timor Plaza, Rua Presidente Nicolao Lobato,  
Comoro, Dili, Timor-Leste  
Phone: +670 3310953  
Fax: +670 3310952  
E-mail: [dino.gandara@timorgap.com](mailto:dino.gandara@timorgap.com)

2. The CONTRACTOR's representatives are:

Technical:  
Address:

Phone:  
Fax:  
E-mail:

Commercial:  
Address:

Phone:  
Fax:  
E-mail:

Tender Documents

DRAFT