

**SYRIAN ARAB REPUBLIC
MINISTRY OF PETROLEUM & MINERAL RESOURCES
SYRIAN PETROLEUM CO.**

No.

To:

Dear Sirs :

Please find herewith enclosed one ratified copy of Contract No. /
/ dated / /2009 concluded with you for the supply of .
Needed for Directorate of Oilfields .

Please note and kindly adhere to its terms and rules .

DAMASCUS / /2009

Very Truly Yours

General Director

CONTRACT No. / /

DATED / /2009

FOR THE SUPPLY OF

**NEEDED FOR DIRECTORATE OF AL-HASSAKEH
AL-JBISSEH OILFIELDS**

BETWEEN

THE SYRIAN PETROLEUM COMPANY

AND

Contract : □

According to the rules of Law No. /51/ of the year 2004 including contracting procedure especially Section four, and according to advertisement No. /6-2/MS dated , and to the offer registered at S.P.C under No. /H dated , and to placing order report No. /K dated , and according to Final Proforma Invoice No. dated , and to the minutes of the Administrative Committee No. /C dated .

It was agreed between the Syrian Petroleum Company represented by its General Director Eng. Omar Al-Hamad, as First Party

AND

Represented by Mr.:

authorized as per letter of Contractor registered at S.P.C. under No. /K dated / /2009, Duly Certified .

as Second Party, on the following:

Article No. 1 - Definitions :

1-Administration : means the Syrian Petroleum Company.

2-The Contractor:

Means □

3-Supplies : Means , Which Technical Specifications stated in Annex No. /1/ attached to this Contract and considered as an integral part of it .

4-Contract : Means this Contractual agreement and the set of attached Documents consisting of General and Special Tender Book, Announced Technical Specifications, and the Offer submitted by the Contractor and its Amendments approved upon by Administration, till the date of signing this Contract .

5-Value of Contract : Means the amount stated in this Contract and any other additional amounts or decreases that may occur in accordance with the rules of this Contract .

Article No. 2 – Purpose of Contract :

The Contractor shall deliver _____, this Contract was made for, and which are stated explicitly or implicitly in the Technical Specifications attached to Annex /1/ of this Contract, against the amounts that are due to be paid to him by the Administration, according to the Conditions, Quantities, Regulations and Prices stated in this Contract .

Article No. 3 - Subject of Contract :

To supply _____, As per Technical Specifications and Quantities stated in attached Annex /1/ and according to Specifications mentioned in the Final Proforma Invoice No. _____ dated _____ approved upon by Administration, and in accordance with the Technical Specifications announced in the Call for Offer .

Article No. 4 – Contract's Documents:

The following Documents are considered as an integral part of this Contract, and to which reference is made concerning what has not been stated in the text of this Contract :

1. This Contract and its Annex No. 1 related to Technical Specifications.
2. The Special Technical, Financial and Legal Tender Book .
3. General Tender Book issued under the Decree No. /450/ dated 9/12/2004
4. The announced Technical Specifications and the approved Leaflets .
5. Contractor's Offer and its amendments approved by the Administration SPC up till date of signing this Contract .
6. The Final Proforma Invoice No. _____ dated _____ approved upon by Administration, including the quantities, unit & total prices.

Article No. 5 - The Contractor's Acquaintance with and Comprehension of the Rules of this Contract :

The Contractor is considered, as soon as he signs this Contract as acquainted with all its rules, and that he has comprehended and reviewed all the requirements of the General and Special Technical Specifications, the Tender Book and other documents attached to this Contract concerning Legal

and Technical works and obligations . He is also considered as getting acknowledged with the Laws and Rules in force, Customs, Fiscal & Municipal Fees and others .

The Contractor is considered as accepting to work according to all of these Conditions and Rules as soon as he signs this Contract .

Article No. 6 - Value of Contract :

The total value of this Contract is : Euro (Only, Euro), FOB stowed, on vessel, Port .

In case "Syriamar" apologize from executing this task then the total value of this Contract becomes : Euro (Only, Euro), CFR Lattakia or Tartous Port .

Article No. 7 - Delivery Period :

The Contractor shall undertake to deliver Supplies within four months, FOB stowed, on vessel, Port, or six months CFR Lattakia or Tartous Port

Article No. 8 - Start of Delivery Period and Practice Order :

The Delivery Period and Practice Order shall start from the date of the notification to the Contractor of Confirmed L/C opening details, sent to him by the Correspondent Bank as per the terms of this Contract .

Article No. 9 - Method of Payment :

The Administration SPC opens Irrevocable Confirmed and Indivisible Letter of Credit for the benefit of Contractor through Commercial Bank of Syria BR. No. 1 - Damascus in the net total amount of : Euro (Only, Euro), FOB stowed, on vessel, Port, to be settled as the following :

- 90% of L/C value amounting to Euro (Only, Euro), against presentation of shipping documents .
- 10% of L/C value amounting to Euro (Only, Euro), against the issuance of temporary receipt report of the equipment at Syrian Oilfields .

In case "Syriamar" apologize from executing this task , then the Administration SPC will open Irrevocable Confirmed and indivisible Letter of Credit for the benefit of Contractor through Commercial Bank of Syria BR. No. 1 - Damascus in the net total amount of : Euro (Only, Euro), CFR Lattakia or Tartous Port, to be settled as the following :

- 90% of L/C value amounting to Euro (Only, Euro), against presentation of shipping documents .
- 10% of L/C value amounting to Euro (Only, Euro), against the issuance of temporary receipt report of the equipment at Syrian Oilfields .

After deducting Advertisement fees amounting to : Euro (Only, Euro).

And deducting the agent commission amounting to : Euro (Only, Euro).

This value is firm and covers the value of materials and its freight charges, from the plants up till FOB stowed, on vessel, Port, or CFR Lattakia or Tartous Port in case "Syriamar" apologize from executing the shipping task .

The Administration shall bear Expenses of opening the L/C. Expenses of L/C extension or modification shall be borne by the party causing extension or modification .

The drawing from this L/C shall be paid against presenting the following Documents void of any reservations :

1. A Commercial Invoice in 12 copies, duly signed testifying the settlement of its value, one copy of which is ratified by the Chamber of Commerce and the Embassy or the Consulate of S.A.R in the Exporting Country. The Contractor shall mention on the Invoices that the beneficiary has no agent in Syria , and if so , he must mention his full name, address and the rate of his commission.
2. A Commercial Invoice in 12 copies, duly signed testifying the settlement of its value, one copy of which is ratified by the Chamber of Commerce and the Embassy or the Consulate of S.A.R in the Exporting Country. The Contractor shall mention on the Invoices that the beneficiary has an agent in Syria and he must mention his full name, address and the rate of his commission.
3. The Contractor shall mention the name of the Manufacturer on the Invoices
4. A Certificate of Origin in eight copies, stating that the materials are of Origin, one of which is ratified by the Chamber of Commerce in the Country of Origin and the Embassy or Consulate of S.A.R. in the Country of Origin .
5. Fabrication Certificate on the account of the Contractor, issued by the Manufacturer, stating that the Supplies are conforming to the Specifications stated in this Contract specifying weight, type and size of Supplies, and they are manufactured as per API Specifications .
6. Complete Set of Shipping Documents organized for the order of Commercial Bank of Syria, Br. No. /1/ in Damascus .
7. List of Units, Weights, Volume, and Way of Packing, Parcels No., Quantity of Supplies and Container Contents, in eight copies .

8. Certificate issued by a Neutral International Inspection Company, approved by Administration, stating that the materials are conforming with Specifications specified in this Contract on the account of the Contractor, in case the Administration S.P.C. use their right in executing the Inspection, as per API Specifications .
9. Shipment of the supplies will be effected through Syrian Maritime Transport Organization "Syriamar" or their agents as per a certificate issued by Syriamar or their agents in the Exporting Country confirming that delivery is FOB Stowed and delivery date to be mentioned .
In case Syriamar apologize from executing this task then a Certificate from the Maritime Company proving that the vessel carrying the Goods is not owned by Israel and shall not stop in an Israeli Port before unloading in the Port of destination and that the vessel is not more than 15 years old, transshipment is not allowed, and vessel is allowed to anchor in Syrian Ports should be presented .
10. Photocopy of API Certificate granted to the Manufacturer authorizing them to fabricate the requested materials, as per API Specifications for all required materials and equipment .
11. Copy of the Banking Notice indicating the transfer of Contract's Stamp Duties .
12. The Contractor has to present the Original L/C Documents void of any reservation through Correspondent Bank before the arrival of materials at Syrian Ports within enough period, i.e; 21 days of negotiation, otherwise the Contractor will bear all the penalties and charges resulted from staying the materials at the Ports due to unavailability of the mentioned Documents .

13. Positive Declaration :

The Contractor shall undertake and obliged with the Positive Declaration that he will provide Certificate of Origin issued by him or the manufacturer confirms that the delivered Goods, subject of this Contract, to Syrian Arab Republic are 100% of Origin, provided this Certificate will include name and nationality of the equipment manufacturer .

Article No. 9 - (Repeated) Adherence to Israel Boycotting Rules:

The Contractor shall undertake to provide a Declaration confirms that the Goods, subject of this Contract, are not of Israeli Origin and no raw material of Israeli origin entered in the manufacturing of these materials .

Also, he shall adhere to the Syrian valid Laws and Regulations related to the Israeli Boycotting rules .

Article No. 10 - Performance Bond :

The Contractor submitted a Performance Bond 5% (five Percent) of Contract total value, as a guarantee to fulfill his Obligations stated in this Contract, by issuing a payable Bank Guarantee through the Commercial Bank of Syria Br. NO. /1/ - Damascus .

This guarantee under No. dated in the amount of Euro
(Only, Euro) .

The liability of the Contractor shall not be restricted to the value of this guarantee. The Performance Bond shall be returned to the Contractor after expiry of the warranty period, or withdrawing from the Contract as per Article No. (16), and acquiring an acquittal from Financial Departments and the issuance of Final Acceptance Report .

Article No. 11 - Delay Penalties:

1. Should any delay in the dates specified in this Contract, occur on the part of the Contractor, concerning the delivery of the Supplies he undertakes to deliver according to the rules of this Contract, he shall pay a Delay Penalty amounting to 0.1% (one per thousand) per day of the total value of the Obligation, provided that the sum of these penalties shall not exceed 20% (twenty percent) of the total value of this Obligation, even if no damage is incurred on the Administration S.P.C., and with no need to any warning or excuse .

This penalty shall be paid to the Administration S.P.C. in addition to the rights granted to them according to this Contract, Administration has to calculate Delay Penalties on the basis of the delayed part in their delivery dates provided the two following complementary Conditions are realized :

A. To deliver the other materials within the fixed dates .

B. The delayed parts in their delivery to be independent from the normal usage of the other delivered Supplies.

2. In case any fault or defect appears in the delivered Supplies, in connection with the required Specifications, the Contractor shall replace, on his own account each delivery proved to be non-conforming to the requested Technical Specifications. The Administration S.P.C., has the right to calculate the delay penalty about the non-excused delay period within the period of change on the account of the Contractor.

Article No. 12 - Shipping, Transporting and Clearing of the Contracted upon Supplies:

The Contractor shall be responsible for shipping, transporting and clearing the Contracted Supplies from the plants to FOB stowed, on vessel, Port .

In case "Syriamar" apologize from this task, then the Contractor shall be responsible for shipping, transporting and clearing the Contracted Supplies from the plants to CFR Lattakia or Tartous Port .

The Contractor shall have to pack these Supplies before shipping according to the International Rules applicable in the Maritime transport, any damage that may occur to the Supplies because of unsatisfactory packing shall be the responsibility of the Contractor . Materials of packing are considered the possession of Administration S.P.C.

Article No. 13 - Expenses Resulting from the Contract its Stamps and Duties:

A. - The Contractor shall bear all the following costs :

1. Stamp duty of this Contract on two copies equals 0.8% of the Contract total value amounting to Euro (Only, Euro) FOB, or amounting to Euro (Only, Euro) CFR, provided that this amount should be paid within thirty days from the date of Practice Order, according to the Rules of Stamps Law, to Financial Directorate in Damascus – In-direct Taxes - at Central Bank of Syria, Account No. 3541/23 . A copy of transfer note shall be attached with the Shipping Documents, under the risk of imposing penalty equals two folds of original stamp duty on the Contractor in case of any delay .
2. Duties accrued from certifying documents by Syrian Embassies abroad, under the risk of imposing a penalty on the Contractor in case of any violation .
3. All taxes and duties applied inside & outside territories of S.A.R. , except the expenses & duties stated in paragraph /B/ mentioned below.
4. Bank expenses to be accrued on Performance Bond submittance including its Stamp Duties .
5. Call for Offers Duties of this Contract amounting to Euro (Only, Euro) .
6. Expenses of Inspection Certificate.

B.- The Administration S.P.C. shall bear all the following costs and duties :

1. Customs duties and their relevant fees inside S.A.R., duties and charges of Import License in Syria .
2. The expenses of opening and confirming the L/C, according to the Contract conditions .

Article No. 14 - Supervision :

The Contractor shall notify the Administration, SPC. (40) days earlier, of the readiness and place of the Supplies . The Administration S.P.C. has the right to delegate whoever they wish, whether Persons, Local or International Expertise Firm to Inspect and Control the Supplies while still under manufacture and preparation .

These delegates shall have the right to enter the manufacturer work-shop during the working hours, to inquire the Contractor and his personnel about the work to obtain the right information whether verbally or in a written form, as requested by them, and make analyses or tests according to API Standards .

The expenses of these analyses and tests taking place in the premises of the Contractor, shall be borne by the Contractor .

The Contractor shall also offer all necessary facilities to these delegates and put all necessary equipment at their disposal in places where the fabrication is taking place . Yet the expenses of their travel, accommodation, salaries and fees shall be borne by the Administration S.P.C.

The attendance of Administration delegates of the supervision on manufacture and preparation of Supplies shall not exempt the Contractor from his liabilities specified in this Contract which may occur from shortage, defect , or fault in manufacturing .

Article No. 15 - Contract Amendment :

A. The Administration will have the right to increase or decrease the contractual quantities during Contract Execution Period at no more than 30% for each separate item or material from the obligation under the same prices and conditions defined in the Contract, with no need for a new contract, provided such increase or decrease of total value will not exceed 25% of the Contract total value .

B. In case of increasing, the Contractor will be granted an additional period in proportion to the increase nature and volume, but only for such an increase .

The Contractor shall not claim for any indemnification against this increase within the period of Contract Execution .

Article No. 16 - Withdrawal from the Contract :

The Contractor has the right to withdraw from the Contract without claiming for any indemnification if the Administration S.P.C. , does not open the L/C six months after advising him the ratification of the Contract and after being in force. If the Contractor does not ask to withdraw from the Contract within one week after the elapsing of the six months, the Contract will be extended six months more duly and so forth .

Article No. 17 - Waiver of Contract and Sub-Contracts :

The Contractor shall not waive the works subject of this Contract, nor entrust or impose them whether totally or partially to other persons such as sub-contractors, or to join hidden partners in whole or part, unless he gets a written consent from the Administration S.P.C.

In case the Contractor obtains such a consent, this shall not mean in any way that the Administration S.P.C. is obliged to have any relation of whatever kind with such persons as mentioned above and this shall not exempt the Contractor from his Contractual Obligations towards the Administration S.P.C. imposed upon him by the rules of this Contract .

Article No. 18 - Insurance :

The Administration S.P.C., has to insure materials at the Syrian General Establishment of Insurance on their own account .

Article No. 19 - Warranty :

1. The Contractor shall warrant fine quality of all Supplies, subject of this Contract, regarding design and manufacturing for a period of starting from the date of the issuance of provisional acceptance report .

2. The Contractor undertakes during the a.m. warranty period, and according to a written notification from the Administration S.P.C. to repair or replace free of charge, and without delay, all defects resulting from bad design and manufacturing, provided that these defects are not resulting from bad erection or misuse by Administration S.P.C.
The new materials (replacement) shall have another warranty period of starting from the date of replacement .
3. The Contractor shall, during the period of a.m. warranty, replace all defected materials with new ones and have them transported to the Oilfields on his own account .
4. In case the defected materials were not replaced by the Contractor within a reasonable period to be defined by the Administration S.P.C. The Administration shall have the right to replace these materials on the Contractor's account .
5. If there appears, after the expiry of warranty period, any manufacturing defect that the Contractor concealed intentionally, the warranty period shall be extended one more beginning from the date of this defect appearing or discovery .

Article No. 20 - Manufacturing Proficiency and Execution

Accuracy :

The Supplies have to be delivered under this Contract should be in accordance with specifications requested by the Administration SPC, the Technical Tender Book and Technical Annex attached to this Contract and considered as an integral part of it and according to the Contractor Offer .

Article No. 21 – Contract Extension Due to Force Majeure :

The Contractor shall execute all his obligations within the dates specified in this Contract . If any delay should occur in executing these obligations due to force majeure or unforeseen events that both parties are not responsible for, then the Contractor shall ask by a written letter attached to the original documents during the executing period in the basis of the circumstances stated in written form to be presented to the Administration S.P.C. explaining the events . This letter shall be presented within (15) days after the happening of these force majeure or unforeseen events, or else his right in extension and especially objection against delay penalties shall be considered as null and void .

Article No. 22 - The Commercial Agent :

The Contractor shall undertake, that he has no Commercial Agent or Commercial Agents in S.A.R. In case such contradiction to this appears he shall pay the agent commission or his wages specified in agency document in Syrian Pounds if the settled agency conditions are available for the agent . Decreasing the commission and the specified wages in agency document are counted in Contract currency in Syrian Pounds according to the Official Exchange Rate, to the favour of the Administration if the mentioned conditions are not available in the agency .

The Contractor shall declare that he has a Commercial Agent in S.A.R. who is _____, under the commercial agency No. _____ issued by the Ministry of Economy & Trade on _____, and that the rate of his commission is _____ % of the materials FOB value . The agent commission specified in agency document should be settled in Syrian Pounds if the settled agency conditions are available for the agent. Decreasing the commission and the specified wages in agency document are counted in Contract currency in Syrian Pounds according to the price which specified by foreign currency office, at the date of opening the L/C, after organizing and issuing original final receipt report .

Article No. 23 - Guarantee of Property Rights and Patents :

The Contractor undertakes to keep the Administration, S.P.C. or the party to which the equipment will revert after their supply, guaranteed, always and in any case, against whatever claim concerning any property rights, whether it is an Industrial, Normal, Commercial or Technical rights, or that of invention or Industrial techniques, raised by any party what so ever, concerning the design made by the Contractor, its requirements, and all its execution, and all that results from those claims and rights, and what is connected with special arrangements between the Contractor and others . The Contractor shall also guarantee and be responsible for according to the a.m. whatever consequences or damages are accrued upon the Administration, S.P.C. The Administration S.P.C., or the party to which the equipment will revert latter on, shall notify the Contractor of all claims submitted to same so that the Contractor may take necessary measures against them as per the a.m.

Article No. 24 - Warning :

The Contractor is deemed responsible for all his obligations and delay penalties imposed upon him as soon as the dates specified in this Contract are due without any need for a warning, an excusing, or any other measure by the Administration S.P.C.

Article No. 25 - The Responsibility of the Second Party :

The Contractor bears the responsibility of all damages resulting from his obligations according to the Contract, and he should indemnify the damages as per laws and regulations applied in S.A.R. in case it happens .

The Administration S.P.C., has the right to ask the Contractor whatever relates to its obligations by clearing or by any other way .

Article No. 26 - Notification :

All notifications and correspondences between the Administration S.P.C. and the Contractor shall be in a written form to the Chosen Domicile stated in this Contract .

Article No. 27 - Chosen Domicile :

The Contractor, would define the following Address as his Chosen Domicile in Syria :

Damascus - Syria

This Domicile is obligatory to the Contractor even if he moves to another, unless he notifies the Administration S.P.C. in a written form about his new Chosen Domicile in the same country, or else all notifications sent to the Contractor in the first Domicile are all deemed valid definitely .

Article No. 28 - Settlement of Disputes :

All disputes that may arise between the two parties shall be resolved amicably, otherwise they will be resolved as per the Syrian Administrative Jurisdiction according to regulations and laws applied in S.A.R.

Article No. 29 - Legal References :

If not otherwise stated in the text of this Contract and its Annex, the rules of the Contract System issued under the Law No. 51 of the year 2004 dated 9/12/2004 and the General Tender Book issued by Decree No. /450/ dated 9/12/2004 and the Special Tender Book related to this obligation.

In case these texts are not sufficient, the Syrian Arab Legislation is considered as a sole reference concerning to whatever related to the correctness of this Contract, interpreting and application of its rules and to any dispute that may arise as a result of executing of this Contract .

Article NO. 30 – Contract’s Organization :

The Contract is drawn up on two originals, in English and Arabic. Each party shall retain one original.

Article NO. 31 - Contract’s Language :

In case any dispute that may arise between two texts, the Arabic text is the only one valid .

Article No. 32 - The Coming into Force of this Contract :

1. The Contractor shall abide by the rules of this Contract as fully and partially. He has no right to withdraw from it, or part of it .
2. This Contract comes into force only after being ratified by the competent authorities of S.A.R.

DAMASCUS / /2009

**For and on behalf of the First party
(The Administration)**

General Director

This Contract belongs to T/File No. for the Supply of by