

# MASTER SERVICE AGREEMENT

## CHIEF OIL & GAS LLC

### THIS AGREEMENT CONTAINS PROVISIONS RELATIVE TO INDEMNITY, RELEASE OF LIABILITY AND ALLOCATION OF RISK.

THIS AGREEMENT, made effective this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between **CHIEF OIL & GAS LLC** hereinafter called "Company" and \_\_\_\_\_, hereinafter called "Contractor," whereby, in consideration of the covenants and provisions hereinafter provided, this Agreement shall control and govern all work performed or to be performed by Contractor for Company under verbal or written work orders, purchase orders, delivery tickets, invoices or other verbal or written agreements between the Parties, relating to work to be done by Contractor for Company, and shall supersede any such previous agreements from date hereof until specifically cancelled in writing by either Party, anything to the contrary in any such agreement notwithstanding. This Agreement does not obligate Company to order work from Contractor, nor does it obligate Contractor to accept orders for work.

**1. Definitions.** The following definitions shall be used herein:

"Claims" shall mean all awards, causes of action, claims, costs, expenses, damages (subject to 9.7), demands, judgments, liabilities, and losses of every character, kind, and nature including, without limitation, attorney's fees, court costs, fines, penalties, punitive damages, and remedial obligations which arise of or are related to, directly or indirectly, the subject matter or performance of this Agreement.

"Company Group" shall mean Company, its parents, affiliates, subsidiaries, partners, joint owners, joint venturers, and contractors of any tier (other than any member of Contractor Group) and the directors, agents, representatives, employees, insurers, invitees, consultants of all of the foregoing. "Company Group" shall also include any entity, other than any member of Contractor Group, which Company has contractually agreed to indemnify and/or assume the liability of, which arises out of, in connection with, or results from the performance of this agreement.

"Contractor Group" shall mean Contractor, its parents, affiliates, subsidiaries, partners, joint owners, joint venturers, and subcontractors of any tier and the directors, agents, representatives, employees, insurers, invitees, consultants of all of the foregoing. "Contractor Group" shall also include any entity, other than any member of Company Group, which Contractor has contractually agreed to indemnify and/or assume the liability of, which arises out of, in connection with, or results from the performance of this agreement.

"Party" may refer to Company or Contractor, individually and "Parties" may refer to Company and Contractor, collectively.

**2. Rights and Duties of the Parties.** The rights, privileges, duties and obligations imposed herein upon Company and Contractor shall extend, bind, and include their partners or others, if any, for whom they act as agent, as well as for themselves individually; and as principals and such partners, each shall be bound hereby as if they were formally named herein as parties hereto. This agreement shall inure to and be binding upon the Parties hereto, their heirs, successors and assigns.

**3. Equipment, Materials, and Tools.** In the performance of any operations hereunder Contractor shall furnish at its own expense and cost any and all necessary labor, machinery, equipment, tools, transportation and whatever else is necessary in the performance and completion of the work herein provided other than such items thereof as Company specifically agrees to furnish. Company will furnish, with due diligence and in a good workmanlike manner, such labor, machinery, equipment, tools, transportation and other items as Company specifically agrees to furnish. If in order to gain access to or return from operations performed, it is necessary to repair roadbeds or to provide tractors, vessels, or other special means of transportation for the trucks, equipment or personnel of Contractor, such shall be arranged and paid for by Company. Upon completion of the work, Contractor will remove its materials and equipment from the work location, will clean up the premises in a good and workmanlike manner, and will pile excess or unused material at points or places designated by Company. The obligations of Company and the Contractor under this paragraph are subject to 12 hereof. **Contractor shall be solely responsible for any loss or damage to Contractor Group's equipment, material or supplies at all times except that Company shall be responsible for any loss or damage to equipment, material or supplies of Contractor Group occurring during transportation by Company or by conveyance arranged for by Company but only if and to the extent that such loss or damage is not covered by Contractor Group's insurance.**

**4. Contractor's Performance and Warranty.** Upon Company's notifying Contractor in the manner provided herein of the jobs required to be performed hereunder, Contractor will undertake the same and thereafter carry them out with due diligence and in a good and workmanlike manner to completion, subject, however, to 12 hereof. Contractor warrants merchantable title to goods sold to Company which shall be new and quiet use and enjoyment of goods rented by Contractor to Company which shall be like new, and that the goods, when delivered and for non-consumables thereafter for 12 months, will substantially comply with Company's specifications and be free from defects in material and workmanship. Contractor warrants it and its subcontractors, if any, will perform all services in a workmanlike manner in accordance with generally accepted industry practices applicable to the services. Contractor shall promptly cure all warranty defects described in Company's written notices, including defects related to warranties provided by Contractor's subcontractors. If Contractor fails to so cure such defects within a reasonable time after being notified, Company may cure such defects directly or through another contractor. What is a "reasonable time" shall depend upon the circumstances, but in no event shall it exceed thirty days. Within thirty days after receipt of a written invoice, Contractor shall reimburse Company for the reasonable cost incurred by Company for such warranty work. However, any oral or written recommendation made by Contractor is based, in part, upon information provided by Company or its other contractors, upon measurements and empirical relationships and assumptions which are not infallible and upon which knowledgeable people may differ and Contractor does not warrant the accuracy or correctness of any such recommendation or interpretation which in any

event is advisory only and may be rejected by Company. The foregoing is expressly in lieu of all other warranties whatsoever, express, implied and/or statutory.

**5. Company's Performance.** With respect to the wells and work sites where Contractor may be working, Company shall conduct its operations as a reasonably prudent operator. Company expressly negates any implied duty that would require Company to perform its obligations at any standard greater than a reasonably prudent operator.

**6. Taxes and Liens.** Contractor agrees to pay and discharge all valid taxes, lienable claims, charges or other impositions imposed and to be imposed by law on Contractor, arising out of, in connection with or resulting from work performed hereunder, and to comply with all old age pension laws, Equal Employment Opportunity Laws and unemployment laws, including payment of all contributions legally due or payable as a result of any governmental or private pension or profit-sharing plans with reference to Contractor's employees engaged in the performance of any work hereunder. **Contractor agrees to indemnify Company against any liability for any such taxes, lienable claims, charges or impositions; excepting from this indemnity, however, all taxes imposed on Contractor's services that are included in the consideration to be paid by Company to Contractor.** If, upon the completion of any particular job, Company shall have cause to believe that there are unsatisfied claims for labor, materials or injuries to third persons or property, it may request, and Contractor shall furnish, proof satisfactory to Company that such claims are satisfied or discharged. The amount due as herein provided shall be paid by Company to Contractor, subject, however, to the right of Company to withhold payments in accordance with the requirements of any applicable law with respect to liens for labor or material.

**7. Records and Audits.** Contractor and each subcontractor shall maintain a true and correct set of records pertaining to the work. Contractor and each subcontractor shall retain all records which are subject to inspection hereunder for the applicable statute of limitations period for the particular jurisdiction in which the work was performed. Neither Contractor nor any subcontractor shall pay any commissions or fees or grant any rebates or other remuneration or gratuity to any employee or officer of Company. Neither shall Contractor nor any subcontractor grant any rebates, one to the other, and neither shall Contractor nor any subcontractor pay any commissions or fees to the employees or officers or agents of the other in connection with the work. Company may, upon request, audit any and all records of Contractor and of any subcontractor relating to the work.

**8. Independent Contractor.** In the performance of the services hereunder, Contractor agrees that it shall act as and be an Independent Contractor free and clear of any dominion or control by Company in the manner in which said services are to be performed, and as such Contractor:

- a. acts as the employer of any employee of the Contractor by paying wages, directing activities, performing other similar functions characteristic of an employer-employee relationship;
- b. is free to determine the manner in which the work or service is performed, including the hours of labor of or method of payment to any employee;
- c. is required to furnish or have his employees, if any, furnish necessary tools, supplies, or materials to perform the work or service;
- d. possesses the skills required for the specific work or service;
- e. agrees to file all required tax reports and pay all income taxes due on payments to Contractor hereunder;
- f. agrees that neither Contractor nor Contractor's employees, agents or subcontractors will be covered by Company's Workers' Compensation; and

**IF WORK IS PERFORMED IN TEXAS OR UNDER TEXAS LAW AND CONTRACTOR DOES NOT PURCHASE TEXAS WORKERS' COMPENSATION COVERAGE**

- g. agrees that Contractor and Company will sign the current DWC form establishing an Independent Contractor relationship under the Texas Workers' Compensation Act.

**9. Responsibility for Indemnity, Release of Liability, and Allocation of Risk.** The following indemnifications and releases of liability will apply to all work performed under this Agreement except as noted in 13, Insurance Requirements. In the event one Party must bring legal action in order to enforce an indemnification, all costs and expenses related to that legal action shall be included as part of the indemnification.

**9.1 Contractor's Indemnification of Company Group.** Contractor shall release Company Group of any liability for, and shall protect, defend, indemnify, and save Company Group harmless from and against all Claims and without regard to the cause or causes thereof or the negligence of any Party or Parties, arising in connection herewith in favor of any member of Contractor Group on account of bodily injury, illness, death or damage to property. Contractor's indemnity shall be without regard to and without any right to contribution from any insurance maintained by Company pursuant to 13.

**9.2 Company's Indemnification of Contractor Group.** Company shall release Contractor Group of any liability for, and shall protect, defend, indemnify, and save Contractor Group harmless from and against all Claims without regard to the cause or causes thereof or the negligence of any Party or Parties, arising in connection herewith in favor of any member of Company Group on account of bodily injury, illness, death or damage to property. Company's indemnity shall be without regard to and without any right to contribution from any insurance maintained by Contractor pursuant to 13.

**9.3 Notification of Claims.** If a claim is asserted against one of the Parties to this agreement which may give rise to a claim for indemnity against the other Party hereto, the Party against whom the claim is first asserted must notify the potential indemnitor in writing and give the potential indemnitor the right to defend or assist in the defense of the claim.

**9.4 Underground Damage.** Company shall release Contractor of any liability for, and shall defend and indemnify Contractor against any and all Claims resulting from operations under this Agreement on account of injury to, destruction of, or loss or impairment of any property right in or to oil, gas, or other mineral substance or water, if at the time of the act or omission causing such injury, destruction, loss, or impairment, said substance had not been reduced to physical possession above the surface of the earth, and for any loss or damage to any formation, strata, or reservoir beneath the surface of the earth.

**9.5 Liability for Wild Well.** Company shall be liable for the cost of regaining control of any wild well, as well as for cost of removal of any debris, and shall release Contractor from, and Company shall indemnify Contractor against any liability for such cost.

**9.6 Pollution And Contamination.** Notwithstanding anything to the contrary contained herein except as provided in 9.1 and 9.2 concerning indemnification for personal injury, illness, or death, it is understood and agreed by and between Contractor and Company that the responsibility for pollution and contamination shall be as follows in 9.6.1 and 9.6.2.

**9.6.1 Contractor's Pollution Responsibility.** Unless otherwise provided herein, Contractor shall assume all responsibility for, including control and removal of, and protect, defend, indemnify and save Company Group harmless from and against all Claims arising from pollution or contamination (including Naturally Occurring Radioactive Material) which originates above the surface of the land or water from spills of fuels, lubricants, motor oils, pipe dope, paints, solvents, ballast, bilge and garbage, except unavoidable pollution from reserve pits, wholly in Contractor Group's possession and control and directly associated with Contractor Group's equipment and facilities.

**9.6.2 Company's Pollution Responsibility.** Company shall assume all responsibility for, including control and removal of, and protect, defend, indemnify and save Contractor harmless from and against all Claims arising directly or indirectly from all other pollution or contamination which may occur during the conduct of operations hereunder, including, but not limited to, that which may result from fire, blowout, cratering, seepage or any other uncontrolled flow of oil, gas, water or other substance, as well as the use or disposition of oil emulsion, oil base or chemically treated drilling fluids, contaminated cuttings or cavings, lost circulation and fish recovery materials and fluids.

**9.7 Consequential Damages.** Neither Party shall be liable to the other for special, indirect, or consequential damages resulting from or arising out of this Agreement, including, without limitation, loss of profit or business interruptions, however same may be caused.

**9.8 Indemnity Obligations.** Except as otherwise expressly limited herein, it is the intent of Parties hereto that ALL INDEMNITY OBLIGATIONS AND/OR LIABILITIES ASSUMED BY SUCH PARTIES UNDER TERMS OF THIS AGREEMENT BE WITHOUT LIMIT AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF, INCLUDING PREEXISTING CONDITIONS, THE UNSEAWORTHINESS OF ANY VESSEL OR VESSELS, STRICT LIABILITY, FAULT, BREACH OF CONTRACT OR WARRANTY, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONTRIBUTORY, OR CONCURRENT, ACTIVE OR PASSIVE, ORDINARY OR GROSS OF THE INDEMNITEES. All indemnities in this Agreement shall apply even though an insurer or other person or entity is required to pay for any claim or make a contribution to such claim. Except to the extent prohibited by law, even though insurance may be arranged or other persons or entities may have certain liabilities or obligations, each Party hereto remains responsible for its indemnity and other obligations under this Agreement, even if such insurer or such other person or entity, for any reason, does not satisfy such liability or obligation.

**10. Address.** All notices to be given under this Agreement shall be in writing and shall be sent to Contractor at: \_\_\_\_\_, and to Company at: \_\_\_\_\_.

**11. Consideration.** The consideration to be paid by Company to Contractor, as a result of any agreement between the Parties shall be the amount set forth and agreed to in any verbal or written work order, purchase order, delivery ticket, invoice or other agreement hereafter entered into between the Parties, and shall be in the amount set forth in the rate schedule furnished Company prior to the commencement of work or, if no schedule be furnished, the amount shown in the applicable work order or purchase order of Company; provided, however, that the amount to be paid for any service or labor or material furnished or used in connection with such work shall not exceed Contractor's usual and customary charge for such services, labor or material in the locality where the work is to be performed.

**12. Force Majeure.** This Agreement is subject to all laws, orders, rules and regulations, and neither Company Group nor Contractor Group shall be liable for any delay or damage due, occasioned or caused as a result of such laws, orders, rules or regulations, or by acts of God, floods, blizzards, named tropical storms, hurricanes, other action of the elements, insurrection, terrorism, revolution, piracy, strikes, or causes beyond the reasonable control of the Parties, and any delay due to the above causes or any of them, shall not be deemed to be a breach or failure to perform this Agreement, or any part thereof.

**13. Insurance Requirements.** As to all operations provided for herein, Contractor shall secure and maintain during the term of this agreement the insurance in the types and amounts and under the conditions as shown in Exhibit A, with companies

satisfactory to Company and shall furnish on forms as furnished by Company or its representative, certificates to evidence such insurance before the work provided for herein is begun. IF OPERATIONS ARE PERFORMED IN TEXAS OR UNDER TEXAS LAW, BOTH PARTIES AGREE THAT:

IN ORDER TO BE IN COMPLIANCE WITH THE TEXAS ANTI-INDEMNITY ACT REGARDING INDEMNIFICATION MUTUALLY ASSUMED FOR THE OTHER PARTY'S SOLE OR CONCURRENT NEGLIGENCE, EACH PARTY AGREES TO CARRY SUPPORTING INSURANCE IN EQUAL AMOUNTS OF THE TYPES AND IN THE MINIMUM AMOUNTS AS SPECIFIED IN THE INSURANCE REQUIREMENTS HEREUNDER; AND EACH PARTY AGREES THAT THE MAXIMUM AMOUNT OF SUCH SUPPORTING INSURANCE CARRIED IN EQUAL AMOUNTS SHALL BE THE LOWER OF THE MAXIMUM AMOUNT CARRIED BY EITHER PARTY AT THE TIME OF ANY CLAIM, DEMAND OR CAUSES OF ACTION AS LONG AS SUCH AMOUNT IS IN EXCESS OF THE MINIMUM AMOUNT SPECIFIED AND REGARDLESS OF AMOUNTS SPECIFIED IN ANY DOCUMENT OTHER THAN THIS AGREEMENT. IT IS AGREED THAT THE MONETARY LIMITS OF INSURANCE REQUIRED HEREUNDER SHALL AUTOMATICALLY BE AMENDED TO CONFORM TO THE MAXIMUM MONETARY LIMITS PERMITTED UNDER LAW.

IN TEXAS, IF THE PARTY OWING INDEMNITY DOES NOT CARRY INSURANCE IN THE MINIMUM AMOUNTS AS SPECIFIED IN THE INSURANCE REQUIREMENTS OF THIS AGREEMENT TO SUPPORT THE MUTUAL INDEMNITY OBLIGATIONS, OR THE INDEMNITOR'S INSURER BECOMES INSOLVENT, OR THE INDEMNITOR'S INSURER REFUSES TO COVER A CLAIM BASED ON BREACH OF THE INSURANCE CONTRACT BY THE INDEMNITOR, OR IN THE EVENT THE INDEMNITOR'S INSURANCE IS EXHAUSTED FOR ANY REASON BELOW THE MINIMUM LEVELS REQUIRED IN THIS AGREEMENT (EVEN ON THE SAME INCIDENT PAID ON BEHALF OF THE INDEMNITOR OR ANY PERSON OR ENTITY OTHER THAN THE INDEMNITEE), THEN IT IS AGREED THAT THE PARTY OWING INDEMNITY HAS APPROVED SELF INSURANCE UNDER THE TEXAS ANTI-INDEMNITY ACT TO COVER THE AMOUNT OF INDEMNITY OWED TO THE INDEMNITEE UP TO THE MINIMUM AMOUNTS AS STATED IN THE INSURANCE REQUIREMENTS OF THIS AGREEMENT. IT IS THE INTENTION OF THE PARTIES HERETO THAT THE PARTY TO WHOM INDEMNITY IS OWED WILL RECEIVE THE BENEFIT OF SUCH INDEMNITY REGARDLESS OF WHAT MAY HAPPEN AFTER THIS AGREEMENT IS SIGNED THAT MIGHT AFFECT THE INSURANCE REQUIRED TO BE OBTAINED BY THE PARTY OWING THE INDEMNITY.

**14. Choice of Law.** This agreement shall be governed and construed in accordance with the laws of the State of Texas regardless of the application of conflicts of law which would direct the application of the law of a different jurisdiction; provided, however, if any portion of the work or services to be provided hereunder takes place in, upon or over the navigable waters of the United States of America then this Agreement shall be governed and controlled exclusively by the General Maritime Law of the United States of America. The Parties consent to personal jurisdiction in any action brought in any court, federal or state, within \_\_\_\_\_ (County/Parish), (STATE), having subject matter jurisdiction arising under this Agreement and with respect to any such claim the Parties irrevocably waive, to the fullest extent permitted by law, any claim, or any objection they may now or hereafter have, that venue is not proper with respect to any such suit, action, or proceeding brought in such a court in \_\_\_\_\_ (County/Parish), (STATE), including any claim that such suit, action, or proceeding brought in such court has been brought in an inconvenient forum and any claim that a party is not subject to personal jurisdiction or services of process in such \_\_\_\_\_ (County/Parish) forum.

**15. Laws, Rules, and Regulations.** Contractor agrees at all times in the performance of this Agreement to abide by all valid rules and regulations prescribed or promulgated by any governmental body having jurisdiction in the premises and to remedy any violation of such rules and regulations within a reasonable time and to pay and discharge all charges, penalties and fines imposed or levied upon Company as a result of such alleged violation or violations, specifically including any such fines, levies or penalties assessed as a result of any federal, state or local governmental or private health and safety act.

**16. Assignment.** Contractor may not assign or sublet this Agreement or any part thereof, without the written consent of Company and the assignment of this Agreement, as the subletting of any work to be performed hereunder, if so permitted by Company, shall not relieve Contractor of any of its obligation(s) hereunder. It is agreed, however, that Contractor shall have the right to assign all or any part of the payments due, or which may become due, by virtue of the work.

**17. Termination of Agreement.** Should Contractor become insolvent or make an assignment for the benefit of creditors or be adjudicated, bankrupt or admit in writing his inability to pay his debts generally as the same become due, or should any proceedings be instituted by Contractor under any federal, state or local laws for relief of debtors or for the appointment of a receiver, trustee or liquidator of Contractor, or should a voluntary petition in bankruptcy or for a reorganization or for an adjudication of Contractor as insolvent or a bankruptcy be filed, or should an attachment be levied upon Contractor's equipment and not removed within five (5) days there from, then upon the occurrence of any such event Company shall thereupon have the right to cancel this Agreement and all verbal or written agreements between the Parties, and to terminate immediately all work then being performed by Contractor hereunder.

Either Party may terminate this Agreement, without cause, upon thirty days written notice to the other Party. Termination of this Agreement shall not terminate any of the Parties' rights and obligations under work commenced prior to the effective date of the termination of this Agreement and this Agreement shall remain in full force and effect, and continue to control and govern all work under all outstanding job orders, for the duration of the work there under. Termination of this Agreement shall not relieve any Party of its respective liability arising from or incident to work performed under this Agreement, or breach of any of the terms hereof, prior to the effective date of the termination of this Agreement. Termination does not affect the rights or obligations under 9 through 9.8.

**18. Contractor's Safety Responsibility.** It is specifically understood that the work may involve exposure to hazardous substances, including but not limited to hydrogen sulfide gas, commonly known as sour gas. Contractor has the duty to notify, provide appropriate safety equipment for and train its employees and the employees of any subcontractor as to these exposures. Contractor

has the duty to monitor a safety program addressing these points when these exposures exist and insist that all safety measures be carried out by all such employees. Contractor will require that all such employees wear the safety equipment when the work contemplates exposure to hazard substances.

**19. Louisiana Statutory Employer.** As allowed by the Louisiana Workers' Compensation Act, Company shall be considered the statutory employer of all employees of Contractor, Contractor's subcontractors or agents, provided, however, services performed by Contractor, Contractor's subcontractors or agents for Company are an integral part of or essential to Company's ability to perform its operations as an oil and gas operator.

**20. Captions and Headings.** The captions and headings used in this Agreement are intended for convenience only and shall not be used for purposes of construction or interpretation. The captions and/or headings shall in no way define, limit, or describe the scope or intent of any part of this Agreement.

**21. Severable terms.** In the event any provision (or portion thereof) of this Agreement is inconsistent with or contrary to any applicable law, rule, or regulation, said provision (or portion thereof) shall be deemed to be amended to partially or completely modify such provision or portion thereof to the least extent necessary to make it comply with said law, rule, or regulation, and this Agreement as so modified, shall remain in full force and effect. If necessary, this Agreement shall be deemed to be amended to delete the unenforceable provision or portion thereof, in which event such invalidity or unenforceability shall not affect the remaining provisions or application thereof which can be given effect without the invalid portion or application.

**22. Special Provisions.** Intentionally left blank.

**23. Entirety of Agreement.** This Agreement consists of this document and its attached Exhibit A, which shall be initialed by each Party and then hereby incorporated herein. This Agreement sets forth the entire and complete agreement of the Parties as to the subject matter hereof, and supersedes any and all proposals, negotiations, agreements, and representations of the Parties prior to the execution hereof, including without limitation, prior drafts or prior versions of this Agreement.

**WITH RESPECT TO THIS MASTER SERVICE AGREEMENT, BOTH PARTIES AGREE THAT THIS STATEMENT COMPLIES WITH THE REQUIREMENT, KNOWN AS THE EXPRESS NEGLIGENCE RULE, TO EXPRESSLY STATE IN A CONSPICUOUS MANNER TO AFFORD FAIR AND ADEQUATE NOTICE THAT THIS AGREEMENT HAS PROVISIONS REQUIRING ONE PARTY (THE INDEMNITOR) TO BE RESPONSIBLE FOR THE NEGLIGENCE, STRICT LIABILITY, OR OTHER FAULT OF ANOTHER PARTY (THE INDEMNITEE). COMPANY AND CONTRACTOR UNDERSTAND THAT IN THIS MASTER SERVICE AGREEMENT, EACH PARTY IS SOMETIMES AN INDEMNIFYING PARTY AND SOMETIMES AN INDEMNIFIED PARTY. EACH INDEMNIFYING PARTY REPRESENTS TO THE INDEMNIFIED PARTY (1) THAT IT, THE INDEMNIFYING PARTY, HAS CONSULTED AN ATTORNEY CONCERNING THIS AGREEMENT OR, IF IT HAS NOT CONSULTED AN ATTORNEY, THAT IT WAS PROVIDED THE OPPORTUNITY AND HAD THE ABILITY TO SO CONSULT, BUT MADE AN INFORMED DECISION NOT TO DO SO, AND (2) THAT IT, THE INDEMNIFYING PARTY FULLY UNDERSTANDS ITS OBLIGATIONS UNDER THIS AGREEMENT.**

**THE FOREGOING AGREEMENT IS AGREED TO AND ACCEPTED BY:**

\_\_\_\_\_ as "Contractor"      **CHIEF OIL & GAS LLC** \_\_\_\_\_ as "Company"

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

# EXHIBIT A - MSA INSURANCE

## THIS EXHIBIT CONTAINS PROVISIONS RELATIVE TO INDEMNITY AND RELEASE OF LIABILITY.

Contractor shall procure at Contractor's expense and maintain with respect to and for the duration of this Contract the insurance policies described below (except as otherwise indicated) with reliable insurers satisfactory to Company, and with policy limits not less than those indicated. Contractor shall immediately notify its underwriters and the Company of, and shall furnish all necessary information concerning, any occurrence which may give rise to a claim under any of the insurance policies described below. Reasonable deductibles are acceptable and shall be for the account of the Contractor. (All reference to protection, privileges, or indemnification of Company shall extend to and include Company's non-operating co-owners, partners, joint venturers, and others for whom Company acts as agent.)

None of such insurance shall be cancelled, altered, or amended without 30 days prior written notice having been furnished Company at his home office. Contractor agrees to have its insurance carrier(s) furnish Company a certificate(s) verifying insurance coverages in accordance with the below requirements. Such verification must be on certificate forms as furnished by Company or its representative. The acceptance of a Certificate which does not comply with the requirements herein shall not be deemed a waiver of these requirements. If requested, Contractor will provide the full policy and not just the certificate, to the Company. Limits of coverage required under this Exhibit are in excess of defense (and related) costs.

Company shall name Contractor Group as additional insured on all insurance policies (except Workers' Compensation) covering exposures for which Company has agreed to indemnify Contractor Group. Contractor shall name Company Group as additional insured on all insurance policies (except Workers' Compensation) covering exposures for which Contractor has agreed to indemnify Company Group. A party's additional insured status will not limit the application of insurance protection as required by this Exhibit which arises out of the other party's indemnity obligations. These policies shall provide primary coverage only for claims in which one Party has agreed to hold harmless and/or to indemnify the other. No "other insurance" clause may be invoked by any insurer. This coverage shall apply whether or not the indemnification is valid. Company shall have its insurer(s) waive its right of subrogation against Contractor Group on all insurance carried. Contractor shall have its insurer(s) waive its right of subrogation against Company Group on all insurance carried. Unless expressly stated to the contrary elsewhere in this Agreement or prohibited by applicable law or legal statute, neither Party's indemnification obligations under this Agreement shall be limited by amount or in scope to coverage provided by insurance which is required by such Party under this Agreement.

### 1. CONTRACTOR'S INSURANCE REQUIREMENTS:

**1.1 Workers' Compensation Insurance and Employer's Liability Insurance.** Workers' Compensation insurance in accordance with the laws of the State, Province or Territory in which the work is performed and Employer's Liability insurance with the minimum limits of \$1,000,000.

**1.2 Comprehensive General Liability Insurance.** Comprehensive (or Commercial) General Liability, including coverage for "Action Over" claims, Products and Completed Operations, and other contractual obligations as respects this contract and proper coverage for all other obligations assumed in this agreement. The minimum limit shall be \$1,000,000 combined single limit per occurrence for Bodily Injury and Property Damage. If the policy has an annual aggregate limit the aggregate will be on a "per project" or "per location" basis; or the Contractor shall carry Excess Liability (or Umbrella) coverage that will "drop down" over each claim if such limit becomes exhausted. The policy shall cover "In Rem" if operations over water.

**1.3 Automobile Liability Insurance.** Automobile Liability insurance covering owned, non-owned and hired automotive equipment with minimum limits of \$1,000,000 combined single limit for Bodily Injury and Property Damage.

**1.4 LHWCA and Maritime Operations Coverage.** Wherever necessary for proper coverage, Workers' Compensation & Employer's Liability coverages shall include U.S. Longshoreman and Harbor Workers' Compensation Act coverage including extension to the Outer Continental Shelf, and Maritime Operations coverage including admiralty benefits, Jones Act coverage, Death on the High Seas Act coverage, Maritime Employer's Liability Including wages, maintenance and transportation, and coverage for Master and Crews.

**1.5 Watercraft Coverage.** If any water-borne vessels are employed by Contractor Group in the operations hereunder, Contractor shall carry or require owners of such vessels to carry Protection and Indemnity Insurance with minimum limits of \$1,000,000 and Charterer's Legal Liability and Towers Liability in the same limits wherever necessary for proper coverage.

**1.6 Aircraft Coverage.** If any aircraft are used by Contractor Group in the operations hereunder, Contractor shall carry or require the owners of such aircraft to carry Bodily Injury and Property Damage Liability, including Passenger Liability, of not less than \$1,000,000 Single Limit. Such insurance shall cover owned and non-owned aircraft, including rotary wing aircraft.

CONTRACTOR'S INITIALS \_\_\_\_\_

COMPANY'S INITIALS \_\_\_\_\_

## EXHIBIT A - MSA INSURANCE

**1.7 Excess Liability Coverage.** If Excess (or Umbrella) Liability covering in excess of the preceding liability policies limits is carried by Contractor, the limit shall be reported on the required Certificate of Insurance. Company, at its sole discretion, may require Contractor to carry such Excess Liability Coverage in amounts as Company deems reasonably appropriate.

**1.8 Waiver of Subrogation and Primacy of Insurance.** Contractor agrees to waive subrogation (or to obtain such waiver from its insurance carrier if required by the carrier to do so) against Company Group for any loss to Contractor Group's tools, equipment, machinery and appliances, including in-hole tools and equipment, and any watercraft and aircraft as required by this contract. Contractor agrees to first make claim to his insurance carrier in all instances, including but not limited to, events identified in paragraphs relating to in-hole equipment and environmental damage.

**1.9 Self-Insurance.** In the event Contractor is a self-insurer and Company has consented to Contractor being a self-insurer as to any one of the risks to which coverage is herein required, evidence of such consent must be in writing and approved by a representative of Company authorized to enter into such consent agreement. This section does not affect the "deemed self insured" provisions in 9 through 9.8.

**1.10 Subcontractors' Insurance.** Contractor shall require all of its subcontractors to provide such of the foregoing coverages, as well as any other coverages, that the Contractor considers necessary. Such policies shall include the Waiver of Subrogation Clause as set forth above. However, the fact that any subcontractor provides or does not provide any of the foregoing coverages or any other coverages that Contractor considers necessary shall not itself relieve Contractor of its obligations to provide said coverages. **To the extent that Contractor does not require or the subcontractor does not obtain such coverage, the Contractor agrees to indemnify and save Company Group harmless from all claims, demands, losses, expenses and judgments to which said coverages would have applied. The foregoing shall in no way limit the entire indemnity obligation(s) of the Contractor to the Company or Company Group.**

**1.11 Failure to Comply with Insurance Requirements.** Contractor does hereby release, defend, indemnify, and hold harmless the Company Group from any loss Company Group may suffer due to Contractor or Contractor's subcontractor's failure to comply with all of the above insurance requirements, including the obtaining waivers of subrogation, or due to any insurance coverage being invalidated due to Contractor or Contractor's subcontractor's failure to comply with the terms, conditions, and warranties of the insurance.

CONTRACTOR'S INITIALS \_\_\_\_\_

COMPANY'S INITIALS \_\_\_\_\_