

NO. DE PÓLIZA	FAMILIA	AGRUPACIÓN	CIS	NO. DE PAG:
26300 30127185		30124570	34303664	31

(3) Producing and/or Shut-In and/or Plugged and Abandoned Rates, if any, are annual but shall not apply to Producing and/or Shut-In and/or Plugged and Abandoned wells, if any, for which premium at Drilling Rates under Paragraph 2a(1) or Workover Rates under Clause 2a (2) of these OEE General Conditions has been paid under this Policy.

- b. It is understood and agreed that the rate per foot shall be applied to the total footage drilled, measured through the hole from the surface of the ground or water bottom to the bottom of the well.
- c. Premium applicable to deepening of wells and multiple completions shall be charged at 100% of the applicable drilling rate per foot and such rate shall apply to the final completed depth of the well measured through the hole from the surface of the ground or water bottom to the bottom of the well.
- d. The maximum vertical depth of the well insured shall determine the applicable depth band to be used for premium calculation purposes

## 2. RATING AREAS:

### Area 1

Land areas in the United States of America and Canada, excluding:

- (a) Alabama, Alaska, Arizona, Florida, Louisiana, Mississippi, Texas Railroad Commission Districts 1 through 4 inclusive
- (b) North of 60° North Latitude, South of 24° North Latitude, West of 140° West Longitude, and East of 52° West Longitude; and
- (c) Colorado, Montana, New Mexico, Utah, Wyoming, Texas Railroad Commission Districts 5 through 10 inclusive and Oklahoma, but only as respects those wells 10,000 feet or more in depth measured through the hole from the surface of the ground to the bottom of the well.

### Area 2(Land)

All land areas worldwide, excluding:

- (a) Area 1 as defined above; and
- (b) North of the Arctic Circle and South of the Antarctic Circle.

### Area 2 (Wet)

Inland waters of the United States of America and Canada, Lake Maracaibo and territorial waters of the United States of America adjacent to the Continent of North America of water depths less than 10 feet at mean low tide, excluding:

- (a) North of the Arctic Circle and South of the Antarctic Circle; and
- (b) Alaska.

NO. DE PÓLIZA 26300 30127185	FAMILIA	AGRUPACIÓN 30124570	CIS 34303664	NO. DE PAG: 32
---------------------------------	---------	------------------------	-----------------	-------------------

Area 3 (Wet)  
The Gulf of Mexico, Venezuelan waters and the Gulf of Paria, excluding Area 2 as defined above.

Area 4 Waters worldwide, excluding:

- (a) Areas 2 (Wet) and 3 as defined above; and
- (b) North of the Arctic Circle and South of the Antarctic Circle.

Area 5 North of the Arctic Circle and South of the Antarctic Circle.

4. **EXCLUSIONS:**

There shall be no indemnity or liability under this Insurance for:

- a. Any fines or penalties imposed under the laws of any State or Nation or other Government entity, or any agency or subdivision thereof;
- b. Any punitive or exemplary damages including any other damages resulting from multiplication of compensatory damages;
- c. Any claims whatsoever arising directly or indirectly from any occurrence caused, in whole or in part, by any breach of any of the warranties set forth in Clause 9 of these OEE General Conditions or by any breach of any of the conditions set forth in Clause 5 of these OEE General Conditions;
- d. Loss, damage or expense resulting from:
  - (1) war, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack (a) by any government or sovereign power (de jure or de facto) or by any other authority maintaining or using military, naval or air forces; or (b) by military, naval or air forces; or (c) by any agent of any such government, power, authority or forces;
  - (2) any weapon(s) of war employing atomic fission or radioactive force whether in time of peace or war;
  - (3) insurrection, rebellion, revolution, civil war, usurped power, or action by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of government or public authority, or risks of contraband or illegal transportation or trade;

~~e. Any loss, damage or expense caused by or attributable to earthquake or volcanic eruption; or fire, explosion or tidal wave consequent upon earthquake or volcanic eruption; but~~

~~\_\_\_\_\_ This exclusion does not apply to the following areas:~~



NO. DE PÓLIZA	FAMILIA	AGRUPACIÓN	CIS	NO. DE PAG:
26300 30127185		30124570	34303664	33
<p>(1) <del>The Gulf of Mexico not East of 82º West Longitude and not South of 24º North Latitude, (the general term Gulf of Mexico shall be deemed to include tributary waters and the Gulf Intracoastal Waterway);</del></p> <p>(2) <del>The North Sea;</del></p> <p>(3) <del>The United States of America East of the States of Arizona, Utah and Idaho, including the territorial waters of the Eastern Seaboard; and</del></p> <p>(4) <del>Canada South of 60º North Latitude;</del></p> <p>f. Any claim caused by, resulting from or incurred as a consequence of:</p> <p>(1) (a) The detonation of any explosive;</p> <p>(b) Any weapon of war;</p> <p>and caused by any person acting maliciously or from a political motive; or</p> <p>(2) Any act for political or terrorist purposes of any persons, and whether or not agents of a sovereign power, and whether the loss, damage or expense resulting therefrom is accidental or intentional;</p> <p>but this Exclusion f shall not apply in respect of insured wells located in the United States of America or Canada or in the waters of the United States of America or Canada;</p> <p>g. Loss, damage or expense caused by the infidelity of the Insured or any other person or organization acting for or on behalf of the Insured;</p> <p>h. Loss, damage or expense as respects any well in the course of being drilled, deepened, lengthened, serviced, worked over, completed, recompleted, re-entered and/or sidetracked and/or reconditioned at the inception of this Insurance, until final termination of said drilling, deepening, lengthening, servicing, working over, completion, recompletion and/or re-entering, sidetracking, reconditioning, unless specifically agreed to by Underwriters.</p> <p>5. <b><u>DUE DILIGENCE CLAUSE:</u></b></p> <p>It is a condition of this Policy that the Insured shall exercise due care and diligence in the conduct of all operations covered hereunder, utilizing all safety practices and equipment generally considered prudent for such operations, and in the event any hazardous condition develops with respect to an insured well, the Insured shall at their sole expense make all reasonable efforts to prevent the occurrence of a loss insured hereunder.</p> <p>6. <b>COLLECTION FROM OTHERS:</b></p> <p>No loss shall be paid by Underwriters to the extent that the Insured has (have) collected the same from any other party(ies).</p>				

NO. DE PÓLIZA	FAMILIA	AGRUPACIÓN	CIS	NO. DE PAG:
26300 30127185		30124570	34303664	34
<p>7 <b><u>RESIDUAL VALUE:</u></b></p> <p>In the event of an occurrence giving rise to a claim recoverable within the terms and conditions of this Policy, the residual value of any equipment and/or materials used or purchased by the Insured in respect of such occurrence will inure to the benefit of Underwriters in the adjustment of such claim.</p>				
<p>8. <b><u>DEFINITIONS:</u></b></p>				
<p>a. The term "Well(s) Insured" shall be defined as oil and/or gas and/or thermal energy wells and/or salt water disposal wells and/or injection and/or water supply wells:</p> <ul style="list-style-type: none"> <li>(1) while being drilled, deepened, lengthened, serviced, worked over, completed and/or recompleted and/or re-entered and/or sidetracked and/or reconditioned until completion or abandonment as set forth in Clause 10 of these OEE General Conditions;</li> <li>(2) while producing;</li> <li>(3) while shut-in;</li> <li>(4) while plugged and abandoned;</li> </ul> <p>for the account of the Insured and as may be included within the areas and types of wells insured as set forth in the Policy.</p>				
<p>b. The term "Occurrence" shall be defined as one loss, disaster or casualty or series of losses, disasters or casualties arising out of one event.</p> <ul style="list-style-type: none"> <li>(1) As respects windstorm, all tornados, cyclones, hurricanes, similar storms and systems of winds of a violent and destructive nature, arising out of the same atmospheric disturbance within any period of seventy-two (72) consecutive hours commencing during the period of this insurance, shall be considered one event.</li> <li>(2) Each earthquake shock or volcanic eruption, shall constitute one event hereunder, provided that, if more than one earthquake shock or volcanic eruption shall occur within any period of seventy-two (72) consecutive hours commencing during the period of this Insurance, such earthquake shocks or volcanic eruptions shall be deemed to be one event within the meaning hereof.</li> </ul>				
<p>c. The term "Defense Costs" shall be defined as investigation, adjustment, settlement, litigation and legal expenses, premiums on attachment of appeal bonds, and pre and post judgment interest and shall exclude all expenses for salaried employees, general retainer fees normally paid by the Insured and office expenses of the Insured.</p>				
<p>d. The term "Developmental Well" shall be defined as a Well drilled to exploit a hydrocarbon accumulation discovered by previous drilling</p>				



NO. DE PÓLIZA	FAMILIA	AGRUPACIÓN	CIS	NO. DE PAG:
26300 30127185		30124570	34303664	35
<p>e. The term "Horizontal Drilling" shall be defined as the directional drilling of a Well such that the borehole deviates at least 80° from vertical, but only where such well is being drilled Underbalanced or is Producing Whilst Drilling.</p> <p>f. The term "Underbalanced" shall be defined as that method of drilling whereby the terrastatic pressure is likely to exceed the pressure exerted by the drilling fluid column in the bore of the Well.</p> <p>g. The term "Producing While Drilling" shall be defined as those methods of drilling whereby farmation fluids are deliberately allowed into the bore of a drilling Well and thence removed to the surface while, at the same time, drilling activities are continued or are intended to be continued.</p> <p>h. The term "Crater" shall be defined as a basinlike opening in the earth's surface surrounding a Well Insured caused by the eruptive action of gas and/or oil.</p> <p>i. The term "Work Over" shall be defined as those operations undertaken, without deepening or lengthening the existing Well Insured, to rehabilitate, restare, initiate or increase hydrocarbon production in an existing Well Insured; a recompletion or a re-entry operation undertaken without deepening or lengthening the Well Insured shall be considered a "Work Over".</p>				
<p>9. <b><u>WARRANTIES:</u></b></p> <p>a. It is warranted that where the Insured is the operator or joint operator on any insured well being drilled, deepened, serviced, worked over, completed and/or reconditioned, a blowout preventer(s) of standard make will, when in accordance with all regulations, requirements and normal and customary practices in the industry, be set on surface casing or on the wellhead and installed and tested in accordance with usual practice. When the Insured is a non-operator on any insured well, he will endeavor to see that the operator complies with the warranties set out in this paragraph 9.a..</p> <p>b. It is further warranted that the Insured will use every endeavor to ensure that they and/or their contractors comply with all regulations and requirements in respect of fitting storm chokes and other equipment to minimize damage or pollution, and that all equipment (including drilling and/or workover rigs) will be manned by properly certified personnel where required by regulatory authorities.</p> <p>c. It is further warranted that in the event of a well becoming out of control or other escape or flow of drilling fluid, oil, gas or water, the Insured will use every endeavor to control the well or stop the escape or flow.</p>				
<p>10. <b><u>ATTACHMENT AND TERMINATION OF COVERAGE:</u></b></p> <p>a. <b><u>Attachment of Coverage:</u></b></p> <p>(1) In respect of any well(s) insured hereunder, coverage shall attach when the Insured acquires an interest in such well(s) unless coverage attaches later by operation of any of Paragraphs 10.a.(2), (3) or (4) below;</p>				



NO. DE PÓLIZA	FAMILIA	AGRUPACIÓN	CIS	NO. DE PAG:
26300 30127185		30124570	34303664	36
<p>(2) In respect of any well(s) insured hereunder spudded in during the period of this Policy, coverage shall attach at the time of "spudding in";</p> <p>(3) In respect of any well(s) in the course of being drilled, deepened, lengthened, serviced, worked over, completed, recompleted, re-entered, sidetracked and/or reconditioned at the inception of this Insurance, and which would have been insured hereunder at inception in the absence of Exclusion 4.h. of these OEE General Conditions, coverage shall attach upon final termination of said drilling, deepening, lengthening, servicing, working over, completing, recompletion, re-entering, sidetracking, and/or reconditioning;</p> <p>(4) In respect of any other well(s) insured hereunder, coverage shall attach at inception of this Policy.</p> <p>b. <u>Termination of Coverage:</u></p> <p>(1) In respect of any well(s) insured hereunder, coverage shall terminate when the Insured ceases to have an interest in such well(s) unless coverage is terminated sooner by operation of any of Paragraphs 10.b.(2), (3) or (4) below;</p> <p>(2) In respect of any well(s) which are insured hereunder during drilling only, by virtue of the Insured's electing not to purchase coverage for Producing and/or Shut-in and/or Plugged and Abandoned wells, coverage shall terminate upon either total and/or complete abandonment or completion of such well(s), which shall include the setting of the "Christmas Tree", pumping equipment or well head equipment or the dismantling or removal of the drilling equipment from the drill site, or the termination of the Insured's responsibility under contract, whichever shall first occur, except that, if removal of the drilling equipment from the drill site occurs first, then the period of time between complete removal of such equipment and the commencement of completion operations shall not exceed thirty (50) days in order for said completion operations to be covered hereunder;</p> <p>(3) In respect of any well(s) insured hereunder in the course of being drilled, deepened, lengthened, serviced, worked over, completed, recompleted, re-entered, sidetracked and/or reconditioned at the expiry or cancellation of this Insurance, coverage shall terminate upon final termination of said drilling, deepening, lengthening, servicing, working over, completing, re-completing, re-entering, sidetracking and/or reconditioning, notwithstanding the fact that said final termination may occur later than said expiry or cancellation. Such drilling and/or deepening and/or lengthening and/or servicing and/or working over and/or completion and/or recompletion and/or re-entering and/or sidetracking and/or reconditioning is inclusive of completion or total abandonment of the Well, whichever may come first, however in no event shall the coverage period afforded by this Clause extend beyond one hundred and eighty days after commencement of completion or abandonment operations;</p> <p>(4) In respect of any other well(s) insured hereunder, coverage shall terminate at the expiry or cancellation of this Insurance or (if plugged and abandoned wells are not insured hereunder) upon total and/or complete abandonment of such well(s), whichever shall first occur.</p>				



NO. DE PÓLIZA	FAMILIA	AGRUPACIÓN	CIS	NO. DE PAG:
26300 30127185		30124570	34303664	37

  

11. **SCHEDULE:**

A schedule of Producing and/or Shut-In and/or Plugged and Abandoned wells at risk at inception is attached hereto. It is understood and agreed that the Insured will exercise reasonable care in maintaining records and fulfilling reporting requirements; but, this Insurance shall not be prejudiced by an unintentional error or omission in such records or reports; provided prompt notice is given to the Underwriters as soon as such facts become known to the Insured and any additional premiums are paid as required.

13. **EXTENDED EXPIRATION:**

If this Insurance should expire or be cancelled while an occurrence giving rise to a loss recoverable under this Policy is in progress, it is understood and agreed that said loss, subject to all other terms and conditions and Combined Single Limit of Liability of this Insurance, will be covered under this Policy as if the entire loss had occurred prior to the expiration or cancellation.

14. **DEFENSE:**

Underwriters shall not be called upon to assume the handling or control of the defense or settlement of any claim made against the Insured but Underwriters shall have the right, but not the duty, to participate with the Insured in the defense and control of any claim which may be recoverable in whole or in part under this Policy.

Underwriters shall not be called upon to pay any Defense Costs in relation to any claim until after the final resolution of such claim.

Underwriters shall not be liable to pay any Defense Costs unless the prior consent of Underwriters was obtained before those Defense Costs were incurred.

15. **NOTICES:**

All notices to the Insured, be they one or more, shall be effective upon mailing to the Insured set out in the General Declarations at its address shown in the General Declarations.

16. **LOSS PAYABLE:**

Loss, if any, payable to the Reinsured or Order.

17. **LIMIT OF LIABILITY AND RETENTION:**

Except for amounts specifically stated to be in addition thereto, this Section provides to the Insured (be they one or more) insurance coverage only up to but not exceeding the Combined Single Limit(s) of Liability set out in the Policy Declarations, including defence costs, which is the total combined single limit of Underwriters' liability to the Insured far any one Occurrence and over all of Subsections A and/or B and/or C as may be purchased in connection herewith.

NO. DE PÓLIZA	FAMILIA	AGRUPACIÓN	CIS	NO. DE PAG:
26300 30127185		30124570	34303664	38

The Combined Single Limit(s) of Liability specified above is excess of the Insured's Retention(s) as set out in the General Declarations as respects all of Subsections A, B and/or C as may be purchased in connection herewith.

**18. REPORTING CLAUSE:**

This Section is issued in consideration of a Deposit Premium as set out in the General Declarations, and the Insured shall report to NRG I RE Intermediario de Reaseguro, S.A de C.V. for transmittal to Underwriters, within sixty (60) days after the expiry of this Section, the status of all wells insured hereunder during the preceding reporting period and premium shall be adjusted at the rates provided herein.

**SECTION A**  
**CONTROL OF WELL INSURANCE**

**1. COVERAGE:**

Underwriters agree, subject to the terms and conditions of this Policy, to reimburse the Insured for actual costs and/or expenses incurred by the Insured:

- (a) in regaining control of all well(s) insured hereunder which get out of control, including any other well or hole which gets out of control as a direct result of a well insured hereunder getting out of control; and
- (b) in extinguishing fire in or from such well(s) or which may endanger the well(s) insured hereunder.

Relief wells are automatically held covered hereunder subject to notice to Underwriters as soon as possible and rates to be established by Underwriters.

**2. DEFINITIONS:**

**A. WELL OUT OF CONTROL**

A well(s) shall be deemed to be out of control when there is a continuous unintended, uncontrolled flow of drilling fluid, oil, gas and/or water from the well, above the surface of the ground or waterbottom, or below the surface of the ground or waterbottom from one sub-surface zone to another sub-surface zone via the well bore, which cannot be controlled by the blowout preventer or storm chokes or "Christmas Tree" or other equipment required by the "Due Diligence" clauses herein or when it is declared to be out of control by the appropriate regulatory authority.

**B. EXPENSES**

Expenses recoverable hereunder shall include costs of materials and supplies required, the services of individuals or firms specializing in controlling wells and extinguishing fires, and directional drilling and similar operations necessary to bring the well(s) under control, including costs and expenses incurred at the direction of regulatory authorities to bring the well(s) under control and other expenses included within Paragraph 1 above.

**C. COMPLETIONS**

Work done without deepening the holes to complete a well not previously completed shall be considered part of the original drilling operation and shall not be construed as workover operations within the terms of this Policy. Wells awaiting completion shall be considered shut-in wells for the purpose of this Insurance.



NO. DE PÓLIZA	FAMILIA	AGRUPACIÓN	CIS	NO. DE PAG:
26300 30127185		30124570	34303664	39

D. KICK

The term "kick", as used in this Clause, means a flow of oil, gas or water into the well bore which can, within a reasonable period of time be circulated out or bled off through the surface controls.

3. TERMINATION OF EXPENSES:

In any circumstances, Underwriters' liability shall cease when the flow giving rise to a claim stops, is stopped and

- (a) the well can be re-entered for salvage, fishing or cleaning operations or to resume drilling, or
- (b) the well is or can be returned to the same producing, shut-in or other similar status that existed prior to the occurrence giving rise to a claim hereunder, or
- (c) when the well can be permanently plugged and abandoned in accordance with procedures approved by the appropriate regulatory authority, or

whichever shall first occur, unless the well(s) continues at that time to be declared out of control by the appropriate regulatory authority, in which case, for the purposes of this Insurance, Underwriters' liability shall cease when such authority ceases to designate the well(s) as being out of control.

4. RELIEF WELLS:

In the event a relief well becomes a Well Out of Control, it shall be considered a continuation of the original Occurrence

5. EXCLUSIONS:

Notwithstanding anything to the contrary which may be contained in these clauses, Underwriters shall have no liability under this Section in respect of bodily injury, illness, disease, death, Worker's Compensation, loss of hole, loss of circulation, kick, loss of drillstem, damage to any part of contractor's drilling rig and equipment, loss or damage to property, loss of production, all fishing costs, and all expense of conditioning well(s) to resume drilling operations.

**SECTION B**  
**EXPENSE OF REDRILLING/RECOMPLETION**

1. COVERAGE:

Underwriters agree, subject to the terms and conditions of this Policy, to reimburse the Insured for actual expenses incurred by the Insured including all in-hole equipment (including casing) owned by the Insured in redrilling, recompletion, washover, fishing and/or any other salvage operations as may be necessary to recover or restore any well which may be lost or damaged as a result of:

- A. an occurrence insured against in Section A of this Policy; or

<b>NO. DE PÓLIZA</b> <b>26300 30127185</b>	<b>FAMILIA</b>	<b>AGRUPACIÓN</b> <b>30124570</b>	<b>CIS</b> <b>34303664</b>	<b>NO. DE PAG:</b> <b>40</b>
---	----------------	--------------------------------------	-------------------------------	---------------------------------

B. loss of or damage to the drilling and/or workover and/or production equipment by lightning; fire, explosion or implosion above the surface of the ground or water bottom; cratering; collision with land, sea or air conveyance or vehicle; windstorm; collapse of derrick or mast; flood; strikes; riots; civil commotions or malicious damage; mud slides and where covered under Section A, earthquake, volcanic eruption or tidal wave; and in respect of offshore wells only, collision or impact of anchors, chains, trawl boards or fishing nets,

and which cannot be recovered or restored by means other than redrilling and/or recompletion. Actual expenses for redrilling or recompletion shall be limited to the depth of the well and comparable condition that existed prior to the loss.

In the event the restoration or redrill becomes a Well Out of Control, it shall be considered a continuation of the original Occurrence.

2. VALUATIONS:

A. Materials expended or destroyed shall be charged to the loss on the basis of actual cost to the Insured.

B. Other expenses shall be charged to the loss on the basis actually incurred.

3. EXCLUSIONS:

Notwithstanding anything to the contrary which may be contained in this Policy, there shall be no liability under this Section in respect of:

A. Bodily injury, illness, disease, death, Worker's Compensation, loss of drillstem, damage to any part of contractor's drilling rig and equipment, loss or damage to property, loss of production and all fishing costs (except such fishing costs incurred in connection with redrilling/reconditioning).

B. Redrilling and/or recompletion or for in-hole equipment in respect of any well that was plugged and abandoned by the Insured prior to loss or damage hereunder.

C. Any loss, damage or expense caused by or arising out of delay (including delayed and/or deferred production) and/or loss of use and/or loss of or damage to production (including that due to loss of reservoir pressure) and/or loss of or damage to any reservoir or reservoir pressure, it being expressly understood and agreed that Underwriters' indemnity does not extend to or include any efforts to re-establish or stimulate production at or to any level, whether or not comparable to that existing prior to a loss insured hereunder.

4. TERMINATION OF UNDERWRITERS' LIABILITY:

Underwriters' liability ceases when a lost or damaged well is restored to the original depth and comparable condition that existed prior to the well becoming out of control, on fire or lost or damaged as the result of a peril or perils insured in Paragraph 1B above, but in no event will Underwriters be required to reimburse the Insured for redrilling and recompletion expenses when a well can be completed through a relief well drilled for the purpose of controlling a well out of control.



NO. DE PÓLIZA 26300 30127185	FAMILIA	AGRUPACIÓN 30124570	CIS 34303664	NO. DE PAG: 41
---------------------------------	---------	------------------------	-----------------	-------------------

**SECTION C**  
**CLEAN-UP EXPENSES AND SEEPAGE, POLLUTION AND CONTAMINATION INSURANCE**

**1. INSURING AGREEMENTS:**

Underwriters, subject to the limitations, terms and conditions of this Policy, agree to indemnify the Insured against or pay on behalf of the Insured:

- A. all sums which the Insured shall by law be liable to pay and all sums which the Insured and/or the Insured's contractors, when assumed by the Insured under contract or under the terms of any oil and/or gas and/or thermal energy lease and/or license, shall by law be liable to pay, as damages caused by or alleged to have been caused directly or indirectly by seepage, pollution or contamination arising from or caused by well(s) insured under Section A hereto which suddenly and accidentally become out of control as defined in Paragraph 2A of Section A. including but not limited to the cost of remedial measures and/or as damages for bodily injury (fatal or non-fatal) and/or loss of, damage to or loss of use of property.  
Contractual obligations of the Insured to others (the Insured's Indemnitees) are insured hereunder to the extent that the liability of the Insured's Indemnitees would have been covered by this Policy had the Insured's Indemnitees been a named Insured under this Policy;
- B. the cost of, or of any attempt at, removing, nullifying or cleaning up seeping, polluting or contaminating substances emanating from or caused by well(s) insured under Section A hereto which suddenly and accidentally become out of control as defined in Paragraph 2A of Section A, including the cost of containing and/or diverting the substances and/or preventing the substances reaching the shore;. Contractual obligations of the Insured to others (the Insured's Indemnitees) are insured hereunder to the extent that the liability of the Insured's Indemnitees would have been covered by this Policy had the Insured's Indemnitees been a named Insured under this Policy;
- C. costs and expenses incurred in the defense of any claim or claims from actual or alleged seepage, pollution or contamination, and also costs and expenses or litigation awarded to any claimant against the Insured, by way of interest on judgments, investigations, adjustment and legal expenses (excluding, however, all expenses for salaried employees and all office expenses of the Insured). The Insured shall have the right to appoint counsel, which appointment, however, shall be subject to approval by Underwriters if such counsel is other than as may be set forth in the General Conditions,.

provided always that such seepage, pollution or contamination results from an accident or occurrence taking place during the period of this Insurance (including any continuation thereof provided for by Clause 10 of the OEE General Conditions) and of which notice has been given to Underwriters in accordance with Policy provisions.



NO. DE PÓLIZA	FAMILIA	AGRUPACIÓN	CIS	NO. DE PAG:
26300 30127185		30124570	34303664	42
<p>2. <u>INSURED:</u></p> <p>As respects this Section C only, but subject always to the Combined Single Limit of Liability over all Sections of this Operators Extra Expense Insurance, the unqualified word "Insured" includes the named Insured, and any principal, officer, director or stockholder or employee thereof while acting within the scope of his duties as such.</p>				
<p>3. <u>APPLICATION OF SALVAGE:</u></p> <p>All salvages, recoveries or repayments recovered or received subsequent to a loss settlement under this Section shall be applied as if recovered or received prior to such settlement, and all necessary adjustments shall then be made between the Insured and Underwriters, provided always that nothing in this clause shall be construed to mean that losses under this Section are not recoverable until the Insured's final gross claim has been ascertained.</p>				
<p>4. <u>EXCLUSIONS:</u></p> <p>Insurance under this Section does not cover:</p> <p>A. Fines or penalties, which shall be deemed to include but not restricted to punitive or exemplary damages, imposed under the laws of any state or country;</p> <p>B. Loss of, damage to, loss of use or the cost of clean-up of property belonging to the Insured or in the Insured's care, custody or control but in no event shall this be deemed to exclude the cost of clean-up of land on which the Insured is operating following an accident;</p> <p>C. Any of the cost of controlling a well nor the cost of drilling relief wells whether or not the relief well be successful;</p> <p>D. Any claims arising directly or indirectly from seepage, pollution or contamination if such seepage, pollution or contamination:</p> <p>(1) is intended from the standpoint of the Insured or any other person or organization acting for or on behalf of the Insured, or</p> <p>(2) results directly from any condition knowingly maintained by the management of the named insured in violation of or non-compliance with any rule, regulation or law applicable thereto; this exclusion d.(2) does not apply with respect to any such condition which at the time of loss is in the process of being corrected by a schedule or programme sanctioned and approved by the appropriate regulatory authority with jurisdiction over such rule, regulation or law, to the extent that the Insured is in compliance with such schedule or programme;</p> <p>E. Any claims arising directly out of the transportation of oil or other similar substances by watercraft;</p> <p>E. Any claim arising directly or indirectly from seepage, pollution or contamination beneath the surface of the earth or waterbottom.</p>				



NO. DE PÓLIZA	FAMILIA	AGRUPACIÓN	CIS	NO. DE PAG:
26300 30127185		30124570	34303664	43

5. COST AND APPEALS CLAUSE:

In the event of any claim and/or series of claims arising out of one event where the Insured's final gross claim is likely to exceed the retention of the Insured, no costs shall be incurred on behalf of Underwriters without the consent of Underwriters, and if such consent is given, Underwriters shall consider such costs as part of the final claim hereunder. No settlement of losses by agreement shall be effected by the Insured without the consent of Underwriters where the Insured's final gross claim will exceed the retention of the Insured .

In the event that the Insured elects not to appeal against a judgment in excess of the retention of the Insured, Underwriters may elect to conduct such appeal at their own cost and expense and shall be liable for the taxable cost and interest incidental thereto and in no event shall the liability of Underwriters exceed the Limit of Liability stated herein and in addition the cost and expense of such appeal.

CARE, CUSTODY AND CONTROL ENDORSEMENT

1. In consideration of payment of an additional premium of US\$ Included and subject to the OEE General Conditions, this Policy is endorsed to cover the Insured's legal or contractual liability as oil lease operator(s) (or "Co-Venturer(s)" where applicable) for physical loss or damage to, expenses of salvage of or expense of removal of wreck or debris of, oilfield plant and equipment, including but not limited to drill pipe, drill collars, subs, drill bits and core barrels, leased or rented by the Insured or in its care, custody and control at the site and/or in transportation to or from any well insured under Section A of the Operator's Extra Expense Wording.
2. Underwriters' liability in respect of claims under this Endorsement is limited to US\$\* in respect of 100% interest any one occurrence in respect of removal of wreck or debris and physical loss or damage to oilfield plant and equipment combined, which limit shall be separate from and in addition to the Combined Single Limit of Liability set forth in the Policy.
3. Underwriters' limit of liability specified in Clause 2 of this Endorsement shall be excess of the Insured's Retention of US\$\* in respect of 100% interest, any one occurrence, which shall be separate from and in addition to the Insured's Retention(s) set forth in the Policy.
4. In the event that in-hole salvage expenses or fishing costs are incurred in respect of equipment for which the Insured has assumed responsibility and which is lost or damaged as a result of a peril insured against in this Endorsement, the maximum amount recoverable for such salvage expenses or fishing costs shall be 25% of the value of the lost or damaged property in the hole at the time of loss and which is the object of salvage or fishing efforts, always subject to the overall limit of liability specified in this Endorsement.
5. Notwithstanding anything contained herein to the contrary, Underwriters shall not be liable for claims in respect of loss of or damage to:
  - a. equipment owned by the Insured or in which the Insured has a financial interest;
  - b. diamond bits and/or diamond bit core barrels, other than industrial diamond bits or core barrels;



NO. DE PÓLIZA	FAMILIA	AGRUPACIÓN	CIS	NO. DE PAG:
26300 30127185		30124570	34303664	44
<p>c. mud, chemicals, cement, the well or casing installed therein;</p> <p>d. in-hole equipment whilst in the hole, unless the Insured's liability has resulted from physical loss or damage to such equipment as a result of (1) an occurrence giving rise to a claim which would be recoverable under Section A of the Operator's Extra Expense Wording if the Insured's Retention applicable to such Section A were nil, or (2) fire, windstorm or total loss of drilling or workover rig;</p> <p>e. drilling or workover rigs or any component thereof other than loss attributed to "unsound location".</p> <p>6. This extension shall not cover or contribute to any loss, damage or expense caused by or resulting from delay; loss of use; wear; tear; gradual deterioration; mysterious disappearance; inventory shortage(s); explosion, rupture or bursting of engines, pumps, piping, tanks or any pressure container from internal pressure; electrical injury or disturbance to electrical appliances or wiring resulting from artificial or natural causes (unless fire ensues, and then from loss or damage by fire only); latent defect; faulty design; mechanical failure or breakdown of plant or equipment leased by the Insured or in the Insured's care, custody and control.</p> <p>7. Underwriters shall not be liable for loss of or damage to equipment beyond the actual sound value of such equipment at the time of loss, ascertained with proper deductions for depreciation, wear, tear and obsolescence. As respects leased or rented equipment, Underwriters shall not be liable for any sum greater than that assumed by the Insured under the terms of the rental or lease agreement less any trade or volume discount allowed by the rental company, nor shall Underwriters' liability exceed what it would cost to repair or replace any equipment involved in any loss recoverable hereunder with other equipment of like kind and quality. Where the Insured is a non-operator, actual sound value at the time of loss, as determined by the operating co-venturer, shall be deemed actual sound value for the purposes of this Insurance.</p> <p>8. This Endorsement shall not afford coverage with respect to any drilling operations performed for the Insured, or for the account of the Insured by another operator, upon which a written contract with the drilling contractor has not been executed in advance of commencing drilling operations, or within 48 hours thereafter, incorporating all the provisions and conditions to be effective as respects such drilling operations. Further, this Endorsement shall not extend to any oral agreements prior to subsequent to or simultaneously with the execution of the written contract on such operations, and this Endorsement shall not extend to any subsequent written agreement or rider to the original contract, other than to deepen any well below the specified total depth of the original contract, affecting the assumption of liability by the well owner for contractor's plant or equipment.</p> <p>Underwriters shall have no liability for loss of or damage to equipment if the drilling contract is negotiated on a turnkey or completed well basis. However this condition will not apply if at the time of loss or damage the well has reached the agreed turnkey depth and/or the turnkey contract has reverted to daywork provisions and the Insured is responsible for such loss or damage.</p> <p>All other terms and conditions remain unchanged.</p>				



NO. DE PÓLIZA	FAMILIA	AGRUPACIÓN	CIS	NO. DE PAG.
26300 30127185		30124570	34303664	45

#### **EVACUATION EXPENSES ENDORSEMENT**

In respect of wells insured hereunder and in consideration of payment of an additional premium of US\$ Included and subject to all terms and conditions and exclusions stated therein and the Limit of Liability as stated in the Policy, Section A of the Insurance is endorsed to cover reimbursement to the Insured for reasonable costs and/or expenses which the Insured incurs in the evacuation of people (other than the Insured's employees or those of contractors or subcontractors of the Insured), animals and/or property (other than the Insured's property or that of contractors or subcontractors of the Insured), but only where and to the extent that the evacuation has taken place by order of and/or is authorized by any local, state or federal governmental or regulatory authority or public emergency service, and only following a well out of control as defined in Section A of this Policy, fire, or escape of oil and/or gas or the imminent threat thereof, which has resulted, or would result, in a claim recoverable elsewhere under this Insurance if the Insured's Retention applicable thereto were nil.

Costs and expenses, if covered hereunder by the terms and conditions set forth above, shall include but not be limited to all reasonable costs of transportation, costs of storage, keeping or lodging and/or maintaining evacuated people, animals and/or property.

#### **EXCLUSION:**

There shall be no indemnity or liability under this Endorsement for loss of use of evacuated property and loss of earnings or any other income by any evacuated persons.

All other terms and conditions remain unchanged.

#### **MAKING WELLS SAFE ENDORSEMENT**

In respect of wells insured hereunder and in consideration of payment of an additional premium of US\$ Included and subject to all terms and conditions and exclusions stated therein and the Combined Single Limit of Liability as stated in the Policy, Section A of this Insurance is endorsed to cover reimbursement to the Insured for the actual costs and/or expenses incurred in preventing the occurrence of a loss insured hereunder when the drilling and/or workover and/or production equipment has been directly lost or damaged by fire; lightning; explosion; implosion above the surface of the ground or waterbottom; collision with land, sea or air conveyance or vehicle; windstorm, tornado, cyclone, hail; crater; collapse of derrick or mast; collision or impact of anchors, chains, trawl boards or fishing nets; flood; strikes; riots; civil commotions or malicious damage; mud slide; earthquake, volcanic eruption or tidal wave; but only when, in accordance with all regulations, requirements and normal and customary practices in the industry, it is necessary to re-enter the original well(s) in order to continue operations or restore production from or plug and abandon such well(s).

Underwriters' liability for costs and expenses incurred by reason of this endorsement shall cease at the time that:

- (1) operations or production can be safely resumed, or
- (2) the well is or can be safely plugged and abandoned,

whichever shall first occur.

All other terms and conditions remain unchanged.