



OFF-SITE FABRICATION TERMS AND CONDITIONS

THIS AGREEMENT which includes the purchase order cover document and all other documents referenced therein is effective between **CANADIAN NATURAL RESOURCES LIMITED** including all successors and permitted assigns (hereinafter called "**Canadian Natural**") and the party identified on the purchase order cover document, including all successors and permitted assigns (hereinafter called "**Contractor**"). This Agreement is effective on the date defined in the purchase order cover document ("**Effective Date**") and continues in effect until the Work is completed and all obligations are performed in accordance with the Agreement or is otherwise terminated in accordance with this Agreement. Whereby, in consideration of the mutual covenants and provisions hereinafter provided, this Agreement controls and governs the business relationship between Contractor and Canadian Natural with respect to the matters set forth herein.

1 OBJECT OF AGREEMENT

1.1 Performance of the Work

- 1.1.1 Contractor shall perform the Work upon the terms and conditions of the Agreement. The Work shall include:
 - 1.1.1.1 the fabrication set forth in Schedule A (Scope of Work);
 - 1.1.1.2 the procurement, supply, expediting, transportation to the Workshop, inspection and storage and preservation of all Contractor Items;
 - 1.1.1.3 the customs clearance of all Contractor Items;
 - 1.1.1.4 the receiving, inspection, storage and installation of all Canadian Natural Items as detailed in Schedule A (Scope of Work);
 - 1.1.1.5 technical assistance to Canadian Natural during commissioning and operations training, if any, as further described in detail in the Schedules;
 - 1.1.1.6 all changes to the Work Approved pursuant to a Change Order;
 - 1.1.1.7 any Optional Work which Canadian Natural requests in accordance with Schedule A (Scope of Work);
 - 1.1.1.8 carrying out all Rework required hereunder;
 - 1.1.1.9 obtaining any permits required to be obtained by Contractor to perform the Work; and
 - 1.1.1.10 the provision of such supplies, consumables, utilities, tools, labour, facilities, equipment, services and works as may be necessary or incidental to the foregoing, unless specifically excluded in the Agreement.

2 DEFINITIONS AND INTERPRETATION

2.1 Words and Phrases

- 2.1.1 Unless the context otherwise requires:

- 2.1.1.1 subject to paragraphs 2.1.1.3 and 2.1.1.4, words and phrases defined in Section 2.2 shall have the meaning ascribed to them in that Section where such words and phrases are used in the Agreement;
- 2.1.1.2 words and phrases defined in a particular Section shall have the meaning ascribed to them in that Section;
- 2.1.1.3 words and phrases defined in a Schedule shall have the meaning ascribed to them in that Schedule; and
- 2.1.1.4 words, phrases, abbreviations and acronyms, whether capitalized or not, that are not specifically defined in the Agreement, that have a generally accepted meaning in the engineering profession or in the fabrication or oil and gas industry shall, without further definition, have such generally accepted meaning where used in any Schedule.

2.2 Definitions

Acts of God means an epidemic, hurricane, tornado, tidal wave, landslide, earthquake, flood, naturally occurring fire, volcanic eruption or other similar natural disaster, but in any event does not include any inclement weather.

Affiliate means any Person which controls, or is controlled by, or which is controlled by a Person which controls, a Party to this Agreement. "**Controls**" and "**Controlled**" for the purposes of this definition means the direct or indirect ownership of fifty (50%) percent or more of the voting rights in a Person or control in fact of the other Person.

Agreement means these Terms and Conditions, Schedules, and any and all Change Orders entered into between Canadian Natural and Contractor, all as amended from time to time.

APEGA means the Association of Professional Engineers and Geoscientists of Alberta.

Applicable Laws means, with respect to the Project, the Work, a Person or property, any law, treaty, statute, ordinance, regulation, judgment, decree, injunction, writ, approval, exemption, license, permit, authorization, consent, directive, by-law, code, policy, rule, decision or order which are enacted, made, issued or granted by any Governmental Authority having jurisdiction in respect of the Project, the Work, the Person or the property.

Approval means, subject to any limitations and parameters set forth in the Agreement, Canadian Natural's prior written approval of (i) an action; (ii) a failure to act; (iii) a document; or (iv) an instrument and **Approved** shall have the corresponding meaning.

ARP or Approved Resource Providers List means the list of manufacturers, fabricators and service providers as set forth in Schedule J (Standard Pricing Agreements, Approved Resource Providers List and Spare Parts).

As-Built Drawings means the final state of drawings and specifications to be prepared by Contractor detailing the Work as completed and installed at the Work Site.

Builders' Lien Financial Instrument has the meaning ascribed to it in sub-Section 28.1.1.2.

Business Day means a day, other than a Saturday, Sunday or statutory holiday, on which banks are open to transact commercial business in Calgary, Alberta, Canada.

Canadian Natural Assets means real property and fixed tangible depreciable property (including, without limitation, facilities and offices) used for drilling, mining, production, processing, gathering, dehydrating,

measuring, transporting, making marketable, storage, or treatment of hydrocarbons or other operations respecting Canadian Natural's business.

Canadian Natural Documents means, as provided by or on behalf of Canadian Natural to Contractor during the conduct of the Work: (i) Specifications, drawings, plans, sketches and procedures related to the Work; (ii) any Confidential Information regarding the affairs or business of Canadian Natural or any Affiliate of Canadian Natural; and (iii) data, know-how, including reports, designs, inventions, procedures, solutions and interpretations with respect to, but not limited to, geology, geophysical engineering and the environment.

Canadian Natural Group means Canadian Natural and its Affiliates and Personnel thereof and, where applicable, may mean any one of them.

Canadian Natural Intellectual Property Rights means Intellectual Property Rights of Canadian Natural in and to Canadian Natural Documents and the Work Product Intellectual Property.

Canadian Natural Items means any items, services, equipment or materials to be incorporated into the Results of Work by Contractor and expressly specified as being supplied to Contractor by Canadian Natural in Schedule A (Scope of Work).

Canadian Natural Representative means the individual appointed by Canadian Natural from time to time as its duly authorized representative with respect to the Agreement pursuant to sub-Section 5.1.1.

Change Order means any modification to the Agreement effected in accordance with the provisions of Article 19.

Claim means any and all debts, costs, expenses, liabilities, obligations, losses and damages, fines, penalties, proceedings, actions, suits or claims of whatever nature or kind, including regulatory or administrative, and whether or not any of the foregoing are under common law, on the basis of contract, negligence, strict or absolute liability or liability in tort, or arising out of requirements of Applicable Laws, imposed on, incurred by, suffered by, or asserted against any Person or any property, absolute or contingent and, except as otherwise expressly provided herein, includes all reasonable out-of-pocket costs, disbursements and expenses paid or incurred by such Person in defending any action and, in the case of a claim related to Taxes, all interest, penalties, additions to Taxes or additional amounts imposed by any Governmental Authority.

Claiming Party has the meaning ascribed to it in Sections 31.8 or 31.9, as applicable.

Code of Business Ethics means Canadian Natural's code of business ethics attached hereto in Schedule I (Code of Integrity, Business Ethics and Conduct, and Human Rights Statement) and such amendments thereto as Contractor may be advised of from time to time.

Commercial Operation has the meaning set forth in Schedule A (Scope of Work) for such term and, in the absence of Schedule A (Scope of Work) including such a definition, shall mean all commissioning contemplated by the Work has been completed and Canadian Natural is using the Results of Work in the ordinary course of operations for the purpose intended by Canadian Natural as set forth in the Agreement.

Commissioning means those activities, if any, set forth in Schedule A (Scope of Work) described as such.

Confidential Information means any and all information belonging to, in the possession of, licensed to, or under the control of disclosing Party that a receiving Party directly or indirectly receives or acquires from the disclosing Party, in writing, verbally or through observation or through electronic means through the performance of the Work, including, without limitation, information in the Agreement, information relating to the design, fabrication, operation, maintenance, performance, processes, or any other aspect of the Project or the Project Site, cost, know-how, techniques, business and financial information. Confidential Information of Canadian Natural shall include all work product and other documents and information

provided to Canadian Natural by Contractor in performance of the Work. Confidential Information does not include information:

that is now or becomes through no fault of receiving Party or its Personnel, generally known or available to the public;

that was known by the receiving Party without a breach of any existing confidentiality obligations before receiving disclosing Party Confidential Information; or

that is obtained by receiving Party from a third party without breach of any obligation of confidentiality to any Person.

Consequential Loss shall mean loss of product or production, loss of revenue, loss of profits, loss of use, loss of business, loss of opportunity, interest or indirect loss or consequential loss of any kind arising out of or in connection with the Agreement.

Contract Coordination Procedures means the procedures set forth in Schedule E (Contract Coordination Procedures) and such amendments thereto as Contractor may be advised by Canadian Natural from time to time.

Contract Price means the aggregate of all sums payable to Contractor under the Agreement calculated in accordance with Schedule B (Compensation) and as may be modified by Change Orders from time to time.

Contract Schedule means the time schedule set out in Schedule A (Scope of Work) for the performance of the Work, including the Milestone Dates, as may be modified by Change Orders from time to time.

Contractor Documents means all documents and data on electronic, optical and magnetic media (in both its native format, and PDF or equivalent acceptable to Canadian Natural) prepared and issued by Contractor in accordance with the Agreement (and approved where required by the Agreement) and which are necessary for the proper and complete performance of the Work, including data sheets, computer data, Specifications, drawings, plans, sketches, procedures and those specified in Schedules, As - Built Drawings and all other Final Documentation.

Contractor Equipment means all items supplied, used or consumed by Contractor Group in the performance of the Work but not to be incorporated into the Results of Work or the Project.

Contractor Group means Contractor, its Affiliates and Subcontractors of any tier and Personnel thereof and, where applicable, may mean any one of them.

Contractor Intellectual Property Rights means Intellectual Property Rights owned by Contractor Group prior to commencing the Work and all modifications and enhancements thereof developed as a result of the Work.

Contractor Items means all equipment and materials, including consumables and special tools, to be incorporated in the Results of Work or the Project as necessary for the full and satisfactory performance and complete realization of the Work, and to be supplied by Contractor as set out in the Agreement, but excluding Contractor Equipment.

Contractor Representative means the individual appointed by Contractor from time to time as its duly authorized representative with respect to the Agreement pursuant to sub-Section 5.2.1.

Default has the meaning ascribed to it in Section 39.1.

Defect has the meaning as ascribed to it in sub-Section 18.1.1.

Delivery Point means the point or points of delivery of the completed Work as set forth in Schedule A (Scope of Work) or in the case of services, the location where the services are provided.

Deputy Contractor Representative means the individual appointed by Contractor from time to time pursuant to sub-Section 5.2.2.

Evaluation means a written evaluation prepared by Contractor for the purpose of assessing the effect of a proposed Change Order on the Contract Price, Contract Schedule or the Agreement.

Event Change has the meaning ascribed to it in sub-Section 19.3.1.

Final Acceptance Certificate means the certificate issued by Canadian Natural to Contractor at the end of all Warranty Periods pursuant to sub-Section 17.2.1.

Final Documentation means, in respect of the Work, all printed documentation and data on electronic, optical and magnetic media (in both its native format, and PDF or equivalent acceptable to Canadian Natural) related to the engineering, equipment and materials supply, fabrication and Pre-Commissioning in sufficient detail to allow Canadian Natural to operate, maintain, dismantle, reassemble and adjust the Results of Work and including, without limitation, As-Built Drawings, certificates of inspection of certifying entities (whether official or not), registration documents of Governmental Authorities, descriptive and operating manuals and instructions, maintenance and safety manuals and instructions, spare parts and special tools identification and price lists, and including documentation obtained from other members of Contractor Group, and all other related documents as stipulated in the Agreement.

Financial Instruments means such letters of credit, labour and materials payment bonds, retention bonds, performance bonds, guarantees or other instruments, agreements or documents set forth in Schedule B (Compensation) guaranteeing, assuring or otherwise securing the payment or performance of obligations or liabilities of Contractor under the Agreement.

Force Majeure has the meaning ascribed to it in Section 41.1.

Functional Unit means a discrete part of the Work that is capable of being used for its intended purpose.

Governmental Authority includes (i) any federal, provincial, state, municipal, local or other government or political subdivision, government department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign; (ii) any subdivision or authority of any of the foregoing; or (iii) quasi-governmental or private body exercising any regulatory, administrative, judicial, expropriation or taxing authority under or for the account of any of the above.

Indemnified Claim has the meaning ascribed to it in paragraph 31.9.1.1.

Indemnifying Party has the meaning ascribed to it in Section 31.8 or 31.9, as applicable.

Initial Warranty Period has the meaning ascribed to it in Section 18.7.

Intellectual Property Rights includes any proprietary right provided under patent law, copyright law, trade-mark law, design patent or industrial design law, semi-conductor chip or mask work law and any other statutory provision or common law principles applicable to the Work or any component part of the Work, and includes all information and technology, including, but not limited to, confidential information, trade secrets, improvements (whether or not patentable), inventions, know-how, show-how, designs (including industrial designs), technologies, algorithms, formulas, processes, compositions of matter, computer programs, moral rights, trademarks, service marks, trade names, whether or not registered, and all forms of expressions of ideas and original works or authorship that are the subject matter of copyrights (which includes written reports, software, videos, manuals, charts, photographs, models and designs).

Key Personnel means those Personnel of Contractor identified in Schedule A (Work Orders) under the heading "Key Personnel".

Lien means a mortgage, lien, assignment by way of security, hypothecation, pledge, charge, security interest or right of set-off intended to secure payment or performance of an obligation or other encumbrance, whether fixed or floating, on any property.

Maximum Liability Amount has the meaning set forth in Article 32.

Milestone Dates means those dates identified as such in Schedule A (Scope of Work).

Milestones means the milestones identified in Schedule A (Scope of Work).

Modification has the meaning set forth in Section 19.2.

Parties means Canadian Natural and Contractor, and **Party** means either of them.

Payment Default has the meaning ascribed to that term in Section 39.3.

Person means an individual, a partnership, a corporation, a limited or unlimited liability company, a trust, an unincorporated organization, a union, a government or any department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual.

Personnel means the officers, directors, employees and agents (including any individual hired as a consultant and agency staff hired through an employment or other agency) of the Person or Persons identified herein, and, where applicable, may mean any one of them.

Progress Reports means those reports as more fully described in Schedule E (Contract Coordination Procedures).

Project means the undertaking comprised of lands, structures, facilities and other tangibles developed, constructed by and to be constructed by Canadian Natural as further described in Schedule A (Scope of Work) as the "**Project**".

Project Site means the lands on which the Project is located or is to be located, as applicable.

Quality Assurance has the meaning set forth in Schedule F (Quality Assurance).

Results of Work means, at a given date during the performance of the Work, the results of the Work performed from the Effective Date to such date, including, without limitation, Contractor Documents as then prepared and issued by Contractor, Canadian Natural Items delivered to or obtained by Contractor, Contractor Items and Work Product Intellectual Property.

Rework has the meaning ascribed to it in sub-Section 18.2.1.

Schedules means the schedules attached to and forming part of this Agreement together with the documents attached and referred to therein.

Scope of Work means the scope of Work as specified in Schedule A (Scope of Work).

Security Financial Instrument has the meaning ascribed to it in sub-Section 28.1.1.1.

Specifications means all and any specifications listed or specified in the Agreement including Standards and Codes referred to therein.

Standards and Codes means, except as may otherwise be required by Applicable Laws, the requirements, specifications, standards, rules, codes and practices including, without limitation, those relating to environmental matters, occurring during the term of the Work which are generally accepted or prescribed by professional engineering bodies or associations, which are generally accepted in the mining and oil and gas industries for use in the design and engineering comparable to that of the Work or which are generally followed by prudent, skilled and experienced contractors in the design, engineering and construction of facilities comparable to the facilities contemplated by the Work, and in all events include (i) any of same which are set forth as specified in the Schedules, and, to the extent applicable (ii) the requirements of APEGA.

Start-Up has the meaning ascribed to that term in Schedule A (Scope of Work).

Subcontract means any agreement entered into by Contractor or a Subcontractor with another Person, other than Canadian Natural, pursuant to which such Person agrees to perform any of the Contractor's obligations under this Agreement.

Subcontractor means any Person with whom Contractor or a Contractor's subcontractor has entered into a Subcontract.

Substantial Completion Certificate means a certificate issued for the Work or for any Functional Unit, as applicable, by Canadian Natural to Contractor pursuant to Section 17.1.

Taxes means all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any Governmental Authority which taxes shall include, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), capital taxes (including "large corporations tax" under the *Income Tax Act* (Canada)), withholding taxes, payroll and employee withholding taxes, employment insurance, social insurance taxes, sales and use taxes, goods and services tax, harmonized sales tax, ad valorem taxes, excise taxes, customs duties, tariffs, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers' compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing (together with any penalties, interest or other similar amounts thereon).

Third Party means any Person other than a member of Canadian Natural Group or Contractor Group.

Warranty Period means, in relation to all or a part of the Work and Rework, the aggregate warranty period provided for in Sections 18.7 and 18.8.

Work means all and any part of the provision of services and goods and any and all work required to be performed by Contractor to provide the goods and services pursuant to this Agreement, including but not limited to the work as outlined in Section 1.1 and Schedule A (Scope of Work) attached to this Agreement, and as may be modified by Change Orders from time to time, and includes any work that is not expressly described in this Agreement but which is necessary for the proper provision of services and goods noted above or as may be fairly implied as required to provide such services and goods.

Work Product Intellectual Property means all Intellectual Property Rights in and to all tangible and intangible property including, without limitation, all technologies, technical information and data, know-how, processes, procedures, compositions, devices, methods, formulas, protocols, techniques, software, designs, drawings or data developed, produced or created by Contractor Group in the course of performing the Work and in and to the Results of Work, including Contractor Documents and the Final Documentation, but specifically excludes Contractor Intellectual Property Rights.

Workshop means any location where the Work is to be performed including offices, premises, yards, factories and shops of Contractor Group, where any equipment, materials or components are engineered, manufactured, fabricated, assembled or stored in the course of the performance of the Work.

2.3 Interpretation

- 2.3.1 At any time and unless expressly stated otherwise, when the following expressions and derivatives thereof appear in the Agreement:
- 2.3.1.1 "including", "included", "include", "such as", "comprising", "comprise" and the like shall be deemed to be completed by the expression "but not limited to";
 - 2.3.1.2 approval", "require", "request", "submit", "answer", "notify", "instruct", "state", "inform", "agree" and the like shall be deemed to be completed by the expression "in writing";
 - 2.3.1.3 "fault", "breach", "failure", "default", "deficiency", "defective performance" and the like shall be understood as any failure whatsoever to comply with Agreement requirements, whether by act, omission, negligence, misperformance, non-performance or late performance;
 - 2.3.1.4 "days" or "months" shall mean "consecutive calendar days" or "consecutive calendar months" as applicable and dates written in numeric form shall be deemed to be MM/DD/YYYY;
 - 2.3.1.5 "Articles" and "Sections" shall mean Articles and Sections of this Agreement unless otherwise specified;
 - 2.3.1.6 where the context so requires, words importing the singular shall also include the plural, and vice-versa; and
 - 2.3.1.7 where a term is defined in the Agreement or an Schedule, a derivative of that term shall have a corresponding meaning.

2.4 Schedules

The following is a list of Schedules:

Schedule Name	Applicable
Schedule A - Scope of Work	
Schedule B - Compensation	
Schedule C - Intentionally Left Blank	
Schedule D - Contractor Documents	
Schedule E - Contract Coordination Procedures	
Schedule F - Quality Assurance	
Schedule G - Health, Safety and Environment	
Schedule H - Intentionally Left Blank	
Schedule I - Code of Integrity, Business Ethics and Conduct, and Human Rights Statement	
Schedule J - Standard Pricing Agreements, Approved Resource Providers List and Spare Parts	

3 GENERAL

3.1 Entire Agreement

This Agreement and all rights, obligations and liabilities of the Parties hereunder, embodies the entire agreement between Canadian Natural and Contractor with respect to the Work. This Agreement supersedes and replaces all related oral and written understandings, agreements and qualifications made by or between the Parties with respect to the Work prior to the Effective Date.

3.2 Severability

If and for as long as any provision of this Agreement is or becomes invalid or unenforceable in any jurisdiction for any reason whatsoever, such invalidity or unenforceability shall not affect the validity, enforceability or operation of any other provision of this Agreement in such jurisdiction. Such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent required to give effect to the foregoing, any such invalid or unenforceable provision shall be deemed severed from this Agreement without affecting in any way the validity or enforceability of the balance of this Agreement.

3.3 Modifications to Agreement

No modification to this Agreement shall be effective unless set out in writing and signed by the Parties.

3.4 Language of Agreement

Unless otherwise specified in the Agreement, all communications between the Parties shall be in English as the working language of the Agreement.

3.5 Headings

Headings are inserted solely for convenience of reference and shall not be taken into consideration in the interpretation of the Agreement.

3.6 Order of Priority of Agreement Documents

3.6.1 If there is a conflict or inconsistency among or between the documents comprising the Agreement, the order of precedence from the highest to the lowest shall be:

3.6.1.1 the Terms and Conditions;

3.6.1.2 the Schedules; and

3.6.1.3 Change Orders.

Amendments to a document comprising a portion of the Agreement shall have the same order of precedence as the document amended. The most recent amendment of a document shall have precedence over a previous amendment of that document.

3.6.2 Subject to the foregoing, the documents comprising the Agreement are intended to be correlative and mutually explanatory. Any work or services required in a document comprising the Agreement and not mentioned in another shall be part of the Work at no additional cost or expense to Canadian Natural regardless of the order of priority of the respective documents comprising the Agreement.

3.7 Relationship of Parties

Nothing in the Agreement creates any partnership, joint venture or fiduciary relationship between the Parties.

3.8 Representations and Warranties

3.8.1 Contractor represents and warrants to Canadian Natural that:

3.8.1.1 **Standing:** Contractor is a corporation duly organized and validly existing under the laws of its jurisdiction of incorporation and is authorized to carry on business in all jurisdictions in which the Work or any Workshop is located.

3.8.1.2 **Authority:** Contractor has all the requisite corporate power and authority to execute the Agreement and perform the Work in accordance with the Agreement.

3.8.1.3 **No Conflicts:** The execution of the Agreement and the performance of the Work contemplated by the Agreement will not violate, nor be in conflict with, any of the constating or governing documents of Contractor, Applicable Laws or any agreement, instrument, permit or authority to which Contractor is a party or by which Contractor is bound or subject.

3.8.1.4 **Execution of Documents:** The Agreement has been duly executed and delivered by Contractor and all other documents executed and delivered by Contractor pursuant to the Agreement will be duly executed and delivered by Contractor. The Agreement does, and such documents will, constitute legal, valid and binding obligations of Contractor enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, preference, reorganization, moratorium and other similar laws affecting creditors' rights generally and the discretion of courts with respect to equitable or discretionary remedies and defences.

3.8.1.5 **No Authorizations:** No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority exercising jurisdiction over Contractor is required for the execution and delivery by Contractor of the Agreement, or the performance of its obligations under the Agreement.

3.8.1.6 **Tax Matters:** Contractor:

3.8.1.6.1 is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

3.8.1.6.2 is a registrant under the *Excise Tax Act* (Canada); and

3.8.1.6.3 carries on business in Canada through a permanent establishment located in Canada.

3.8.1.7 **Qualifications.** Contractor:

3.8.1.7.1 possesses the necessary expertise, experience and capacity;

3.8.1.7.2 has sufficient qualified and experienced Personnel;

3.8.1.7.3 has sufficient facilities, premises and equipment; and

3.8.1.7.4 is properly financed,

to carry out the Work.

3.8.1.8 **Acknowledgement:** Contractor:

- 3.8.1.8.1 is a sophisticated business entity and is fully capable of understanding the terms of this Agreement;
- 3.8.1.8.2 has read the Agreement and fully understands the Agreement and its obligations and liabilities hereunder.
- 3.8.1.8.3 has obtained independent legal advice in respect to the Agreement.
- 3.8.1.9 **Acquaintance with Work Conditions:** Prior to entering into the Agreement, Contractor has become fully acquainted with all local, regional, national and international conditions which could affect the performance of the Work and its obligations under this Agreement, including but not limited to:
 - 3.8.1.9.1 the nature and location of the Project Site and Workshops, including means of access thereto;
 - 3.8.1.9.2 the equipment, facilities and resources needed for the performance of the Work and the remedying of any defect therein, including accommodation, transportation, handling and storage conditions;
 - 3.8.1.9.3 the availability of labour, equipment, parts, consumables, fuel, water, electric power and other utilities;
 - 3.8.1.9.4 Applicable Laws and local customs; and
 - 3.8.1.9.5 Standards and Codes applicable to the Work.
- 3.8.1.10 **Acquaintance with Agreement:** Contractor has carefully examined all of the documents comprising the Agreement, including in Schedules, and has obtained a full understanding and knowledge of the Scope of Work and all obligations of Contractor under this Agreement.
- 3.8.1.11 **Correctness and Sufficiency of Agreement:** Contractor is fully satisfied as to the correctness and completeness of the Agreement.
- 3.8.2 Canadian Natural represents and warrants to Contractor that:
 - 3.8.2.1 **Standing:** Canadian Natural is a corporation, duly organized and validly existing under the laws of its jurisdiction of incorporation and is authorized to carry on business in the jurisdiction in which the Project is located.
 - 3.8.2.2 **Authority:** Canadian Natural has all the requisite corporate power and authority to execute the Agreement and perform its obligations hereunder.
 - 3.8.2.3 **No Conflicts:** The execution of the Agreement will not violate, nor be in conflict with, any of the constating or governing documents of Canadian Natural, Applicable Law, or any agreement, instrument, permit or authority to which Canadian Natural is a party or by which Canadian Natural, or the Project are bound or subject.
 - 3.8.2.4 **Execution of Documents:** The Agreement has been duly executed and delivered by Canadian Natural and all other documents executed and delivered by Canadian Natural pursuant to the Agreement will be duly executed and delivered by Canadian Natural. The Agreement does, and such documents will, constitute legal, valid and binding obligations of Canadian Natural enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, preference, reorganization, moratorium and other

similar laws affecting creditors' rights generally and the discretion of courts with respect to equitable or discretionary remedies and defences.

3.8.2.5 **No Authorizations:** No authorizations or approvals or other action by, and no notice to or filing with, any Governmental Authority exercising jurisdiction over Canadian Natural is required to enable the due execution and delivery by Canadian Natural of the Agreement.

3.8.3 Each Party acknowledges that the other may rely on the representations and warranties made by such Party pursuant to the Agreement, which representations and warranties shall survive the execution of the Agreement. Contractor shall indemnify Canadian Natural from and against and shall save and hold Canadian Natural harmless from all Claims sustained or incurred by Canadian Natural resulting from any misrepresentation or breach of warranty made by Contractor under the Agreement. Canadian Natural shall indemnify Contractor from and against and shall save and hold Contractor harmless from all Claims sustained or incurred by Contractor resulting from any misrepresentation or breach of warranty made by Canadian Natural under the Agreement.

3.9 Currency

Except as otherwise specified in Schedule B (Compensation), the accounting and payment currency of the Agreement shall be Canadian Dollars and all references to \$, dollars or Dollars in the Agreement shall mean Canadian Dollars.

4 INDEPENDENCE OF CONTRACTOR

4.1 Independence Of Contractor

4.1.1 Contractor shall manage, control and direct the Work as an independent contractor and shall perform all obligations and duties under the Agreement at its own cost, risk and responsibility, including with respect to construction means, methods, techniques, sequences and procedures, in due compliance with the Contract Schedule and with the provisions of the Agreement.

4.1.2 Subject to the limitations provided for in the Agreement, Contractor's failure to perform any obligations under the Agreement shall be at its sole cost and risk. Omissions or actions of Contractor Group, Canadian Natural Group or of any inspecting authorities or certifying agencies, including any comments or absence thereof, presence or absence of representatives at any time including during tests and inspections, issuance of certificates other than the Final Acceptance Certificate (subject to surviving obligations), payment, review or the provision by Canadian Natural of (i) any Approval or (ii) comments, instructions or notices to be responded to shall not release Contractor in any way from any of its obligations and liabilities under the Agreement or at law, shall not constitute acceptance of defective Work, nor shall it constitute any assumption by Canadian Natural of any responsibility for any such obligations or liabilities. It is expressly understood that Canadian Natural is at all times relying upon Contractor's skill, knowledge and experience in performing the Work.

4.1.3 Subject to the limitations provided for in the Agreement, Contractor shall remain solely responsible and liable for compliance with the Agreement by Contractor Group and Canadian Natural's rights and interests shall not be affected, limited or reduced in any way howsoever due to the performance of the Work by any member of Contractor Group.

4.1.4 Contractor shall not represent Canadian Natural or act for or on behalf of Canadian Natural or in Canadian Natural's name except as specifically set forth in the Agreement. No Personnel of Contractor Group shall be, or be deemed in any way to be, Personnel of Canadian Natural.

5 CANADIAN NATURAL AND CONTRACTOR REPRESENTATIVES

5.1 Canadian Natural Representative

- 5.1.1 Canadian Natural shall appoint a representative (the "**Canadian Natural Representative**") and shall notify Contractor in writing of Canadian Natural Representative's name and the scope of Canadian Natural Representative's authority. Canadian Natural Representative shall be the only Canadian Natural authorized delegate vis-à-vis Contractor for the purpose of the Agreement. Canadian Natural shall be entitled to replace Canadian Natural Representative at any time and shall provide Contractor with notice of such replacement.
- 5.1.2 Canadian Natural Representative shall have the right to delegate specific tasks or responsibilities of Canadian Natural to one or more Persons designated by it, including certifying and inspecting agencies. In such case, it shall inform Contractor in writing of the names of such Persons and the scope of their delegation. At all times during the performance of the Work, Canadian Natural Representative shall have the right to cancel in writing any such delegation on two (2) days prior notice to Contractor.
- 5.1.3 Contractor shall comply with all instructions issued pursuant to the Agreement by Canadian Natural Representative or one of its duly authorized delegates.

5.2 **Contractor Representative and Deputy Contractor Representative**

- 5.2.1 Contractor shall appoint and keep assigned to the Work during the entire course of the Work an experienced representative (the "**Contractor Representative**") acceptable to Canadian Natural who shall be fully knowledgeable in all aspects of the Agreement and the Work, have full charge of all operations of Contractor in respect of the Work, have full authority to represent Contractor in all matters related to the performance of the Agreement and have full authority to agree to any Change Order. Contractor Representative shall fully co-operate with Canadian Natural Representative:
 - 5.2.1.1 in notifying Canadian Natural Representative immediately upon becoming aware of any matters which may, in any material manner, affect the performance of the Work, increase the Contract Price or impact the Contract Schedule; and
 - 5.2.1.2 in making and considering proposals for avoiding or reducing the consequences of any of the foregoing matters.
- 5.2.2 Contractor shall also appoint an experienced deputy representative (a "**Deputy Contractor Representative**") who shall be fully authorized to act as Contractor Representative when Contractor Representative is unavailable or absent.
- 5.2.3 Contractor Representative or, alternatively, Deputy Contractor Representative shall be in attendance at the Workshops or otherwise shall be accessible to Canadian Natural Representative at all times during the performance of the Work. Contractor Representative and Deputy Contractor Representative shall not be removed or substituted for any reason whatsoever by Contractor without the express written consent of Canadian Natural Representative, which consent, shall not be unreasonably withheld. Canadian Natural Representative shall have the right to have removed from the Work, Project Site or any Workshop, any Contractor Representative or Deputy Contractor Representative who, in Canadian Natural Representative's reasonable opinion, is incompetent, careless, not qualified to perform the Work, insubordinate or guilty of improper conduct, or who may in any material manner jeopardize Canadian Natural's public relations or goodwill. Contractor shall immediately replace, as the case may be, Contractor Representative or Deputy Contractor Representative, with a Person acceptable to Canadian Natural.

5.3 **Canadian Natural's Right to Direct**

Canadian Natural may, at any time, in relation to the Work in any location, or in relation to any Workshop, or in relation to the Project Site, for safety reasons, or for urgent reasons, in the sole discretion of Canadian Natural, provide a notice to Contractor to immediately take, or to have taken, specific measures with immediate effect, in which case Contractor shall immediately implement such measures, but without

prejudice to the ability of Contractor to subsequently request a Change Order in respect of any such measures required to be so taken.

6 **CONTRACTOR'S ORGANIZATION**

6.1 **Contractor's Organization**

6.1.1 In order to ensure the proper performance of the Work in accordance with the Contract Schedule, from the commencement of the Work to its completion, Contractor shall fully adapt its organization for each specific phase of the Work to fulfill all Agreement requirements and shall mobilize, develop and maintain the overall functional organization and corresponding resources, when, where and as necessary to do so.

6.1.2 Contractor shall utilize and adhere to the Contract Coordination Procedures in the performance of the Work.

7 **ASSIGNMENT**

7.1 **Assignment of Agreement by Canadian Natural**

7.1.1 Canadian Natural may, at its sole discretion and by written notice of assignment to Contractor, freely assign, charge or transfer this Agreement (or any part thereof) to any Person or declare any trust over this Agreement (or any part thereof) or any right, benefit or interest arising thereunder, including the Results of Work.

7.2 **Assignment of Agreement by Contractor**

7.2.1 Contractor shall not

7.2.1.1 assign this Agreement;

7.2.1.2 transfer any part of it; or

7.2.1.3 transfer any benefit, interest, right or obligation or payment due hereunder, without the prior written consent of Canadian Natural, which consent may be withheld by Canadian Natural in its sole discretion.

7.2.2 Notwithstanding anything to the contrary, Contractor shall be permitted to assign this Agreement to any of its Affiliates with Canadian Natural consent. Further, Canadian Natural shall not unreasonably withhold consent where Contractor is assigning to one of its Affiliates.

8 **SUBCONTRACTS**

8.1 **Contractor May Subcontract**

8.1.1 Subject to the provisions of this Article 8, Contractor may subcontract portions of the Work.

8.1.2 Contractor shall exercise due diligence and good judgment in the selection of Subcontractors.

8.1.3 Schedule A (Scope of Work) sets forth an initial list of major Subcontractors, together with their respective scopes of work or supply, that Contractor may, subject to sub-Section 8.1.4, engage for the purpose of carrying out the Work. Contractor may, from time to time, recommend to Canadian Natural additions of other Subcontractors to Schedule A (Scope of Work) not less than thirty (30) days prior to any proposed subcontracting by Contractor of the Work or any portion of it to such proposed Subcontractor and Canadian Natural shall have the right by providing written notice to Contractor, within fourteen (14) days following receipt of such proposed revision, to reject the use

by Contractor of any such proposed Subcontractor, which rejection shall not be unreasonably or arbitrarily made.

8.1.4 If, at any time during performance of the Work, a member of Contractor Group is:

8.1.4.1 in breach of any of the provisions of Canadian Natural's health, safety and environment requirements including Article 21 and Schedule G (Health, Safety and Environment), or

8.1.4.2 in breach of any of the provisions of the Code of Business Ethics.

Canadian Natural shall have the right to require Contractor to remove such member of Contractor Group from performance of the Work within a reasonable time period specified by Canadian Natural and thereafter without undue delay Contractor shall, replace such Subcontractor with another Subcontractor from Schedule A (Scope of Work) or acceptable to Canadian Natural, at no extra cost to Canadian Natural.

8.2 General Obligations With Respect to Subcontracting

8.2.1 Contractor shall be responsible for the acts, deficiencies, defaults and omissions of other members of Contractor Group as if they were acts, deficiencies, defaults and omissions of Contractor.

8.2.2 Contractor shall ensure that all Subcontractors are solvent and sufficiently experienced and equipped with adequate and appropriate resources for the kind of activities required by the specific parts of the Work they are subcontracted to perform.

8.2.3 Prior to entering into an agreement with a Subcontractor that is an Affiliate of Contractor, Contractor shall identify such relationship by written notice to Canadian Natural.

8.3 Use of Subcontractors

The entering into by Contractor of any Subcontracts or the use of any Subcontractor, including those listed in Schedule A (Scope of Work), shall not create any contractual relationship whatsoever between Canadian Natural and such Subcontractor.

8.4 Performance of Work by Contractor Group

8.4.1 Contractor shall cause Contractor Group to comply with the provisions of this Agreement in the same manner as if all of the Work was performed by Contractor and, upon request from Canadian Natural, Contractor shall give written evidence thereof to Canadian Natural.

8.4.2 Contractor shall manage, control and supervise the performance of any Work performed by Contractor Group and shall be solely responsible for ensuring that all Work provided by Contractor Group shall be performed and supplied in full compliance with Agreement requirements. The exercise by Canadian Natural of its rights under this Agreement to inspect, financially audit and technically audit Contractor Group shall not relieve Contractor of any of its obligations and liabilities under this Agreement.

8.4.3 Contractor shall use all commercially reasonable efforts to ensure that any and all warranties and guarantees given by Contractor Group comply with the provisions of Article 18. Contractor's failure to obtain such warranties and guarantees shall not relieve it of any of its obligations and liabilities under the Agreement.

8.5 Expenses and Delays Due to Contractor Group

Contractor shall be solely responsible for all costs and expenses arising as a result of the performance, negligent performance or non-performance of the Work by other members of Contractor Group. Contractor undertakes to make no Claim whatsoever or requests for Change Orders with respect to price adjustments or time extensions resulting from the activities of other members of Contractor Group, including when arising from Contractor's inability to propose a Subcontractor acceptable to Canadian Natural, or due to the removal or substitution of any member of Contractor Group pursuant to Section 8.1, or otherwise by Contractor.

8.6 Subcontracts

8.6.1 Contractor shall ensure that all Subcontracts contractually provide that:

8.6.1.1 Contractor shall be entitled to suspend the Work performed by any Subcontractor in the event of suspension of any of the Work by Canadian Natural pursuant to Section 40.1 or any suspension pursuant to Article 41;

8.6.1.2 the Subcontracts are freely assignable by Contractor to Canadian Natural or to any other Person designated by Canadian Natural;

8.6.1.3 the provisions of Articles 35, 36, 37 and 38 in respect of the rights of Canadian Natural related to Intellectual Property Rights, confidentiality, publication and title shall apply to the Subcontracts;

8.6.1.4 Contractor has the same audit and inspection rights under the Subcontract in relation to the Work subcontracted as Canadian Natural has under Articles 16 and 30 in relation to the Work and Canadian Natural has the right to exercise jointly with Contractor such audit and inspection rights; and

8.6.1.5 Subcontractors shall comply with provisions of Article 21, Schedule C (Site Rules), Schedule E (Contract Coordination Procedures), Schedule F (Quality Assurance), Schedule G (Health, Safety and Environment) and Schedule I (Code of Integrity, Business Ethics and Conduct, and Human Rights Statement).

9 LABOUR RELATIONS

9.1 Labour Relations Compliance

9.1.1 Contractor acknowledges that Canadian Natural has or may have one or more collective agreements in place for labour sources used on Canadian Natural sites and, to the extent applicable, Contractor shall be advised thereof prior to commencing any Work under a Scope of Work.

9.1.2 Canadian Natural wishes to ensure that labour harmony is maintained at each of its work sites and Contractor shall, at all times, co-operate with Canadian Natural to achieve this harmony. Canadian Natural may, in its sole discretion, provide direction to Contractor with respect to specific labour relations matters that arise during the performance of the Agreement or Scope of Work.

9.1.3 In order to facilitate labour harmony Contractor shall:

9.1.3.1 at all times and to the greatest extent practicable, exercise all reasonable efforts and judgement of a skilled and experienced contractor to manage its operations and adopt and implement policies and practices designed to avoid stoppages, slowdowns, disputes, strikes and similar dissonance in connection with the Work. Without limiting the generality of the foregoing, Contractor shall utilize all reasonable efforts to achieve

and maintain stable labour relations, and avoid work stoppages and other labour disputes that may affect the performance of any Work by Contractor or another contractor or Canadian Natural relating to or arising from the Work performed by Contractor, or its Subcontractors, or materials or equipment supplied for the Work by Contractor or its Subcontractors;

- 9.1.3.2 use its best efforts to cooperate with Canadian Natural and other Persons performing work or supplying materials or equipment to any Work site in order to avoid labour disputes;
- 9.1.3.3 upon becoming aware thereof, immediately give notice to Canadian Natural of any actual or potential labour dispute or disruption that impacts or threatens to impact or may threaten to impact the performance of the Work and provide to Canadian Natural all relevant information with respect to such dispute or potential dispute; and
- 9.1.3.4 promptly advise Canadian Natural, in writing, if any employee or group of employees of Contractor engage in or attempt to engage in any work stoppages or work slowdowns of any kind in respect of the Work.

10 AWARENESS OF WORK CONDITIONS AND WORKSHOP CONDITIONS

10.1 Responsibility of Contractor with respect to Work Conditions and Workshop Conditions

- 10.1.1 Contractor hereby accepts all responsibility for having properly evaluated all costs and contingencies for successfully performing the Work and satisfying all Agreement obligations and for bearing all and any consequences resulting from any improper evaluation of the Work and Workshop conditions. Contractor undertakes to make no Claims whatsoever or requests for Change Orders for price adjustments or time extensions based on lack of familiarity with the Work or Workshop conditions or reliance on Canadian Natural supplied information and data.

11 CORRECTNESS AND SUFFICIENCY OF AGREEMENT

11.1 Contractor Responsibility

- 11.1.1 Contractor accepts all responsibility for having properly evaluated all costs and contingencies for successfully performing and completing the Work and for fulfilling all of its obligations under the Agreement and shall make no Claim whatsoever or request any Change Order, price adjustment or time extension in respect of the Agreement resulting from or attributable to any of the matters referred to in this Article 11 or in sub-Section 3.8.1 herein.
- 11.1.2 Contractor shall use reasonable efforts, or such other higher standard of care as is set forth in Schedule A (Scope of Work), to identify any error, omission, deficiency, inaccuracy, contradiction, ambiguity or discrepancy within, between or among the documents comprising the Agreement. If Contractor identifies any such error, omission, deficiency, inaccuracy, contradiction, ambiguity or discrepancy, Contractor shall immediately notify Canadian Natural of same and shall obtain Canadian Natural's clarification prior to commencing any related part of the Work.
- 11.1.3 Canadian Natural shall give its clarification within fourteen (14) days of receipt of Contractor's request for clarification.
- 11.1.4 If, at any time, Canadian Natural discovers defects as aforesaid, it shall so notify Contractor and give its clarification within the periods set out above.
- 11.1.5 None of the foregoing shall relieve Contractor from any of its obligations under the Agreement.

12 CARRYING OUT THE WORK

12.1 General

Contractor shall perform and complete the Work in accordance with, and shall not deviate from, the Agreement without prior Approval.

12.2 Standards of Care and Skill

Contractor shall diligently perform the Work in accordance with those good, sound and professional practices, methods and acts engaged in or approved by a significant proportion of the industry in Canada that is involved in providing the Work, including without limitation procurement, fabrication, management services used in undertakings similar to the Work.

12.3 System of Units

Unless expressly otherwise specified in the Agreement, Contractor shall, for the purposes of all Contractor Documents, use the metric system under the International System of Units but shall use inches for diameters of pipes and pipe accessories, as detailed in Schedule A (Scope of Work).

12.4 Standards and Codes

Unless expressly otherwise specified, the Work shall be performed in accordance with any applicable edition or revision of Standards and Codes in effect on the date Contractor commences the Work. Unless otherwise specified, such reference is solely for implementation of the technical portions of such Standards and Codes.

12.5 Security

At all times during the performance of the Work, Contractor shall assume and be responsible for, and take all necessary precautionary measures and conduct all activities under the Agreement in a manner which shall minimize all risk of loss, theft, sabotage, damage by vandalism or otherwise howsoever to the property of any Person during the performance of its Work and risks to the security of any Person at, on or in respect of any Workshop. Contractor shall immediately report without any delay to Canadian Natural any and all incidents with respect to security matters at any Workshop including all losses, thefts, vandalism or unexplained disappearance.

12.6 Canadian Natural Items

Canadian Natural Items shall be stored, maintained, installed or otherwise dealt with in accordance with the Agreement. Any Canadian Natural Items supplied to Contractor for incorporation into the Work are to be protected and preserved by Contractor while in Contractor's possession. Ownership of Canadian Natural Items shall remain with Canadian Natural at all times. Canadian Natural shall have access to such Canadian Natural Items at all times and Contractor shall be responsible for ensuring that clear identification of such Canadian Natural Items is properly carried out. Contractor shall acknowledge receipt of all Canadian Natural Items to Canadian Natural within forty- eight (48) hours of receipt.

13 PREPARATION AND ISSUANCE OF CONTRACTOR DOCUMENTS

13.1 Preparation and Submission of Contractor Documents

13.1.1 In the preparation of any Contractor Documents, Contractor shall not deviate, without prior Approval, from the Agreement.

13.1.2 Contractor shall develop the Contractor Documents as the Work progresses and shall incorporate all information and data applicable to the Work received from Contractor Group with respect to

Contractor Items, and from Canadian Natural with respect to Canadian Natural Items, in order to ensure that the Work complies with the requirements of the Agreement.

- 13.1.3 Contractor shall, in a timely manner necessary to comply with the Contract Schedule, prepare and submit for Approval, review, notice or record, as required in Schedule D (Contractor Documents) and Schedule E (Contract Coordination Procedures), all Contractor Documents necessary for the proper performance of the Work. Approval of Contractor Documents does not address, nor shall it constitute an assumption by Canadian Natural of any responsibility for, the functionality, technical adequacy, structural integrity or proficiency of Contractor's design or fabrication, or the means, methods or techniques relating thereto.

13.2 Contractor Documents Subject to Approval

- 13.2.1 Contractor shall submit, in a timely fashion, any documents proposed as Contractor Documents and requiring Approval in accordance with the requirements of Schedule D (Contractor Documents) and Schedule E (Contract Coordination Procedures). Canadian Natural shall Approve such Contractor Documents within the time period specified in the Schedules, or shall detail its reasons for non-approval within the same time period.

- 13.2.2 If more information and data are required by Canadian Natural for the proper assessment of any Contractor Documents submitted for Approval, Canadian Natural shall promptly, and in any case within the time specified in the Agreement, request such information and data. In any such case, the time for Approval shall start from the date of receipt by Canadian Natural of the additional information and data provided by Contractor.

- 13.2.3 If Canadian Natural is unable to Approve any submitted documents due to their non-conformity with the requirements of the Agreement, Canadian Natural shall promptly inform Contractor who shall immediately proceed with the performance of all necessary revisions to such documents and shall then resubmit them for Approval in accordance with the above procedure.

13.3 Contractor Documents not Subject to Approval

Where Contractor Documents are submitted to Canadian Natural for review, notice or record only, Canadian Natural shall have the right at all times to check and comment on any and all such documents. All such comments shall be made within the time stated in Schedule D (Contractor Documents). Contractor shall incorporate such comments to the extent they identify any non-compliance with the Agreement requirements. The incorporation or non-incorporation of any other comments shall be at the sole discretion of Contractor.

13.4 As Built Drawings

- 13.4.1 Unless provided for otherwise under the terms of the Contract Schedule, Contractor shall promptly submit to Canadian Natural:

13.4.1.1 As Built Drawings of the Work, in both electronic and hard copy format, in sufficient detail to enable Canadian Natural to operate, maintain, dismantle, reassemble and adjust the Work, and in such quantity as Canadian Natural or Canadian Natural Representative requests; and

13.4.1.2 such other technical and design information and completion records relating to the Work as Canadian Natural may reasonably require.

13.5 Responsibility of Contractor with respect to Contractor Documents

No review, Approval, or receipt for notice or record, of any Contractor Documents by Canadian Natural or Canadian Natural's Personnel shall relieve Contractor of any responsibility for, nor shall constitute an assumption by Canadian Natural of any responsibility for, any of Contractor's warranties, obligations,

covenants or undertakings under the Agreement, or in any way or to any extent modify, derogate from, release, waive, terminate or otherwise affect the warranties, obligations, covenants or undertakings of Contractor, whether in contract, or in tort or otherwise.

13.6 Agreement Master Documentation Register

Contractor shall, in accordance with the requirements of the Schedules, and in particular Schedule D (Contractor Documents), maintain and make available to Canadian Natural a register of Contractor Documents with sufficient completeness and accuracy as to allow the Work to be performed.

13.7 Final Documentation

Contractor shall submit all Final Documentation as specified in the Schedules, including Schedule D (Contractor Documents), and at the times stated therein.

14 PROCUREMENT AND SUPPLY

14.1 Procurement and Supply

14.1.1 If required, pursuant to Schedule A (Scope of Work), Contractor shall procure, manufacture, fabricate, supply and deliver all Contractor Items required for the Work, including performing all related operations such as testing, inspecting, packing, handling and transport as necessary for carrying out the Work. All Contractor Items shall:

14.1.1.1 be new and in conformity with the description, quality and quantity required by the Agreement;

14.1.1.2 be of sound design, specification, materials and workmanship;

14.1.1.3 be capable of the degree of performance specified in the Agreement; and

14.1.1.4 be fit for the intended purpose specified in the Agreement, either expressly or by implication, and if not so specified, be fit for their ordinary purpose.

14.1.2 Canadian Natural's Approval of any material, workmanship, certificate, drawing or document shall not relieve Contractor from its responsibility for supplying and delivering Contractor Items and Work in accordance with the Agreement requirements.

14.2 Material and Equipment Standards

14.2.1 If Canadian Natural has designated certain manufacturers and vendors as "Project Standard" for the supply of certain products and has entered into contractual arrangements with these manufacturers and vendors then Contractor shall comply with and utilize these arrangements as follows:

14.2.1.1 **Standard Pricing Agreement ("SPA")**. Contractor shall select certain of its materials and equipment required by the Scope of Work from the designated manufacturers or vendors, as detailed in Schedule J (Standard Pricing Agreements, Approved Resource Providers List and Spare Parts) and shall ensure that the minimum required terms, conditions and prices as provided for by the applicable SPA in Schedule J (Standard Pricing Agreements, Approved Resource Providers List and Spare Parts) are achieved by Contractor in its contracting arrangements with such manufacturer or vendor; and

14.2.1.2 **Approved Resource Providers List ("ARP")**. If the Work includes items or services included on the ARP Contractor must select and utilize a provider from the ARP. Upon selecting a provider from the ARP Contractor must continue to use that provider

for the Work and shall not deviate from using the selected provider. A request by Contractor to have a new provider added to the ARP shall be handled in accordance with Schedule J (Standard Pricing Agreements, Approved Resource Providers List and Spare Parts).

Contractor shall be solely responsible for carrying out its own due diligence in respect of the use of any particular vendor or manufacturer and for the appropriateness and qualifications thereof for the performance of the Work.

14.3 Identification

Contractor shall ensure that corresponding records, documents, certificates and identification markings are maintained for all Contractor Items and are promptly provided to Canadian Natural.

14.4 Delivery and Transportation

14.4.1 Contractor shall deliver the completed Work to Canadian Natural at the Delivery Point.

14.4.2 In the event the Delivery Point is not the Workshop, then:

14.4.2.1 For all loads and shipments requiring the approval of Governmental Authorities, including Alberta Transportation, Contractor shall advise Canadian Natural and coordinate such shipments with Canadian Natural in accordance with the transportation and logistics provisions as set forth in Schedule A (Scope of Work);

14.4.2.2 Contractor has satisfied itself as to the suitability and availability of access roads and bridges to the Project Site and the Workshop. Contractor shall use reasonable efforts to prevent any road or bridge from being damaged by traffic of Contractor Group. These efforts shall include the proper use of appropriate vehicles and routes;

14.4.2.3 Canadian Natural does not guarantee the suitability or availability of any particular access roads and bridges to the Project Site or the Workshop;

14.4.2.4 Costs due to non-suitability or non-availability for the use required by Contractor of access roads and bridges to the Project Site or the Workshop shall be borne by Contractor; and

14.4.2.5 At all times prior to and during performance of the Work, Contractor shall allow Canadian Natural Representative or its delegates to have free access to any transportation equipment being used by Contractor for the inspection, safety or security purposes of Canadian Natural. Canadian Natural shall have the right to require replacement of any transportation equipment found unsafe or defective in any respect, it being understood that any failure of Canadian Natural Representative to inspect or require replacement of defective transportation equipment shall not relieve Contractor of any of its obligations or liabilities under the Agreement.

14.4.3 Contractor shall arrange for and pay for all documentation, packaging, labelling, marking and crating of the Work in accordance with the documentation, packing, marking, crating and transportation instructions which are set forth in Schedule A (Scope of Work).

14.5 Storage, Protection, Preservation and Maintenance

14.5.1 While in the care, custody or control of Contractor and subject to Schedule A (Scope of Work), Contractor shall properly store, preserve, maintain and protect:

14.5.1.1 Contractor Items;

14.5.1.2 Canadian Natural Items; and

14.5.1.3 the Results of Work;

including as against weather hazards, water, humidity, sand, fire, theft and vandalism.

Contractor shall, within three (3) months of the execution of this Agreement, provide to Canadian Natural a "Protection Strategy" detailing those measures to be taken by Contractor to ensure the satisfactory performance of the obligations set forth above. In performing the obligations set forth in this Section 14, including the preparation and submission of the "Protection Strategy", Contractor shall do so in accordance with the Agreement requirements and best professional practices, and in accordance with any applicable preventative maintenance procedures established by any original equipment manufacturer.

14.6 Surplus Items

14.6.1 During the performance of the Work, and subject to Schedule A (Scope of Work), Contractor shall store and keep an inventory of all surplus Canadian Natural Items and Contractor Items. Upon completion of the Work, Contractor shall:

14.6.1.1 provide Canadian Natural with a reconciliation of Canadian Natural Items received, used and surplus;

14.6.1.2 provide Canadian Natural with a list of all surplus Contractor Items;

14.6.1.3 promptly return to Canadian Natural all unused Canadian Natural Items; and

14.6.1.4 notify Canadian Natural of the prices at which Contractor is prepared to sell to Canadian Natural the various surplus Contractor Items.

14.6.2 Canadian Natural shall have the right to purchase from Contractor all or any portion of the surplus Contractor Items at the price set forth in the notice given by Contractor by giving notice to Contractor of Canadian Natural's decision to purchase such surplus not later than fifteen (15) days after receipt by Canadian Natural of Contractor's notice respecting surplus Contractor Items.

15 CONTRACT SCHEDULE AND PROGRESS CONTROL

15.1 Contract Schedule

Contractor guarantees timely performance of the Work generally in accordance with the Contract Schedule and specifically in compliance with the Milestone Dates set out in the Contract Schedule. Contractor acknowledges that the Contract Schedule is deemed to include all notice periods specified in the Agreement, including time necessary to obtain Approvals and certificates from Canadian Natural and from inspecting, certifying and warranty entities, legal and customs authorities and all necessary time periods required for contingencies including equipment breakdown, maintenance, customs formalities, handling and transport. Notwithstanding that there may be some variance in timing of completing certain items in the Agreement, Contractor guarantees that all Milestone Dates shall be complied with.

15.2 Detailed Contract Schedule

Contractor shall, at the times and in the manner required pursuant to Schedule E (Contract Coordination Procedures), provide Canadian Natural with detailed information respecting the conduct and scheduling of the Work so as to demonstrate Contractor's ability to meet all Milestone Dates.

15.3 Progress Control

- 15.3.1 Contractor shall ensure that the monitoring and control of the performance of the Work are carried out in a manner consistent with the planning, progress control and reporting requirements of the Agreement as specified in Schedule E (Contract Coordination Procedures) and Schedule A (Scope of Work).
- 15.3.2 Contractor shall submit for Approval with the Contract Schedule, (i) a detailed list of the critical path items associated with the Contract Schedule and (ii) the corresponding Work progress control procedures to be utilized for the regular evaluation of the physical progress of the Work as well as the critical path items.
- 15.3.3 Canadian Natural shall not Approve any Work progress figures unless resulting from the proper implementation of the appropriate Approved progress control procedures. The Approved Work progress figures shall be used as the basis for the preparation of the invoices provided for in Schedule B (Compensation).

15.4 Events Affecting the Progress of the Work

- 15.4.1 Contractor shall immediately notify Canadian Natural Representative of all incidents or events of any nature affecting or likely to affect the progress of the Works, including delays in obtaining data and information necessary for the performance of the Work, the supply or transportation of materials and equipment or parts of equipment related to Contractor Items, strikes or disruption of the Work involving Contractor Group engaged in the performance of the Work.
- 15.4.2 Contractor shall immediately report and describe any anticipated variance from the Contract Schedule due to any reason, including any of the above events, lack of resources or insufficient productivity, and detailing the impact of such variance and the corrective action already undertaken or to be undertaken.

15.5 Adjustments to Contract Schedule

- 15.5.1 The Contract Schedule, including the sequential order of the activities for the performance of the Work therein, may only be modified by a Change Order.
- 15.5.2 In accordance with the requirements of Schedule E (Contract Coordination Procedures), Contractor shall update and submit the revised Contract Schedule for Approval, taking into account any Approved time extensions resulting from any Change Orders.
- 15.5.3 Should Contractor encounter delays affecting the critical path of the Contract Schedule, for which Contractor is not entitled to an extension of time, Contractor shall immediately submit for Approval a plan for recovering such lost time.

16 QUALITY ASSURANCE

16.1 Compliance

- 16.1.1 Contractor shall comply with or exceed the Quality Assurance requirements as detailed in Schedule F (Quality Assurance) and acknowledges and agrees that the Quality Assurance requirements of Schedule F (Quality Assurance) are essential to the performance of the Agreement.
- 16.1.2 Contractor shall provide, maintain and observe for the duration of the Agreement a complete Quality Assurance plan in accordance with Schedule F (Quality Assurance) for all components of the Work including, but not limited to, engineering, procurement, supply of materials and equipment and fabrication, set up a suitable organization securing the various related functions, and develop a Quality Assurance program covering the various phases of the Work, all in accordance with the Quality Assurance and control requirements set out in Schedule F (Quality Assurance) and elsewhere in the Agreement and in accordance with the Standards and Codes.

16.2 Access and Facilities

- 16.2.1 Contractor shall (and shall require all other members of Contractor Group to) grant Canadian Natural, or Canadian Natural's Representative or its designate, free, safe and unencumbered access during normal working hours to the Work and to all facilities, including facilities of Contractor Group or manufacturers or suppliers of equipment procured by Contractor, for verification of quality and to make certain all Work is performed in accordance with the requirements of the Agreement. Canadian Natural or Canadian Natural's designate shall give Contractor reasonable notice of any proposed visits to facilities for the purposes hereof.
- 16.2.2 Any verification as set forth in sub-Section 16.2.1 or inspection performed by Canadian Natural or Canadian Natural's designate does not relieve Contractor of ultimate responsibility for performing its own inspections and testing. Should Canadian Natural's verification or inspection find parts of the Work not in conformity with the Agreement requirements, Contractor shall immediately rectify the defective Work and bear the cost of the repairs, all verifications or inspections performed by Canadian Natural with respect to such defective work as well as the cost of any schedule impacts.
- 16.2.3 If Canadian Natural performs a verification or inspection that is not specified in the Approved inspection schedule and if such verification or inspection finds the Work to be in compliance with the Agreement, Canadian Natural shall bear all costs associated with such verification or inspection as well as any schedule impact.
- 16.2.4 If any Work is closed or covered when the Agreement requires otherwise, or if Contractor does not comply with the provisions of the procedures to advise Canadian Natural that Contractor Items are ready for inspection, then any such Work shall, if required by Canadian Natural, be opened or uncovered for verification or inspection by Canadian Natural and re- closed or re-covered, and Contractor shall bear all costs associated with such verification and inspection as well as any schedule impact.

17 ACCEPTANCE

17.1 Substantial Completion

- 17.1.1 Upon completion of all fabrication required as part of the Work or for a Functional Unit ("**Substantial Completion**"), Contractor shall perform the checkout procedures listed or referenced in this Agreement. Contractor shall disclose any deficiencies in the Work and shall reperform, at no cost to Canadian Natural, the part or parts of the deficient Work to render it satisfactory to Canadian Natural, acting reasonably.
- 17.1.2 Following the performance of all of the checkout procedures set forth in this Agreement, Contractor shall provide written notice of Substantial Completion. This notice of readiness constitutes Contractor's advice that the Work is completed and ready for the purposes of Canadian Natural in accordance with the requirements of the scope of Work.
- 17.1.3 Within fifteen (15) Business Days after receipt of the notice of Substantial Completion, Canadian Natural shall provide Contractor with:
- 17.1.3.1 a notice (the "**Substantial Completion Certificate**") with or without a listing of elements of the Work which are deficient and require completion, correction or repair notwithstanding the issuance of the Substantial Completion Certificate, and the estimated value of such deficiencies; or
 - 17.1.3.2 a deficiency notice listing the elements of the Work which require completion, correction or repair before Canadian Natural is prepared to issue a Substantial Completion Certificate.

- 17.1.4 If a Substantial Completion Certificate is issued with a list of deficient elements of the Work pursuant to sub- Section 17.1.3:
- 17.1.4.1 Contractor shall reperform, at no cost to Canadian Natural, any part of the Work which is defective or deficient promptly on receipt of the deficiency notice; and
- 17.1.4.2 subject to Section 41.3 Canadian Natural shall be entitled to holdback from any payments hereunder for the estimated value of any outstanding deficiencies in the Work.
- 17.1.5 If a deficiency notice is issued pursuant to paragraph 17.1.3.2 Contractor shall reperform, at no cost to Canadian Natural, any part of the Work which is defective or deficient promptly on receipt of the deficiency notice or instruct the responsible Subcontractor to perform remedial work. Within fifteen (15) Business Days after receipt of Contractor's further notice of readiness, Canadian Natural shall either provide the Substantial Completion Certificate in accordance with paragraph 17.1.3.1 to Contractor or shall give Contractor a second deficiency notice listing elements of the Work requiring completion, correction or repair. The foregoing procedure shall be repeated until all defects or deficiencies are corrected and the Substantial Completion Certificate is issued by Canadian Natural to Contractor in respect of the Work.
- 17.1.6 Subject to the provisions of paragraph 17.1.4.1 and Section 41.3, on the issuance of the Substantial Completion Certificate, Canadian Natural will release all holdbacks.

17.2 Final Acceptance

- 17.2.1 At the end of all Warranty Periods, provided that Contractor has duly complied with its obligations under the Agreement, Canadian Natural shall conduct a final inspection of the Work and, if satisfactory, Contractor shall be entitled to request a certificate (a "**Final Acceptance Certificate**") in respect of the Work or, with Approval, one or more parts thereof. Canadian Natural shall issue a Final Acceptance Certificate within thirty (30) days of such request, but shall not be obligated to deliver any such certificate until Contractor has satisfied all claims and discharged all Liens in connection with the Work, the applicable part thereof or the Work and until Contractor has paid and satisfied in full all and any outstanding obligations in respect of the Work, the applicable part thereof or the Work so that there are no outstanding warranty issues.
- 17.2.2 Canadian Natural shall not be required to issue any Final Acceptance Certificate until Canadian Natural is satisfied that it has received all materials constituting Final Documentation relating to the Work for which the Final Acceptance Certificate is to be issued, including such materials as were developed during the Warranty Period.

18 GUARANTEES AND WARRANTIES

18.1 General

- 18.1.1 Contractor warrants to Canadian Natural that the Work shall be performed in accordance with, and shall conform in all material respects with, the requirements of the Agreement. Contractor further warrants that the Results of Work shall be free of any defect, fault or deficiency (latent or otherwise), including in fabrication or workmanship, and shall be fit for the purpose and use for which they are intended according to, and as specified in, the Agreement (any failure to satisfy the foregoing being a "**Defect**").
- 18.1.2 Notwithstanding the above, and subject to the provisions stipulated in Schedule A (Scope of Work), Contractor shall not be liable for the consequences of any error or omission in Canadian Natural Items, provided that Contractor can evidence that it has not contributed to or caused any such error or omission.

18.1.3 Contractor shall immediately advise Canadian Natural in writing of any defects or deficiencies in the Results of Work or any of the Work that it discovers.

18.2 Rework, Repairs, Replacement

18.2.1 Upon receipt from time to time of Canadian Natural's written notice of a Defect in the Results of Work, which written notice shall be provided on or before the end of the Initial Warranty Period, or if Contractor discovers a Defect in the Results of Work on or before the end of the Warranty Period, Contractor shall investigate, redesign, reengineer and rework the Defect and repair, correct, replace or remedy all affected items ("**Rework**"). Rework shall be Approved by Canadian Natural and Rework shall be done at Contractor's sole cost, expense and risk and shall include cost of investigation, redesign, dismantling, removal of affected items from the site where the Work is installed, transportation, replacement, re-installation, re-testing and equipment price increases.

18.2.2 Rework shall be performed at a time and within the period requested by Canadian Natural, acting reasonably, having regard to the urgency of the circumstances and in such a manner as to cause a minimum of interruption in the use of the Results of Work and a minimum of disruption to Canadian Natural's operations at the site where the Work is installed.

18.3 Similar Items of Equipment

18.3.1 To the extent any Rework is carried out under Section 18.2 on any items of equipment or materials where the Results of Work contains similar items which are subject to similar operating conditions, Contractor shall automatically and without further notice, and at its own expense, inspect all such items and shall Rework all such items unless:

18.3.1.1 such items have not been found deficient in any way during the inspection; and

18.3.1.2 Contractor can demonstrate that such items cannot reasonably be expected to present the same Defect when submitted to the operating conditions set forth in the Agreement.

18.4 Rework by Other Contractors

18.4.1 If:

18.4.1.1 Contractor fails to diligently and satisfactorily carry out any Rework required by this Article 18; or

18.4.1.2 Canadian Natural, acting reasonably, has determined that Contractor will not or cannot diligently or satisfactorily carry out such Rework,

Canadian Natural shall in its discretion have the right to have such Rework performed by other contractors. Such recourse shall in no way relieve Contractor from its warranty obligations under the Agreement, and the costs of such interventions shall be charged to Contractor, but Rework performed by others shall not be subject to Contractor's warranty obligations.

18.5 Warranties To Be Provided by Others

Without in any manner limiting Contractor's warranty obligations under the Agreement, Contractor shall ensure that warranties and guarantees obtained from any other members of Contractor Group are made in favour of Canadian Natural. If Canadian Natural so requires in writing, Contractor Group's warranty obligations shall be enforceable directly by and shall be assignable to Canadian Natural for warranty periods not less than those provided by Contractor hereunder, to any longer periods required pursuant to any SPA described in Section 14.2.

18.6 Warranty Exclusions

Warranties on materials exclude normal wear and tear, subject to Contractor compliance with Section 14.5, damage proven to be caused by a third party or Canadian Natural unless such damage is due to acts, omissions or faulty instructions of Contractor Group.

18.7 **Initial Warranty Period**

Without limiting any other warranties and guarantees set forth in the Agreement, the warranties provided for by this Article 18 shall continue and apply for a period (the "**Initial Warranty Period**") ending upon the later of:

18.7.1 a period of thirty-six (36) months calculated from the date of issuance of the Substantial Completion Certificate for the Work, or in respect of a Functional Unit; or

18.7.2 twelve (12) months from the date the Work or Functional Unit first commences Commercial Operation.

The Initial Warranty Period shall be extended for any Rework or time for operational stoppages to allow Rework as provided for in Section 18.8.

18.8 **Warranty Period on Rework**

Contractor shall warrant all Rework performed under its warranty obligations as of the date of Canadian Natural's acceptance of such Rework and for a period of the same duration as that of the Initial Warranty Period. Such Warranty Period for Rework shall take effect as of Canadian Natural's acceptance of such Rework and satisfactory completion, including testing, of all Rework and shall be adjusted and extended by any period or periods during which operations of the Project is ceased to allow such required Rework to be performed.

19 **CHANGE ORDERS**

19.1 **General**

Notwithstanding anything to the contrary, Change Orders shall only be used to modify the Contract Price or the Scope of Work, including, without limitation, the Contract Schedule.

19.2 **Canadian Natural Initiated Change Orders**

19.2.1 At any time during the performance of the Work, Canadian Natural shall have the right to modify (by additions, deletions, substitutions or any other alterations) the Scope of Work and the Contract Schedule (each a "**Modification**"). Upon receipt of Canadian Natural's request, Contractor shall as soon as practicable and in any event within fourteen (14) days of such request, prepare an Evaluation.

19.2.2 Canadian Natural shall, within fourteen (14) days after receiving an Evaluation, inform Contractor as to its Approval or disapproval of, or comments on, the Evaluation. If Canadian Natural decides to proceed with a Modification and accepts an Evaluation as submitted or after incorporating comments, it shall issue to Contractor a written Change Order with a full description of the Modification and, subject to Section 19.9, any mutually agreed adjustments to the Scope of Work, Contract Price or Contract Schedule. Contractor shall sign and return such Change Order to Canadian Natural as its acceptance of the requested Modification and any specified variation to the Scope of Work, the Contract Schedule and the Contract Price and on related Personnel, equipment and materials requirements.

19.2.3 Contractor shall carry out all Modifications required under any and all Change Orders and shall strictly comply with the schedule, terms and conditions set forth in such Change Orders and with all Agreement requirements unmodified therein.

- 19.2.4 Should any parts of the Work be withdrawn by Change Order, Contractor shall immediately cease performance on such parts of the Work.

19.3 Contractor Initiated Change Orders

- 19.3.1 For the purposes hereof, the term "**Event Change**" means the occurrence of an event that gives rise to a material increase to the obligations of Contractor in relation to the Scope of Work, a material increase in the cost to Contractor to perform the Work or a material adverse affect on the ability of Contractor to meet the Contract Schedule and, in addition, constitutes either:

19.3.1.1 a circumstance in respect of which the Agreement expressly provides that Contractor may submit a request to Canadian Natural for a Change Order; or

19.3.1.2 a circumstance that Contractor can demonstrate is solely due to an act or omission of Canadian Natural, could not have been reasonably foreseen by an experienced contractor and was not, or the implications thereof were not, contemplated or provided for by the Agreement.

If an Event Change occurs, Contractor may submit for Canadian Natural's consideration a request for a Change Order pursuant to and in accordance with the provisions of this Section 19.3.

- 19.3.2 Contractor shall submit such request for Change Order to Canadian Natural within a maximum of fourteen (14) days of the occurrence of any Event Change. Contractor shall prepare at its own cost and, within twenty- eight (28) days from the occurrence of the Event Change, submit to Canadian Natural an Evaluation of all its consequences with fully substantiated supporting documents. Contractor shall not be entitled to and hereby waives any Claim or potential Claim based on the occurrence of such Event Change if Contractor fails to comply with the foregoing requirements.

- 19.3.3 Canadian Natural shall within fourteen (14) days after receiving the Evaluation from Contractor pursuant to sub-Section 19.3.2, respond with Approval, disapproval or comments, provided that Canadian Natural shall consider all reasonable Contractor initiated Change Orders as long as the same do not conflict with sound industry or fabrication practice or place Canadian Natural in breach of any contract or other instrument to which it is a party or by which it is bound and the performance, reliability, operation and maintenance costs and procedures of the Project could not reasonably be expected to be adversely affected thereby. Contractor shall not delay any Work while awaiting a response.

- 19.3.4 Contractor shall not be entitled to any payment in respect of an Event Change prior to receipt of a Change Order signed by Canadian Natural.

- 19.3.5 In the event of Force Majeure, and subject to sub-Section 41.2.2, Contractor may submit to Canadian Natural a request for a Change Order pursuant to sub-Section 19.3.2, but only for an extension of time.

19.4 Change in Applicable Law

- 19.4.1 A Party (the "**Affected Party**") shall be entitled to submit to the other Party (the "**Unaffected Party**") a request for Change Order if a change in the Applicable Laws of Canada is enacted and comes into effect after the Effective Date and which the Affected Party could not reasonably have known prior to the Effective Date, provided that:

19.4.1.1 the Affected Party shall issue to the Unaffected Party such request for Change Order together with an Evaluation (prepared at the Affected Party's own cost) of all of the consequences of such change within thirty (30) days following the date such change actually becomes effective as Applicable Laws of Canada;

- 19.4.1.2 the Unaffected Party shall, within thirty (30) days after receiving a request for a Change Order from the Affected Party pursuant to this Section 19.4, respond with approval, disapproval or comments;
- 19.4.1.3 Contractor, if it is the Affected Party, shall not delay any Work while awaiting a response from Canadian Natural; and
- 19.4.1.4 any substantial increase or decrease in the costs to perform the Work arising from any such change in Applicable Laws of Canada shall entitle the Affected Party to initiate a Change Order in respect of any such changes and thereby result in a corresponding increase or decrease in the Contract Price.

Notwithstanding the foregoing, Contractor shall bear the effects of any changes in Taxes assessed against profits, dividends and income of Contractor or any other member of Contractor Group, personal income tax of employees, agents or servants, customs duties on the personal effects of employees, agents or servants and the effects of any fluctuations or decisions of any authority regarding exchange rates, as well as any expenses (including Taxes) resulting from Subcontracts.

19.5 Adjustments to Contract Price Due to Change Orders

- 19.5.1 The Parties acknowledge and agree that a Change Order initiated by Canadian Natural pursuant to Section 19.2 or 19.4, or by Contractor pursuant to Section 19.3 or 19.4 may require an increase or decrease in the Contract Price. The Parties further agree that the following shall apply to any adjustments to the Contract Price due to Change Order:
 - 19.5.1.1 the effect of a Change Order on the Contract Price set forth in any Evaluation shall be set forth as a lump sum price adjustment to the Contract Price to the extent feasible;
 - 19.5.1.2 where a lump sum adjustment to the Contract Price is not feasible as determined by Canadian Natural's Representative, or where requested by Canadian Natural, unit rates, as detailed in Schedule B (Compensation), shall be used to calculate the increase or decrease to the Contract Price. In such event, Contractor shall provide Canadian Natural with the opportunity and access to check actual quantities and rates used to calculate the final value of the Change Order;
 - 19.5.1.3 where adjustment to the Contract Price on a lump sum or unit rate basis is not feasible as determined by Canadian Natural Representative, time rates (daily and hourly rates) shall be utilized. In such a case, Contractor shall have the obligation to submit for Approval any expense to be incurred in relation to the considered change and, for each day of the performance of the change, all and any measurement sheets with all the components involved;
 - 19.5.1.4 where changes to the Contract Price relate solely to materials purchased and unit rates are not feasible, as determined by Canadian Natural Representative, the Evaluation shall be based on vendor quotations on a reimbursable "cost plus fee" basis as set out in Schedule B (Compensation), it being understood that reimbursements shall be made on presentation of satisfactory justification with appropriate supporting documents; and
 - 19.5.1.5 payment conditions shall be specific for each Change Order.

19.6 Contract Schedule Adjustment

Any adjustment of the Contract Schedule associated with any Change Order shall be effected in accordance with the provisions of Section 15.5.

19.7 No Claims for Change Orders

Adjustments as indicated in Change Orders shall be deemed to take into account the full and final effects of the considered modifications upon any and all aspects of the Agreement. Contractor hereby agrees to make no further Claim for any other consequences of any Change Order whether directly or indirectly resulting therefrom, at the time of such Change Order or thereafter.

19.8 Optional Work

The Optional Work set forth in Schedule A (Scope of Work) shall only be performed upon the notice thereof if exercised by Canadian Natural by delivery of a written notice in accordance with the requirements of Schedule A (Scope of Work) and issuance of a corresponding Change Order.

19.9 Disputes Concerning Change Orders

19.9.1 Should the Parties fail to reach agreement on adjustments due to any Change Order, Canadian Natural shall have the right to establish such adjustments, including means and amount of compensation, and any adjustments to the Contract Schedule it considers appropriate to the circumstances acting reasonably, and to instruct Contractor to proceed with the modifications to the Scope of Work, the Contract Schedule or any part of the Work and Contractor agrees to so proceed.

19.9.2 During and after performance of the relevant Work related to any Change Order, Contractor shall submit proper documentation, including relevant time sheets, substantiating any increase or decrease in time spent on the modified Scope of Work or Contract Schedule.

19.9.3 Canadian Natural Representative and Contractor Representative shall each continue to use all reasonable commercial efforts in order to reach agreement in respect of the terms and conditions of any and all pending Change Orders.

19.9.4 If, as a result of agreement reached between the Parties, or the decision at the completion of any applicable binding dispute resolution proceedings, the compensation or adjustments to the Scope of Work, Contract Price, Contract Schedule or any part of the Work differ from those established by Canadian Natural provided for above, the relevant Change Order conditions as established by Canadian Natural shall be revised accordingly. In no event shall the performance of the Work be interrupted or slowed due to any dispute between the Parties concerning the adjustments contemplated hereunder.

19.9.5 Contractor acknowledges and agrees that upon the Parties agreeing and executing any Change Order, Contractor shall be deemed to have confirmed that all changes or modifications to the Contract Price, the Contract Schedule, the Scope of Work and related Contractor's Personnel, equipment and materials requirements have been fully taken into consideration and accounted for and that the circumstances on the basis on which a Change Order was initiated are independent of and not related to or in any manner linked to any other past, future or present circumstance or event and that the circumstances taken into account in effecting the Change Order shall not be considered in respect of any other Change Order nor for the purposes of any cumulative effect of any Change Orders.

19.10 Change Orders as Part of Agreement

Change Orders shall in no way vitiate or invalidate the Agreement, and, unless otherwise specified in Change Orders, all provisions of the Agreement shall apply to Change Orders.

20 APPLICABLE LAWS

20.1 Compliance with Applicable Laws

During the performance of the Agreement, including Warranty Periods, Contractor shall observe, be bound by and comply (and ensure compliance by all other members of Contractor Group) with all Applicable Laws and Contractor shall give all notices and furnish any bonds, deposits and securities required by Governmental Authorities to permit the performance of the Work. Contractor shall indemnify, defend and hold harmless Canadian Natural against any and all Claims arising out of or in connection with any non-compliance by Contractor Group with Applicable Laws.

20.2 Compliance of Work, Schedules and Drawings

Contractor shall ensure that the Work is performed, and that the Schedules and drawings forming part of the Agreement are, in accordance with all Applicable Laws and, subject to the other terms of the Agreement, shall indemnify, defend and hold Canadian Natural harmless from all loss, liability, expense and damage caused by its failure to do so. If Contractor determines that any Work, Schedules and drawings are not in compliance with Applicable Laws, then Contractor at its own cost and expense (subject to Section 19.4) shall: (i) immediately notify Canadian Natural of the variance; and (ii) make any necessary revisions to comply with such Applicable Laws.

20.3 Permits and Authorizations

20.3.1 Contractor shall:

20.3.1.1 be responsible for obtaining and maintaining all required permits, licenses, certificates, approvals and other authorizations required under Applicable Laws that are necessary for or applicable to Contractor performing the Work (collectively, "**Authorizations**");

20.3.1.2 abide by any existing Authorizations and other Authorizations obtained after the Effective Date that are applicable for carrying out the Work; and

20.3.1.3 provide all necessary support required by Canadian Natural to obtain any amendments to Authorizations necessary for or as a result of carrying out the Work or otherwise related to the Work.

20.4 APEGA Compliance

20.4.1 Without limiting Section 20.1 above, if Contractor is performing any professional engineering or professional geoscience work as part of the Work, Contractor shall from time to time, upon request, provide Canadian Natural with satisfactory documentary evidence of its legal right to provide such services as more particularly defined under the Engineering and Geoscience Professions Act (Alberta), or such other governing legislation as may apply to the particular jurisdiction where the Work will be performed.

20.4.2 Contractor shall maintain professional registration in good standing at all times during the performance of the Work and shall provide evidence of the maintenance of such status to Canadian Natural upon request.

20.4.3 Contractor shall comply with Canadian Natural's Professional Practice Management Plan unless otherwise approved in writing by Canadian Natural.

21 HEALTH, SAFETY AND ENVIRONMENT

21.1 General

21.1.1 At all locations where Work is performed, Contractor shall be responsible for ensuring at its own cost the health, safety and welfare of all Persons involved in the performance or inspection of the Work, and in particular for:

- 21.1.1.1 identifying all related hazards which may be encountered in the performance of the Work;
 - 21.1.1.2 providing all necessary information in respect of any potential hazard associated with the performance of the Work;
 - 21.1.1.3 providing appropriate safety equipment, gear and protective clothing and training;
 - 21.1.1.4 taking adequate safety, prevention, health, and emergency response measures; and
 - 21.1.1.5 demonstrating that its functional organization and corresponding resources satisfy the requirements of this Article 21 at any time for the performance of the applicable Work.
- 21.1.2 Contractor shall also take all necessary appropriate measures to protect the environment and shall at all times ensure that its health, safety and environment procedures and practices and those of the other members of Contractor Group shall meet or exceed the health, safety and environment requirements as detailed in Schedule G (Health, Safety and Environment) and Contractor shall take all necessary or appropriate measures to protect Canadian Natural's property at all Workshops.

21.2 Environmental Protection

Contractor shall, and shall cause the other members of Contractor Group, to comply with the environmental protection provisions of Schedule G (Health, Safety and Environment).

22 CONTRACTOR'S PERSONNEL

22.1 General

In order to properly perform the Work in accordance with the Contract Schedule and all other Agreement requirements, Contractor shall provide and employ all required Personnel (including technical specialists, employees and labour) in sufficient numbers, and Personnel shall in every case be fully skilled, competent and experienced in their respective fields.

22.2 Key Personnel

- 22.2.1 Key Personnel shall be permanent senior staff of Contractor and shall be fully qualified and experienced in the field and position for which they are intended.
- 22.2.2 Contractor shall not change any Key Personnel except in the following cases:
 - 22.2.2.1 death, serious illness or injury of such Key Personnel or their immediate family; or
 - 22.2.2.2 definitive resignation of such Key Personnel (and without accepting any new position with Contractor or any Affiliate of Contractor); or
 - 22.2.2.3 Contractor makes a written request to Canadian Natural specifying its reasons for wishing to reassign Key Personnel, and Canadian Natural, in its sole discretion, which may be withheld for any reason, approves such reassignment.
- 22.2.3 Contractor shall submit for prior Approval the names and resumes of any proposed substitute Key Personnel and shall, unless otherwise Approved, organize a sufficient transition period between outgoing and incoming Key Personnel.

22.2.4 If Contractor reassigns Key Personnel without Canadian Natural's approval in accordance with paragraph 22.2.2.3 then, for those Key Personnel so identified in Schedule A (Scope of Work), liquidated damages as specified in said Schedule shall apply to each occurrence of reassignment.

22.2.5 Contractor shall, upon request by Canadian Natural, provide satisfactory supporting documents to evidence the events set out in sub-Sections 22.2.2 and 22.2.3.

22.3 Necessary Permits

Contractor shall at its own cost obtain from applicable Governmental Authorities, and maintain in good standing, all visas, work permits, residency permits, licenses and other authorizations required in connection with the engagement by Contractor or any other member of Contractor Group of expatriate Personnel in the execution of the Work in any jurisdiction.

22.4 Site Rules and Code of Business Ethics

At all times during the performance of the Work, Contractor shall ensure that Personnel in Contractor Group comply with the Site Rules and Code of Business Ethics.

22.5 Substitution of Personnel at Canadian Natural's Request

Canadian Natural shall be at liberty to object to, and require Contractor to remove or have removed forthwith from the Work, any Person directly or indirectly employed or contracted for the performance of the Work, whose behaviour is inconsistent with the Code of Business Ethics or Canadian Natural's health, safety and environmental requirements (including Article 21 and Schedule G (Health, Safety and Environment)), or who, in Canadian Natural's reasonable opinion, is not competent, is not qualified to perform the Work, is insubordinate or guilty of improper conduct, may in a material manner jeopardize Canadian Natural's public relations or goodwill or is otherwise not fit to provide the services required of such Person in relation to the Work. Contractor shall immediately have such Person replaced by an acceptable substitute at no extra cost to Canadian Natural, and shall be liable for and as a separate covenant shall indemnify and save Canadian Natural harmless against any Claims made by any such Person against Canadian Natural as a result of such removal.

23 WORK LOCATIONS

23.1 Contractor Documents at Work Locations

Contractor shall, with respect to all Work being performed at any specific location, provide Canadian Natural Representative or its delegates with access to, and an original quality copy of, the latest issue of all Contractor Documents relevant to the performance of such Work, together with all relevant Specifications, Standards and Codes and norms referred to in the Agreement in relation to such Work. Contractor shall maintain and make available to Canadian Natural Representative or its delegates a complete set of each update from time to time to such Contractor Documents.

23.2 Access to Computer Programs and Models

Contractor shall, at all times during all phases of the Work, allow and use reasonable efforts to require the Subcontractors to allow Canadian Natural Representative, or its delegates, free and full access to all the computer program applications, files and models utilized for the performance of the Work, it being understood that such access shall be for the purposes of technical audit and technical follow up of the Work only.

24 CONTRACTOR EQUIPMENT

24.1 Standards of Contractor Equipment

Contractor Equipment shall be fit for the use it is intended for and be maintained by Contractor at all times in good operating condition with appropriate and uninterrupted valid certification in accordance with Applicable Laws and Agreement requirements during the course of the Work and through any applicable Warranty Period.

24.2 Canadian Natural's Right to Inspect Contractor Equipment

At all times prior to and during the performance of the Work, Contractor shall allow, and cause Contractor Group members to allow, Canadian Natural's Representative or its delegates to have full and free access to any Contractor Equipment for inspection, safety or security purposes.

24.3 Obligations of Others

Contractor shall cause the other members of Contractor Group to comply with the provisions of this Article 24 to the extent reasonably applicable to them in relation to their performance of any part of the Work

25 CONTRACT PRICE

25.1 Contract Price

25.1.1 Canadian Natural agrees to pay the Contract Price and Contractor agrees to accept the Contract Price as full compensation for the complete performance of the Work in full compliance with the Agreement.

25.1.2 Contract Price adjustments due to Change Orders shall be taken into consideration for modification of the amount of all required Financial Instruments. Calculation of the amount of all required Financial Instruments shall be as stipulated in Schedule B (Compensation). Calculation of liquidated damages, if applicable, shall be as stipulated in Schedule B (Compensation).

26 TAXES AND CUSTOMS DUTIES

26.1 General

26.1.1 Subject to Section 26.3, Contractor shall be liable and responsible for all applicable Taxes and related costs imposed upon Contractor by any Governmental Authority having jurisdiction over Contractor or the Work. No additional payment will be made by Canadian Natural to compensate Contractor as a result of costs associated with any Tax obligations of Contractor as set out in this sub-Section.

26.1.2 In the event any compensation that Canadian Natural is required to pay to Contractor under this Agreement includes reimbursement or payment of Contractor's Taxes for which Contractor is entitled under Applicable Laws to obtain a refund or reduction in respect of, then Contractor shall, at no additional cost to Canadian Natural and in a timely manner, apply for and take such steps as are necessary to obtain such refund or reduction. Contractor shall forthwith remit to Canadian Natrual the full amount of the refund or reduction obtained. Upon request Contractor will provide to Canadian Natural, copies of all documentation, information and correspondence in respect of the application and the refund or reduction obtained.

26.1.3 In the event Canadian Natural requires information from the Contractor in the course of Canadian Natural meeting its Tax obligations under Applicable Laws, then upon request from Canadian Natural, Contractor shall, at no additional cost to Canadian Natural and in a timely manner, provide to Canadian Natural such requested documentation, information and correspondence.

26.1.4 Contractor shall be liable and responsible for the payment of all employment taxes and contributions imposed by Applicable Laws, or required to be paid on behalf of Contractor's Personnel, including but not limited to, taxes and contributions for income tax, workers' compensation, employment insurance, provincial health insurance, old age benefits, welfare funds, pensions and annuities and disability insurance.

26.2 Withholding Tax

26.2.1 Canadian Natural may deduct or withhold from any payments made under the Agreement any such amounts that are required to be deducted or withheld therefrom in respect of any Taxes under Applicable Laws and shall remit such amounts to the specified Governmental Authority. In this respect, Canadian Natural shall, within a reasonable amount of time, furnish a tax form, receipt or other evidence to Contractor that shows payment of any Taxes or withholding permitted under the foregoing.

26.2.2 For greater certainty and without limitation to the foregoing, Canadian Natural is obligated by the *Income Tax Act* (Canada) to withhold amounts in respect of Taxes payable by Contractor, at applicable rates then in effect pursuant to Applicable Laws, calculated as a percentage of payments to Contractor if it is a non-resident of Canada for the purposes of such Act in respect of services rendered in Canada pursuant to the Agreement and in respect of amounts subject to Part XIII of the *Income Tax Act* (Canada).

26.2.3 It is Contractor's sole responsibility to ascertain the impact on the Agreement and its operations of tax withholding, exemptions, waivers, tax credits and similar obligations under reciprocal agreements with Canadian and foreign countries, credits in its country of residence or for rebates from the applicable Governmental Authority for any amount of withholding Taxes collected by Canadian Natural and remitted on behalf of Contractor to such applicable Governmental Authority.

26.2.4 Where permitted by the Applicable Laws, Contractor may apply for a waiver in respect of such deductions or withholdings. If a waiver is obtained, Contractor shall:

26.2.4.1 immediately advise Canadian Natural thereof;

26.2.4.2 provide Canadian Natural with a copy of such waiver;

26.2.4.3 comply with any conditions or restrictions imposed upon Contractor by the Governmental Authority in granting the waiver; and

26.2.4.4 comply with any applicable provisions of Applicable Laws that would apply to Contractor by virtue of having obtained the waiver.

26.2.5 Upon receipt of appropriate official written evidence or documentation in respect of a waiver obtained pursuant to sub-Section 26.2.4 and upon certification of compliance with any conditions to the availability of such waiver to Contractor, Canadian Natural shall not deduct or withhold the applicable Taxes from the amounts subject to such waiver. Contractor represents and warrants that any official written evidence or documentation furnished to Canadian Natural in this respect shall be accurate, complete and in accordance with the Applicable Laws.

26.2.6 Contractor shall promptly give written notice to Canadian Natural of any change in the corporate structure, ownership or identity of Contractor that would result in Canadian Natural's obligation to withhold and remit Taxes arising or changing under Applicable Laws, together with supporting documentation reasonably requested by Canadian Natural for the purposes of Section 26.2.

26.2.7 Notwithstanding anything to the contrary contained herein, where Canadian Natural's obligation to withhold and remit Taxes arises or changes under Applicable Laws as a result of any change in the corporate structure, ownership or identity of Contractor or the assignment of Contractor's interest

or any portion thereof under Section 7.2 or otherwise, Canadian Natural shall be entitled to withhold and remit such Taxes from the amount specified for payment hereunder to Contractor without any gross up for the Taxes so withheld, so that the amount paid to Contractor shall equal the amount specified for payment hereunder less the Taxes so withheld by Canadian Natural.

- 26.2.8 It is expressly understood and agreed that no additional payment will be made by Canadian Natural to compensate Contractor or the Contractor Group as a result of costs associated with any withholding tax obligations applicable to Canadian Natural or Contractor.
- 26.2.9 Contractor shall disclose separately on each invoice the charge for amounts subject to Part XIII of the *Income Tax Act* (Canada), including but not limited to, amounts in respect of royalties, rents, intellectual property, interest, and licences and shall submit supporting documentation for such charge to Canadian Natural with such invoice. Supporting documentation for all reimbursable expenses shall be submitted to Canadian Natural with the corresponding invoice and shall be summarized in a report accompanying such invoice in a manner that facilitates reconciliation to supporting documentation. Contractor shall disclose separately on each invoice the charge for fees, commissions and other amounts for services rendered in Canada from the charge for fees, commissions or other amounts for services rendered outside of Canada or for materials and shall submit supporting documentation for such charges to Canadian Natural with such invoice. If a non-resident Contractor does not disclose separately on the invoice the charge for services rendered in Canada, Canadian Natural shall withhold the entire amount of the invoice.

26.3 GST and HST

- 26.3.1 The Parties acknowledge that the Contract Price is exclusive of any Canadian goods and services tax and harmonized sales tax, which may be applicable to the Work and disclosed in any invoices issued by Contractor under the Agreement. Any such Canadian goods and services tax and harmonized sales tax shall be:
 - 26.3.1.1 calculated as required by Applicable Laws of Canada;
 - 26.3.1.2 reflected on the applicable invoice in the manner outlined herein or Schedule B (Compensation); and
 - 26.3.1.3 paid by Canadian Natural in accordance with the provisions hereof and Schedule B (Compensation).
- 26.3.2 Contractor shall file with any applicable Governmental Authority any remittances or other materials required to be filed pursuant to Applicable Laws within the time periods specified therein.

26.4 Customs Duties

- 26.4.1 Notwithstanding any provision to the contrary in the Agreement, with respect to any of the following, Contractor shall be the Person on behalf of whom and for whose benefit any of the following shall be imported into Canada. Contractor shall be responsible to account for and pay and Contractor shall bear at its sole cost, risk and liability, and Canadian Natural shall not reimburse, any customs duties, tariffs, import taxes and other charges, expenses or fees whatsoever relating in whole or in part to the importation and exportation or re-exportation of:
 - 26.4.1.1 any part of the Results of Work, including Contractor Items and Canadian Natural Items, if applicable, into or out of any country;
 - 26.4.1.2 any Contractor Equipment, including consumables and parts therefor; and

26.4.1.3 material, equipment, consumables, spare parts, Contractor Equipment, and in general anything necessary to effect Rework, under warranties and guarantees or due to any act, omission or default of Contractor during, or identified during, the Warranty Period.

26.5 Compliance with Customs Regulations and Procedures

Contractor, as the importer of record, shall strictly comply with all applicable requirements and procedures of Governmental Authorities, including relevant customs authorities and the Canada Border Services Agency, to obtain customs clearance for the importation, exportation or re-exportation of any parts of the Results of Work, including those items acquired pursuant to contracts assigned to Contractor, Contractor Items, Contractor Equipment or Canadian Natural Items under Contractor's custody. Contractor shall be responsible for obtaining the complete relevant detailed procedure from appropriate Governmental Authorities.

26.6 Import and Export Licence Requirements

Contractor shall be, or, if Contractor appoints a customs broker or agent then Contractor shall cause such customs broker or agent to be, responsible for identifying and obtaining in its own name any import and export licences required in any places where the Work is to be performed for any parts of the Results of Work, including Canadian Natural Items and Contractor Items.

26.7 Customs Clearance into Canada

Contractor shall be, or, if Contractor appoints a customs broker or agent then Contractor shall cause such customs broker or agent to be, responsible for preparing and issuing the documents required for any importation required in relation to the Work and customs clearance therefore and shall submit in due time to customs authorities (and to Canadian Natural at the time and in the manner required by Canadian Natural acting reasonably) any and all documents so required. Contractor shall indemnify, defend and hold harmless Canadian Natural from the consequences of any errors or omissions in documents prepared and submitted by or on behalf of Contractor to applicable Governmental Authorities resulting in failure of customs authorities to levy the correct amount in respect of duties, tariffs or Taxes, or any failure to provide timely authorizations or to carry out inspections in a timely manner as a result of such error or omission.

26.8 Co-ordination and Interface with Customs Authorities

As necessary, Contractor shall ensure co-ordination and liaison with customs authorities in order to implement the importation procedure in the most efficient manner.

26.9 Penalties and Fines

Contractor shall have full and sole responsibility for the payment of any and all penalties, fines, fees and liabilities imposed on Contractor Group, for failure to pay required customs duties, tariffs and similar charges or to comply with Applicable Laws in respect of import procedures and shall indemnify, defend and save harmless Canadian Natural from any Claims relating to the same.

26.10 Additional Customs Documentation

26.10.1 Contractor shall make available to Canadian Natural's Representative the country of origin or manufacture of foreign components included or to be included in the Work and in respect of such components, shall advise Canadian Natural which certain components may enter Canada duty free. In addition, to the extent any such foreign components may qualify for a duty drawback, refund of duties, duty deferral or remission in the name of Contractor, Contractor, if requested by Canadian

Natural, shall provide to Canadian Natural's Representative copies of the documentation, applications for drawback, duty deferral and other customs forms required in relation to the Agreement.

- 26.10.2 Contractor shall disclose to Canadian Natural's Representative all custom rulings, appeals, special permits, tariff adjustments or preferential tariff treatments on all materials, services equipment or components in relation to the Agreement.
- 26.10.3 Contractor, shall make available to Canadian Natural's Representative all forms, certificates of origin, or other supporting documentation required by the North American Free Trade Agreement (NAFTA), Canada Chile Free Trade Agreement (CCFTA), Canada Israel Free Trade Agreement (CIFTA) or other applicable free trade agreements and any Applicable Laws on imported materials, components, goods or services manufactured in other countries and incorporated in the Work.
- 26.10.4 Contractor shall maintain all records on Harmonized Commodity Description and Coding System Tariff classifications developed by the Customs Cooperation Council on imported equipment, materials and other services imported into Canada in relation to the Agreement and if requested by Canadian Natural, shall submit to Canadian Natural's Representative, a copy of all Customs documentation for equipment, material, goods and services imported to Canada and any related duties, taxes, tariff treatment, import or export permits as required by all Standards and Codes and all Applicable Laws.

27 **INVOICING AND PAYMENT**

27.1 **Invoicing and Payment**

- 27.1.1 Invoicing, application for payment and payment procedures as set in Schedule B (Compensation) shall apply to all amounts becoming due under the Agreement including those resulting from Change Orders. Payments on the Contract Price shall only be required for invoicing effected in accordance with Schedule B (Compensation).
- 27.1.2 Any application for payment of an invoice or other documentation provided for by Schedule B (Compensation) and submitted by Contractor which fails to comply with Schedule B (Compensation) may be returned to Contractor and any costs associated with the resubmission of a proper invoice shall be for the account of Contractor.

27.2 **Backcharges**

- 27.2.1 Canadian Natural may, in addition to any other amounts to be retained hereunder, retain from any sums otherwise owing to Contractor, amounts sufficient to cover all costs incurred by Canadian Natural in respect of any of the following:
 - 27.2.1.1 Contractor's failure to comply with any provision of the Agreement or Contractor's acts or omissions in failing to perform any part of the Agreement, including, but not limited to, violation of any Applicable Laws, including those regarding safety, hazardous wastes or materials or environmental requirements;
 - 27.2.1.2 correction of defective or non-conforming Work by Rework or other appropriate means when Contractor states, or by its actions indicates, that it is unable or unwilling to proceed with corrective action in a reasonable time; and

27.2.1.3 actions taken by Canadian Natural to perform Work or Rework that is the responsibility of Contractor, including, clean-up, off-loading or completion of incomplete Work.

27.2.2 Canadian Natural may also backcharge against Contractor for work done or costs incurred to remedy these or any other Contractor defaults, errors, omissions or failures to perform or observe any part of the Agreement. Canadian Natural shall make all reasonable effort to give Contractor written notice before performing actions or work or incurring such costs.

27.3 Set Off

Canadian Natural or Canadian Natural's Affiliates shall have the right to set-off all or any part of an amount owing to Canadian Natural or Canadian Natural's Affiliates, against payment of any amount owing to Contractor or Contractor's Affiliates by Canadian Natural or Canadian Natural's Affiliates under this Agreement or any other agreement.

28 FINANCIAL INSTRUMENTS

28.1 Form and Purpose of Financial Instruments

28.1.1 The Financial Instruments detailed in Schedule B (Compensation) shall be provided and maintained by Contractor as required by Schedule B (Compensation) and shall be held by Canadian Natural:

28.1.1.1 as security for the payment and performance of Contractor's obligations under the Agreement (a "**Security Financial Instrument**"), or

28.1.1.2 in lieu of the retention by Canadian Natural of the holdback amounts stipulated in the *Builders' Lien Act (Alberta)* (a "**Builders' Lien Financial Instrument**"),

as applicable, subject to the limitations set forth in Schedule B (Compensation).

28.2 Suspension of Payments

Canadian Natural shall not be obligated to make any payments to Contractor if at any time Contractor fails to maintain the required Financial Instruments in accordance with Schedule B (Compensation) or any such Financial Instrument proves not to be enforceable, or should the issuer thereof fail to pay or perform or be enjoined from paying or performing, at any time and for any reason, until Contractor has provided Canadian Natural with a replacement Financial Instrument meeting the requirements of Schedule B (Compensation).

28.3 Demands

28.3.1 Canadian Natural shall be entitled to make a demand for payment or performance under a Security Financial Instrument at any time that it reasonably believes in good faith that Contractor is in breach or default of an obligation or liability which has not been cured in accordance with the provisions of Article 39, and that is secured by the Financial Instrument in accordance with Schedule B (Compensation).

28.3.2 Canadian Natural shall be entitled to make a demand for payment under the Builders' Lien Financial Instrument if any builders' lien arising under or through the Agreement is registered. The amount that Canadian Natural may demand under the Builders' Lien Financial Instrument shall be as determined pursuant to Schedule B (Compensation). Canadian Natural shall be entitled to apply the funds so received in the manner contemplated in sub-Section 41.3, with any amount remaining to be held and applied by Canadian Natural as a holdback amount pursuant to the *Builders' Lien Act (Alberta)*.

28.3.3 If Canadian Natural receives a payment as a result of a demand under a Security Financial Instrument and if it is later established that Contractor was not in breach or Default of any of its obligations as indicated by Canadian Natural in its notice to Contractor then Canadian Natural shall reimburse such payment to Contractor and shall also reimburse Contractor for any bank charges, interest charges and other expenses which Contractor has paid as a direct result of Canadian Natural's demand on the Security Financial Instrument, provided that such charges and expenses are reasonable, necessarily incurred (and are not recovered from or refunded to Contractor by a Third Party) and are supported by appropriate documentation acceptable to Canadian Natural, but Canadian Natural shall have no other liability to Contractor in respect thereof.

29 LIQUIDATED DAMAGES

29.1 Liquidated Damages

29.1.1 The Parties' rights and obligations with respect to liquidated damages, to the extent applicable, shall be as provided for in Schedule B (Compensation).

30 ACCOUNTING AND AUDIT

30.1 No Waiver

The payment by Canadian Natural to Contractor of any invoice submitted by Contractor to Canadian Natural under the Agreement shall not be construed as waiver of Canadian Natural's right to object to the accuracy or correctness of such invoice.

30.2 Books and Records

Contractor shall keep, and cause Contractor Group to keep, in accordance with generally accepted accounting practice, accurate detailed records and accounts pertaining to the performance of the Work, including personnel records, correspondence, receipts, vouchers, memoranda, computerized data and information necessary for an accurate audit, for a period (the "**Audit Period**") continuing during the duration of the Agreement and for an additional period of three (3) years, or longer if required by Applicable Laws, following the date of issue of the Final Acceptance Certificate or termination of the Agreement, whichever is earlier.

30.3 Audit

30.3.1 Canadian Natural shall have the right from time to time during the Audit Period to audit (or have audited) and to copy any records, invoices, documents and accounts of Contractor:

30.3.1.1 for verification of any sum payable by Canadian Natural to Contractor under the Agreement; or

30.3.1.2 related to confirming compliance with the Agreement in the performance thereof, including confirmation of materials or services provided and methods used.

30.3.2 In the case of termination of the Agreement by Canadian Natural under the provisions of Articles 39, 41 or Section 40.2, Canadian Natural's rights under sub-Section 30.3.1 shall extend to any documentation related to costs, if any, to be reimbursed by Canadian Natural to Contractor following such termination.

30.3.3 If, as a result of an audit conducted by or on behalf of Canadian Natural pursuant to this Article 30, it is established that any invoices submitted by Contractor and paid by Canadian Natural are inaccurate or incorrect, Contractor shall promptly adjust such error and send to Canadian Natural the corresponding invoice, credit note or amounts owed.

- 30.3.4 Contractor shall ensure that it and each of the other members of Contractor Group shall obtain in favour of Canadian Natural the right to the inspection and audit of any of its Subcontractors in respect of the Work, but such right shall not extend to the audit of profits. Canadian Natural shall, for the purpose of the inspection and audit, determine the selection of each Subcontractor to be inspected and audited. At Canadian Natural's reasonable request from time to time, Contractor shall assist Canadian Natural in enforcing such rights of inspection and audit, including by enforcing any related rights Contractor may have under a Subcontract of any tier.
- 30.3.5 Contractor shall ensure that comparable rights to those provided to the Canadian Natural in this Article 30 are included in favour of Canadian Natural under all Subcontracts.
- 30.3.6 Canadian Natural shall use reasonable efforts to ensure that audits conducted pursuant to this Section 30.3 do not interfere with the activities and business of Contractor and its Subcontractors. Canadian Natural shall provide Contractor with reasonable notice of such audit and audits shall be conducted during normal business hours.

31 INDEMNITIES AND LIABILITIES

31.1 Contractor Liability and Indemnity

31.1.1 Except as otherwise specifically set forth in this Agreement, Contractor shall:

31.1.1.1 be liable to Canadian Natural for; and

31.1.1.2 as a separate and independent covenant, shall indemnify and save harmless Canadian Natural from and against, any and all Claims arising out of, or connected with:

31.1.1.2.1 the performance, non-performance or negligent performance by Contractor of its obligations under this Agreement except to the extent caused by the negligence or wilful misconduct of Canadian Natural; or

31.1.1.2.2 a breach by Contractor of its confidentiality obligations under this Agreement.

31.2 Consequential Losses

31.2.1 In no event shall either Party be liable to the other Party for any Consequential Losses. This limitation does not apply:

31.2.1.1 where the Consequential Loss is caused by Contractor Group's gross negligence, wilful misconduct, fraud, or liability to a Third Party as provided for in Section 31.5;

31.2.1.2 where the Consequential Loss is caused by Canadian Natural Group's gross negligence, wilful misconduct, fraud, or liability to a Third Party as provided for in Section 31.5;

31.2.1.3 to a breach of the intellectual property rights of another Person or of confidentiality obligations hereunder; and

31.2.1.4 to the extent of the Contractor's liability for liquidated damages, if any, under this Agreement.

31.3 Contractor Waiver

31.3.1 Notwithstanding the other terms contained within this Article, Contractor waives all rights of recourse against Canadian Natural Group, and Contractor shall be liable for and, as a separate and independent covenant, shall indemnify, defend and hold harmless Canadian Natural Group from and against any and all Claims, made by Contractor Group for:

31.3.1.1 injuries to or disease or death of Contractor Group Personnel; and

31.3.1.2 damages to or loss of owned, hired or leased facilities, equipment, vessels, craft of all sorts and other personal property of Contractor Group including loss of use thereof,

howsoever caused, and without limiting the generality of the foregoing, including the negligence of Canadian Natural Group.

31.4 Canadian Natural Waiver

31.4.1 Notwithstanding any other term contained within this Article, Canadian Natural waives all rights of recourse against Contractor Group and Canadian Natural shall be liable for and, as a separate and independent covenant, shall indemnify, defend and hold harmless Contractor Group from and against any and all Claims made by Canadian Natural Group for:

31.4.1.1 injuries to or disease or death of Canadian Natural Group Personnel; and

31.4.1.2 damages to or loss of owned, hired or leased facilities, equipment, vessels, craft of all sorts and other personal property of Canadian Natural Group including loss of use thereof,

howsoever caused, and without limiting the generality of the foregoing, including the negligence of Contractor Group. This waiver excludes any (i) goods or services provided pursuant to this Agreement including Results of Work, Work, Rework, (ii) Canadian Natural Assets, and (iii) items referred to in sub-Section 31.4.1.2 to the extent the same are or are intended to form part of the Canadian Natural Assets.

31.5 Third Party Damage

Notwithstanding the terms contained within this Article, each of the Contractor Group and the Canadian Natural Group (each a "**group**") waives all rights of recourse against the other group and agrees to indemnify, defend and hold harmless the other group from and against any and all Claims made by Third Parties for damage to, or loss of Third Party property, and injury to or death of any Third Party, in each case to the extent caused by the indemnifying group, and arising out of or in relation to the performance of this Agreement

31.6 Survival of Liability and Indemnity Provisions

The liability and indemnity provisions, hereunder, shall survive the termination of this Agreement

31.7 Liabilities and Indemnities Equitable

Each Party agrees that the foregoing liabilities and indemnities are reasonable and equitable

31.8 Notice of Indemnity Claims between the Parties

If a Person (a "**Claiming Party**") claims to be entitled to be indemnified by a Party (the "**Indemnifying Party**") pursuant to the Agreement in respect of a Claim brought solely between a member of Canadian Natural Group and a member of the Contractor Group, then the Claiming Party shall provide prompt notice of the Claim to the Indemnifying Party.

31.9 Indemnity Procedures for Third Party Indemnity Obligations

- 31.9.1 If a Person (a "**Claiming Party**") is entitled to be indemnified by another Party (the "**Indemnifying Party**") pursuant to the Agreement in respect of a Claim brought against the Claiming Party by a Third Party, the Claiming Party shall:
- 31.9.1.1 provide prompt notice upon acquiring knowledge of the subject matter of the Claim (the "**Indemnified Claim**") to the Indemnifying Party;
 - 31.9.1.2 if reasonably requested by the Indemnifying Party, within thirty (30) days from receipt of the notice referred to in the preceding paragraph or such shorter period as the Claiming Party has notified the Indemnifying Party is required by Applicable Law, commence such contest, and provided that the Indemnifying Party has acknowledged to the Claiming Party that the Indemnified Claim is covered by the indemnity herein, the Claiming Party shall at the expense of the Indemnifying Party in good faith contest the validity, applicability or the amount of such Indemnified Claim by all reasonable proceedings or, at the option of the Indemnifying Party, the Indemnifying Party shall be entitled to conduct such contestation or, if the contestation thereof is not in the control of the Claiming Party, exercise any rights to vote (by ballot or otherwise) in respect of the Indemnified Claim as instructed by the Indemnifying Party from time to time;
 - 31.9.1.3 in the event of any contestation of any Indemnified Claim, whether by the Indemnifying Party or the Claiming Party, the other Party shall provide all such assistance, including access to documents and officers and employees, as may be requested by the Party conducting the contestation of the Indemnified Claim and the other Party shall be entitled (at its own expense) to be represented by separate counsel in the contestation; and
 - 31.9.1.4 not settle or agree to pay or, if the settlement or contestation of such Indemnified Claim is not in the control of the Party, exercise any rights to vote (by ballot or otherwise) in favour of a settlement or agreement to pay, the Indemnified Claim without the consent of the other, such consent not to be unreasonably withheld.
- 31.9.2 If the Indemnifying Party has paid an amount in respect of an Indemnified Claim pursuant hereto, then (i) the Indemnifying Party shall be subrogated to any and all Claims which the Claiming Party may have relating thereto without any further action; (ii) the Claiming Party, without limiting its rights to the indemnity herein, shall give such further assurances and agreements and cooperate with the Indemnifying Party to permit the Indemnifying Party to pursue such Claims as and when requested by the Indemnifying Party; and (iii) if the Claiming Party shall subsequently be reimbursed from any source in respect of the Indemnified Claim from any other Person, the Claiming Party shall promptly pay to the Indemnifying Party such amounts received, including interest actually received attributable thereto.

32 MAXIMUM LIABILITY

32.1 Maximum Liability

- 32.1.1 The liability of Contractor to Canadian Natural for all Claims arising under this Agreement, whether arising in contract, tort (including negligence), strict liability or otherwise, shall be limited: (i) to the Contract Price; or (ii) ten million dollars (\$10,000,000), whichever is the greater (the "**Maximum Liability Amount**").
- 32.1.2 Contractor's liability for payment of liquidated damages payable pursuant to Schedule B (Compensation), if any, (excluding goods and services tax or harmonized sales tax payable with respect thereto, if any) shall be included in the Maximum Liability Amount.

- 32.1.3 None of the following amounts will be included in the Maximum Liability Amount for purposes of the limitation of Contractor's liability set forth in this Article 32, amounts incurred or payable by Contractor and Canadian Natural in respect of:
- 32.1.3.1 completing the Work or Rework to attain acceptance of the Work such that the Final Acceptance Certificate in respect of the Work is issued pursuant to Article 17;
 - 32.1.3.2 guarantees and warranties set forth in Article 18;
 - 32.1.3.3 gross negligence of Contractor and Contractor Group; wilful misconduct of Contractor and Contractor Group; fraud of Contractor and Contractor Group; Intellectual Property Rights pursuant to Article 35; breach of confidentiality obligations by Contractor and Contractor Group; breach of Applicable Laws or in relation to Taxes by Contractor and Contractor Group; the liabilities of Contractor in respect of Claims by Third Parties, including Contractor's liabilities pursuant to Section 31.5; liabilities of Contractor in respect of Liens pursuant to Section 42.3; and liabilities of Contractor in respect of title to Contractor Items pursuant to Section 38.1 ; and
 - 32.1.3.4 loss or damage from marine cargo loss of the nature described in paragraph 34.1.2.6.
- 32.1.4 If the Contract Price has not been finally determined by the Parties at the time of the calculation of the Maximum Liability Amount and to the extent the Maximum Liability Amount is calculated by reference to the Contract Price, then:
- 32.1.4.1 the Contract Price shall not be reduced by the amount of any liquidated damages; and
 - 32.1.4.2 once the Contract Price is finally determined by the Parties, the Maximum Liability Amount shall be adjusted accordingly.

33 **AUTHORITY TO ENFORCE**

Canadian Natural and Contractor acknowledges that certain of the indemnities and limitations of liability set forth in this Agreement are included not only for its own benefit but also for the benefit of the members of the Canadian Natural Group and the Contractor Group who are not Parties, and agrees such provisions may be enforced by such third party beneficiaries, or by Canadian Natural or Contractor as applicable on its behalf.

34 **INSURANCE**

34.1 **Contractor Insurance**

- 34.1.1 Contractor shall, at its own cost and expense, maintain and cause its subcontractors of any tier to maintain, in full force and effect, throughout the duration of the Agreement (including the Warranty Period) and thereafter, until all materials and Contractor Equipment used by Contractor and its subcontractors of any tier have been removed from the Project Site, or such other date as is stated hereinafter, the following insurances for specified amounts or their equivalent in another currency acceptable to Canadian Natural, it being understood that the risk may be covered by insurance policies in a different way from those indicated below provided that all such risks are properly covered. All of Contractor's insurance policies shall be primary and non-contributory with respect to any coverage procured or maintained by Canadian Natural.
- 34.1.2 The insurance amounts indicated below are requirements and not limits of liability, and they are not to be construed as Canadian Natural's consent to substitute its financial liability in excess of the amounts set forth except as otherwise agreed in the Agreement.
- 34.1.2.1 **Workers' Compensation Insurance** to comply fully with all Applicable Laws and agreements made with employees.

- 34.1.2.2 **Employer's Liability Insurance** covering the liability of Contractor for employer's liability where workers' compensation insurance does not apply, with a required amount of five million dollars (\$5,000,000) in annual aggregate, or, if higher, the limit required by Applicable Laws to include cover for legal expenses anywhere in the world, or one of the other ways provided by Applicable Laws whereby an employer shall secure compensation to its employees to the extent required by law and agreement with employees. Such insurance shall be endorsed to the effect that claims formulated by Contractor's Personnel against Canadian Natural shall be treated as claims against Contractor and compensated by such insurance.
- 34.1.2.3 **Commercial General Liability Insurance** covering the liability of Contractor for bodily injury (including death) and property damage (including loss of use of property) with a combined single limit of liability of five million dollars (\$5,000,000) per occurrence for the duration of the Work. Such insurance shall include, as a minimum the following provisions:
- 34.1.2.3.1 Broad Form Property Damages;
 - 34.1.2.3.2 Blanket Contractual Liability;
 - 34.1.2.3.3 Contingent Employer's Liability;
 - 34.1.2.3.4 Sudden and Accidental Pollution Liability;
 - 34.1.2.3.5 Products and Completed Operations Cover;
 - 34.1.2.3.6 Operation of Attached Machinery;
 - 34.1.2.3.7 Non-Owned Automobile Liability; and
 - 34.1.2.3.8 Forest Fire Fighting Expense.
- 34.1.2.4 **Automobile Public Liability Insurance** covering all automobiles and licensed automotive equipment employed, if any, by Contractor (whether as owner or hirer or otherwise) in operations under the Agreement for the amount required by Applicable Laws or, if greater in sum, three million dollars (\$3,000,000) combined single limit per occurrence.
- 34.1.2.5 **All Risk Insurance** covering loss or damage to all of Contractor's owned Construction Equipment and equipment of others in the care, custody, or control of the Contractor, or for which the Contractor has assumed liability, which is used by the Contractor for performance of the Work. If Contractor provides Canadian Natural with evidence satisfactory to Canadian Natural in its sole discretion as to the financial wherewithal of Contractor, Contractor may be allowed by Canadian Natural to self-insure such risks.
- 34.1.2.6 **Marine Cargo Insurance** covering the replacement value of any goods in transit by water, or air as applicable, that constitutes Work. Canadian Natural shall have the right but not the obligation to procure the same in which case Canadian Natural will advise Contractor.
- 34.1.2.7 in the event aircraft and/or watercraft must be used in the course of completing the Work:
- 34.1.2.7.1 **Aircraft Liability Insurance** covering all aircraft owned or employed in operations under the Agreement by Contractor and any aircraft operator chartered by Contractor for five million dollars (\$5,000,000) or such

amount equivalent to one million dollars (\$1,000,000) per passenger seat, whichever amount is greater, in respect of bodily injury and property damage liability to third parties including passengers and as required by Applicable Laws and international conventions; and

34.1.2.7.2 **Watercraft Liability Insurance** covering all watercraft owned or employed in operations under the Agreement by Contractor for five million dollars (\$5,000,000) in respect of general liability.

34.1.2.8 **Errors and Omissions (Professional Liability) Insurance** in the amount of five million (\$5,000,000) dollars each claim and in the aggregate, covering injury to individuals, including death, loss or damage to property, or failure of the completed Work to perform as required, arising out of errors or omissions in the design of the Work, where design work, engineering, procurement and/or construction management is involved. Coverage is to apply from the start of the Work until substantial completion of the Work and for a further discovery period of two (2) years from the issuance of the substantial completion certificate for the Work.

34.2 Special Provisions with Respect to Policies to be Placed by Contractor

34.2.1 Waiver of Insurers' Rights of Subrogation

All of the above mentioned insurances in paragraph 34.1.2 covering the Contractor Group shall contain provisions that insurers shall, to the extent permitted by Applicable Law, have no right of subrogation against Canadian Natural Group and its insurers.

34.2.2 Special Provision with Respect to Contractor's Third Party Liability Policies

34.2.2.1 All Contractor's third party liability policies shall be first layer insurance for all Persons that are insureds or additional insureds and other insurance carried by Canadian Natural shall not be called upon by Contractor's underwriters to contribute or participate on the basis of contributing, concurrent, double insurance or otherwise, except as otherwise agreed in the Agreement.

34.2.2.2 Contractor, as soon as it is aware of any circumstances which may give rise to a claim under its liability insurance, including employers liability insurance, shall give written notice of such circumstances to its underwriters with copy to Canadian Natural. Such notification shall make reference to the provision that Canadian Natural is an additional insured in respect of claims against it arising out of liabilities accepted by Contractor and its Subcontractors under the Agreement.

34.2.3 Insurance Certificates

From time to time, at Canadian Natural's request, Contractor shall provide certificates of insurance evidencing that:

34.2.3.1 all the policies described in Section 34.1 are in effect;

34.2.3.2 Canadian Natural shall be provided with thirty(30) days prior written notice of cancellation; and

34.2.3.3 Canadian Natural is listed as an additional insured on policies required under this Article.

However, delivery to Canadian Natural of any evidence of insurance shall in no way relieve Contractor of its obligations under this Agreement. The provision of insurance certificates to

Canadian Natural shall not, nor shall it be deemed to, constitute knowledge (either actual or constructive) by Canadian Natural of the contents thereof and shall not be a defense to any claim by Canadian Natural against Contractor.

34.2.4 Canadian Natural's Right to Examine Contractor's Insurance

Should Contractor at any time neglect or refuse to provide any of the insurance described in Article 34 or should such insurance be cancelled or terminated or substantially reduced, Canadian Natural shall have the right, but not the obligation, to procure the same and the cost thereof shall be deducted from any sums due or thereafter becoming due to Contractor. Any additional cost involved for Canadian Natural in procuring such insurance, or loss due to the fact that Contractor neglected or refused to provide the insurance or that the insurance is cancelled or terminated or substantially reduced, shall be for Contractor's account.

34.2.5 Deductibles

Contractor shall be solely liable to pay any deductible associated with any claim by Contractor or Canadian Natural under the foregoing insurance policies.

34.2.6 Subcontractors Insurance

The provisions of Article 34, that are applicable to Contractor shall be applicable to Subcontractors, except that Subcontractors shall name Contractor as additional insured in addition to Canadian Natural. Contractor shall be liable to Canadian Natural Group and shall indemnify and hold harmless Canadian Natural Group for any absence or insufficiency of insurance of Subcontractors.

34.3 Canadian Natural Provided Insurance

34.3.1 Builder's Risk/CAR Insurance

34.3.1.1 Canadian Natural may provide and maintain at its expense, "All Risks" Builder's Risk Insurance coverage for the Work. This insurance will be inclusive of any Change Orders and any Work that is not expressly described in this Agreement but is necessary for the proper provision of services and goods noted above or as may be fairly implied as required to provide such goods and services for the Work. In the event Canadian Natural elects to maintain this coverage, Contractor will be advised in writing prior to commencement of the Work.

34.3.1.2 This policy covers loss arising from risks of physical loss or damage, including materials, equipment and machinery, labour and supplies to be used in or incidental to the Work or alterations thereto commencing when the property becomes at the insured's risk. Inland transit cover up to a specified sub-limit is provided excluding ocean marine and air shipments. Off-site cover is also provided up to a specified sub-limit with respect to property to enter into and form part of the project anywhere in Canada or the Continental United States of America. The policy will include cover for testing and commissioning.

34.3.1.3 The policy will include, as insured's, Canadian Natural and all contractors, sub-contractors, architects, engineers, manufacturers, consultants, sub-consultants, project managers, surveyors and all project participants while engaged in connection with the construction and related works.

34.3.1.4 Canadian Natural waives its insurers right of subrogation against the insured's with the exception of architects, engineers, manufacturers, surveyors, consultants, sub-consultants and project managers in respect of any claims arising out of their professional services.

34.3.1.5 Contractor shall be liable to pay a deductible of five million dollars (\$5,000,000) and Canadian Natural shall have no liability to pay said deductible. Any arrangement between the Contractor and its Subcontractors in respect of Contractor's liability to pay said deductible shall not in any way affect or impact Canadian Natural.

34.3.2 Wrap Up Liability Insurance

34.3.2.1 Canadian Natural may provide and maintain at its expense "Wrap Up" Liability Insurance insuring Canadian Natural and all contractors, subcontractors, architects, engineers, consultants, surveyors and all project participants all while engaged in connection with the construction and related works. In the event Canadian Natural elects to maintain this coverage, Contractor will be advised in writing prior to commencement of the Work.

34.3.2.2 This policy will provide coverage in excess of underlying limits of general liability insurance and employers liability insurance as required to be provided in Section 34.1.2.3 of this Agreement. As stated in Section 34.2.2.1 of this Agreement, Canadian Natural or its insurers shall not be called upon by Contractor's insurers to contribute or participate on the basis of contributing, concurrent or double insurance and the insurance required to be provided by Contractor shall be deemed primary.

34.3.2.3 This policy provides coverage for third party bodily injury and property damage caused by an occurrence arising out of the construction operations performed in connection with the Work subject to any applicable exclusions. The wrap up obtained by Canadian Natural does not extend to provide coverage for any off-site activities in connection with the Work and in this regard, the Contractor's general liability policy is required to provide cover for operations of this nature.

34.3.2.4 Coverage consists of but is not limited to contractual liability, products and completed operations liability, contingent employers liability and non-owned automobile liability.

34.3.2.5 The policy will contain a cross liability clause providing that liability of any one insured to another insured will be covered as if separate policies were issued to each insured.

34.4 Adjusting Losses under Canadian Natural Policies

34.4.1 A firm or firms of claim adjusters to be named by Canadian Natural shall control the processing, adjustment and settlement of all losses provided herein, regardless of the payment responsibilities of Contractor and Canadian Natural shall have the sole right of settlement of any loss. This applies to Canadian Natural responsibility for damage to Canadian Natural Assets, Work, Rework and is not intended to cover other losses.

34.4.2 Contractor shall fully cooperate and comply with all reasonable requirements of Canadian Natural's insurers and adjusters in the reporting, investigation and administration of all claims.

34.5 Certificates of Insurance

34.5.1 Upon request by the Contractor and in the event Canadian Natural has provided the insurance coverages as outlined in Section 34.3, Canadian Natural will provide a certificate of insurance evidencing these coverages are in place.

35 INTELLECTUAL PROPERTY RIGHTS

35.1 Ownership of Contractor Intellectual Property

Contractor represents and warrants it is the owner of or has the right to use the Contractor Intellectual Property Rights for the purpose of and in connection with performing the Work. Contractor grants to Canadian Natural, or shall obtain for Canadian Natural, for the purpose of the Project only, a non-exclusive, irrevocable, fully-paid up license to, use, modify and improve and sub-license to Affiliates of Canadian Natural and joint venturers with Canadian Natural as may be required, Contractor Intellectual Property Rights, as incorporated in the Work.

35.2 Ownership of Canadian Natural Intellectual Property Rights

35.2.1 Canadian Natural is owner of the Canadian Natural Intellectual Property Rights and Contractor agrees that it shall not act in any manner or take any actions that are inconsistent with such ownership. Contractor hereby waives its moral rights in and to, and assigns all Work Product Intellectual Property to Canadian Natural and agrees to execute and deliver to Canadian Natural such further documents and take such further steps as Canadian Natural may require or consider advisable to evidence such ownership and such assignment, at Canadian Natural's expense, both during the term of this Agreement and at any time after. Contractor agrees to contractually require its Subcontractors to do the same.

35.2.2 Contractor shall, as soon as practicable, notify Canadian Natural of the development, production or creation of any Work Product Intellectual Property and shall give Canadian Natural, at Canadian Natural's expense, such assistance as Canadian Natural may require to file applications for any patents or registrations for any copyright or industrial designs which form part of the Work Product Intellectual Property.

35.3 Contractor's Intellectual Property Rights Representations and Indemnity

35.3.1 Contractor represents and warrants that Contractor Intellectual Property Rights and the Work Product Intellectual Property does not and will not infringe upon the Intellectual Property Rights of any Person and agrees to indemnify and save Canadian Natural Group harmless from and against any such Claims. If any such Claim arises, Contractor may, at its option:

35.3.1.1 procure for Canadian Natural the right to continue using such infringing Contractor Intellectual Property Rights or Work Product Intellectual Property, as applicable, or

35.3.1.2 replace or modify Contractor Intellectual Property Rights or Work Product Intellectual Property, as applicable, to make their use non-infringing, while yielding substantially equivalent results.

35.3.2 Contractor shall be liable to Canadian Natural Group for, and, as a separate and independent covenant, shall indemnify, defend and hold Canadian Natural Group harmless from, all Claims which may be brought against or suffered, sustained, paid or incurred by Canadian Natural Group related to or otherwise connected to any Claims by any Person that Contractor Intellectual Property Rights or Work Product Intellectual Property infringes the Intellectual Property Rights of such Person.

35.4 Contractor's Defence of Canadian Natural Group

35.4.1 Unless otherwise instructed by Canadian Natural, Contractor agrees to defend Canadian Natural Group against any Claim referenced in Section 35.3.

35.4.2 If such defence is conducted by Contractor, Canadian Natural Group shall have the right to be represented by its counsel and shall co-operate fully in the defence of any such Claim and shall provide all evidence in its control. In such event Contractor shall reimburse Canadian Natural Group all reasonable costs incurred by Canadian Natural Group.

35.4.3 Whether such defence is conducted by Canadian Natural Group or by Contractor, Contractor shall pay all costs and expenses including those of experts and counsel, and Contractor shall also

indemnify, defend and hold harmless Canadian Natural Group from all expenses incurred, or damages or other sums awarded or assessed against Canadian Natural Group in any such Claim.

- 35.4.4 Contractor shall take all necessary appropriate steps to ensure that Contractor Group, adheres to and complies with the provisions of this Article 35.

36 CONFIDENTIALITY

36.1 General

- 36.1.1 A Party receiving Confidential Information of the disclosing Party shall hold and maintain such Confidential Information in confidence and shall not:

36.1.1.1 use any Confidential Information of the disclosing Party for any purpose except, in the case of Contractor as receiving Party for the sole purpose of performing the Work, and in the case of Canadian Natural as receiving Party for the sole purpose of completing, operating, maintaining and repairing the Work, maintaining or enforcing Canadian Natural's rights under a Financial Instrument, and to complete and operate the Project;

36.1.1.2 without the prior written consent of the disclosing Party, disclose any Confidential Information of the disclosing Party except to that limited number of members and Personnel in Canadian Natural Group or Contractor Group, as the case may be, including personnel of the parties providing Financial Instruments, who need to know such Confidential Information for the sole purposes respectively set forth in paragraph 36.1.1.1; provided that such Person has assumed confidentiality obligations identical in nature and principle to those in this Article 36.1 and receiving Party shall ensure that all Persons to whom it has disclosed the other Party's Confidential Information comply with such confidentiality obligations; or

36.1.1.3 copy or otherwise duplicate or reproduce (or permit any Person to copy or otherwise duplicate or reproduce) Confidential Information of the disclosing Party except for the sole purposes respectively set forth in paragraph 36.1.1.2 above.

- 36.1.2 Upon request of the disclosing Party, the receiving Party shall provide a complete list of all Persons to whom the receiving Party has disclosed or will disclose the other Party's Confidential Information.

- 36.1.3 The Parties each regard personal information (including any information about an identifiable individual) as confidential requiring the consent of the individual to whom such information relates to collect, use and disclose such information, except as otherwise provided by Applicable Law. In the normal course of business the Parties may collect, use and disclose personal information in accordance with Applicable Laws. Each Party requires all Persons who contract with such Party to abide by Applicable Laws. In the course of dealing with a Party ("**Party A**"), should the other Party ("**Party B**") intentionally or unintentionally gain access to personal information which has been collected by Party A, Party B must treat such information as strictly confidential and must not collect, use or disclose such information except as allowed by Applicable Laws. In addition to the sanctions and penalties which may be imposed by law, Party B will be liable to and shall indemnify, defend and save harmless Party A from any Claims, sanctions and penalties relating to Party B's improper collection, use or disclosure of personal information acquired through Party A in violation of such Applicable Laws.

36.2 Disclosure Required by Law

- 36.2.1 A Party shall be entitled to disclose the other Party's Confidential Information to the extent required by an order issued by a court, or required by a regulatory body, of competent jurisdiction, or required by a stock exchange on which its shares or those of an Affiliate are traded, provided that Party shall:

- 36.2.1.1 provide to the other Party immediate advance written notice of any such requirement for disclosure so that the other Party may seek a protective order or other appropriate remedy;
- 36.2.1.2 consult with the other Party on the advisability of taking legally available steps to resist or narrow such order; and
- 36.2.1.3 take such steps as are reasonably necessary and available to limit disclosure of the other Party's Confidential Information by and within the court, stock exchange or regulatory body.

36.3 Return of Confidential Information

- 36.3.1 Upon request from Canadian Natural at any time, Contractor will either destroy or return to Canadian Natural any such Canadian Natural Confidential Information, or any portion thereof, which is in the form of devices, written documentation, electronic data, or other physical form, whether acquired by, provided to, or developed by Contractor. If Contractor elects to destroy Canadian Natural Confidential Information upon being requested to return the same by Canadian Natural, Contractor shall, at Canadian Natural's further request, furnish Canadian Natural with evidence satisfactory to Canadian Natural of such destruction. Contractor may retain one copy of its notes, analyses, board, and executive presentations for compliance purposes, and for the protection of its legitimate interests and the legitimate interests of its board of directors, provided that the retained information will be held subject to the terms of this Article.
- 36.3.2 When in Canadian Natural's sole and unfettered opinion, Canadian Natural does not and will not at any time in the future require the use of Contractor Confidential Information for the purposes set forth in sub-Section 36.1.1, Canadian Natural will either destroy or return to Contractor any Contractor Confidential Information, or any portion thereof, which is in the form of devices, written documentation, electronic data, or other physical form. If Canadian Natural elects to destroy Contractor Confidential Information, Canadian Natural shall advise Contractor of such destruction and, at Contractor's request, furnish Contractor with evidence satisfactory to Contractor of such destruction. Canadian Natural may retain one copy of Contractor Confidential Information for compliance purposes, and for the protection of its legitimate interests and the legitimate interests of its board of directors, provided that the retained information will be held subject to the terms of this Article.

36.4 No Rights in Confidential Information

- 36.4.1 Contractor acknowledges that it shall not have any right or licence with respect to Canadian Natural Confidential Information, other than as granted by, and within the express limitations imposed by the terms of, this Article.
- 36.4.2 Canadian Natural acknowledges that it shall not have any right or licence with respect to Contractor Confidential Information, other than as granted by, and within the express limitations imposed by the terms of this Article.

36.5 Right to Audit

Disclosing Party may audit any and all records of Contractor Group or Canadian Natural Group, as the case may be, relating to disclosing Party's Confidential Information, as well as receiving Party's security and protection measures and procedures. All audit inspections shall be made at reasonable times during normal business hours and with reasonable notice.

36.6 Application of Securities Laws

Each Party hereby acknowledge that each is aware, and agrees that each will ensure that its Personnel to whom any Confidential Information is disclosed are also aware, of the general nature of applicable

securities laws, including, without limitation, all applicable securities laws which may prohibit any Person that has material, non-public information concerning the matters which are the subject of this Article, from trading in securities of a Person which may be party to a transaction of the type contemplated by the Work, or from communicating such information to other Persons under circumstances in which it is reasonably foreseeable that such other Person is likely to purchase or sell such securities.

36.7 Injunctive Relief

Each Party acknowledges and agrees that the other Party may be irreparably injured by a breach of this Article, and that any such breach cannot be adequately compensated for by damages. The aggrieved Party shall be entitled to seek equitable relief, including injunctive relief and specific performance, in the event of any breach of the provisions of this Article by the other Party. Such remedies shall not be deemed to be exclusive remedies, but shall be in addition to all other remedies available at law or at equity. The aggrieved Party shall not be required to deposit any security or post any bond in connection with any of the above equitable relief, and each Party hereby waives any requirement for same.

36.8 Indemnity

36.8.1 Without limitation of, and in addition to, any rights a Party may have against the other Party arising by reason of any breach hereof, each Party shall:

36.8.1.1 be liable to the other Party for all Claims whatsoever which the other Party may suffer, sustain, pay or incur; and

36.8.1.2 indemnify the other Party (and its Personnel) against all Claims whatsoever which may be brought against or suffered by the other Party or which it may sustain, pay or incur,

arising by reason of any breach by the other Party or its Personnel of any of their obligations under this Article, and such obligation and indemnification shall survive the expiry or termination of the Agreement, notwithstanding anything to the contrary contained herein.

37 PUBLICATION

37.1 Announcements and Press Releases

37.1.1 Contractor shall not at any time, without the prior written consent of Canadian Natural, make any public announcement, or issue any press release, with respect to the Work or this Agreement. If Contractor makes any public announcement or issues any press release without Canadian Natural's prior written consent it shall be in default and Canadian Natural may, at its sole option, terminate this Agreement immediately upon written notice.

37.1.2 On delivery of the termination notice set out in sub-Section 37.1.1, Canadian Natural shall be relieved of all further obligations under this Agreement except for the payment of the unpaid balance of the Contract Price for Work performed and accepted by Canadian Natural to the date of termination, after deducting Canadian Natural's additional costs and expenses resulting from said termination.

37.1.3 Subject to sub-Section 37.1.2, in no event shall Contractor be entitled to damages or compensation, including but not limited to anticipated profits, directly or indirectly related to termination pursuant to this Article.

37.2 Canadian Natural Publication

37.2.1 Subject to any Applicable Laws, Canadian Natural shall be entitled at any time:

- 37.2.1.1 without the prior written consent of Contractor, to publicize the award of the Agreement;
- 37.2.1.2 with the prior written consent of Contractor, to publicize contact information for Contractor; and
- 37.2.1.3 with the prior written consent of a Subcontractor to publicize contact information for that Subcontractor.

38 **TITLE**

38.1 **Title to Contractor Items and Results of Work**

- 38.1.1 Contractor warrants that all Contractor Items and Results of Work shall be supplied free of Liens and free of any other defect in title, attributable to Contractor Group.
 - 38.1.2 Title to any Contractor Items and Results of Work shall pass to Canadian Natural upon the first occurring of:
 - 38.1.2.1 incorporation of such Contractor Items or Results of Work into the Project;
 - 38.1.2.2 payment by Canadian Natural to Contractor of invoiced amounts pertaining to such Contractor Items or Results of Work;
 - 38.1.2.3 delivery of Contractor Items or Results of Work to the Delivery Point; and
 - 38.1.2.4 the termination of the Agreement;
- provided Canadian Natural is not then in Payment Default. If title to any Contractor Items or Results of Work does not pass to Canadian Natural in accordance with the foregoing by reason of a Payment Default, title shall so pass upon Canadian Natural curing the Payment Default.
- 38.1.3 Contractor, as a condition for receiving payments under the Agreement, shall execute all documents and take all steps required by Canadian Natural to vest such property rights in Canadian Natural.
 - 38.1.4 Notwithstanding passage of title to any Contractor Items or Results of Work, Contractor shall retain sole care, custody and control of and risk of loss for such Contractor Items or Results of Work as provided in the Agreement and shall exercise due care with respect thereto until Canadian Natural otherwise takes control of such Work, Contractor Items or Results of Work as provided for in the Agreement.

38.2 **Title to Work Product Intellectual Property**

Title to Work Product Intellectual Property shall pass to Canadian Natural as the same is developed or produced during the course of the conduct of the Work.

39 **DEFECTIVE PERFORMANCE**

39.1 **Default of Contractor**

- 39.1.1 Contractor shall be in default under the Agreement if any of the following events or conditions (each a "**Default**") arises or exists and except in the case of paragraphs 39.1.1.3, 39.1.1.5, 39.1.1.7, 39.1.1.9, 39.1.1.10.1 to 39.1.1.10.4 inclusive, 39.1.1.12 and 39.1.1.13 as to which no cure period shall be allowed, Contractor shall have failed to remedy such event or condition within the applicable cure period:

- 39.1.1.1 any statement, representation or warranty made by Contractor in the Agreement is incorrect in any material respect when made and the effect of such incorrectness or inaccuracy has not been eliminated or otherwise addressed to the satisfaction of Canadian Natural within at minimum thirty (30) days of the date on which Contractor first became aware of such failure;
- 39.1.1.2 Contractor is in breach or default of any material requirement of the Agreement relating to the safety or security of any Persons or property and such breach is not remedied within one (1) day of the date on which Contractor first became aware of such breach;
- 39.1.1.3 Contractor abandons the Work at any time (except pursuant to a termination or suspension permitted by the Agreement or as caused by Force Majeure) for seven (7) consecutive days;
- 39.1.1.4 any Financial Instrument is not provided when required by Schedule B (Compensation), Contractor fails to maintain such Financial Instrument in accordance with the requirements of Schedule B (Compensation), there is a breach of any provision in any Financial Instrument (including, in the case of a guarantee, a breach by the guarantor of any of the provisions therein contained) and such breach is not remedied within two (2) days of the date on which notice thereof is provided by Canadian Natural to Contractor, or, for any reason, any such Financial Instrument proves not to be enforceable, the issuer thereof repudiates any such Financial Instrument or the issuer thereof fails to pay or perform, or is enjoined from paying or performing, any such Financial Instrument;
- 39.1.1.5 Contractor fails to pay any amounts due to Canadian Natural in accordance with the provisions of the Agreement within ten (10) days after the due date for payment thereof;
- 39.1.1.6 Contractor is otherwise in material breach of any of its other obligations under the Agreement and such breach is not remedied within fifteen (15) days of the date on which Canadian Natural provides notice to Contractor thereof, or such longer time as Canadian Natural believes to be reasonable and has specified in a notice of default or has subsequently agreed upon in writing, to remedy such default;
- 39.1.1.7 Contractor at any time assigns or subcontracts the Agreement, the Work or any part thereof contrary to the provisions of Articles 7 or 8;
- 39.1.1.8 Contractor fails to provide evidence of insurance in compliance with the provisions of Section 34.2 and such breach is not remedied within three (3) days of the date on which notice thereof is provided by Canadian Natural to Contractor;
- 39.1.1.9 at any time during the performance of the Work, Contractor fails to maintain in good standing all of the insurance policies required by the provisions of Article 34;
- 39.1.1.10 in respect of Contractor or any Affiliate thereof:
 - 39.1.1.10.1 an order is made that it be wound up or appointing a liquidator, an administrator or a provisional liquidator in respect of it is appointed;
 - 39.1.1.10.2 a receiver, receiver and manager, statutory manager, trustee or similar official, is appointed in respect of it or all or substantially all of its assets;
 - 39.1.1.10.3 it enters into, or resolves to enter into, an arrangement or reconstruction or composition with, or assignment for the benefit of, all or any class of its creditors or it proposes a reorganization, moratorium or other administration involving any of them for reasons relating to insolvency or

takes any steps to obtain or is granted protection from its creditors, under any Applicable Laws;

39.1.1.10.4 it resolves to wind itself up, assigns itself into bankruptcy, states that it is unable to pay its debts generally when they fall due or commits any act of bankruptcy as such term is defined in the *Bankruptcy and Insolvency Act* (Canada) or in any other legislation applicable to it, or gives notice of its intention to do so for reasons relating to insolvency; or

39.1.1.10.5 commencement of an involuntary proceeding against it (1) seeking bankruptcy, liquidation, reorganization, dissolution, winding up, a composition or arrangement with creditors, a readjustment of debts, or other relief with respect to it or its debts under any bankruptcy laws or other customary insolvency actions or (2) seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its assets, the issuance of a writ of Schedule, execution, or similar process, or like relief if, in each such case, paragraphs 39.1.1.10.2, 39.1.1.10.3 and 39.1.1.10.4 of this definition do not apply and such involuntary proceeding shall remain undismissed and unstayed for a period of twenty (20) days, (3) an order for relief is entered against it under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other present or future bankruptcy or insolvency laws as now or hereafter in effect and applicable to it, or (4) consent by it to any relief referred to in this definition or to the appointment of or taking possession by any such official in any involuntary proceeding commenced against it or admitting the material allegations in such proceeding;

39.1.1.11 at any time during the performance of the Work, following thirty (30) days written notice to Contractor that outlines in reasonable detail Canadian Natural's concerns regarding the Work, Canadian Natural believes, acting reasonably, that Contractor will not complete the Work in accordance with the Contract Schedule;

39.1.1.12 Contractor incurs a Default pursuant to the provisions of Section 39.2; or

39.1.1.13 at any time during the performance of the Work Contractor or any Person for whom it is responsible is in breach of any of the provisions of the Code of Business Ethics.

39.2 Canadian Natural's Right to Direct Remedial Measures

If, at any time during the performance of the Work, Canadian Natural reasonably determines that Contractor will not be able to achieve any Milestone by the required Milestone Date unless additional resources are dedicated to the performance of the Work, Canadian Natural may provide a notice to that effect requiring Contractor to immediately take, or to have taken, at no extra cost to Canadian Natural, those remedial steps specified by Canadian Natural and which may include overtime or increasing the number of Personnel at any level, the number of shifts or work days per week, the quantity or capacity of Contractor Equipment or such other actions as may be reasonably required to ensure the achievement of the required Milestone by the applicable Milestone Date (the "**Remedial Measures**"). Upon receipt of such notice, Contractor shall at no extra cost to Canadian Natural, confirm to Canadian Natural the steps to be taken to implement the Remedial Measures proposed by Canadian Natural and shall, within fifteen (15) days of receipt of such notice provide its recovery plan and a schedule to Canadian Natural incorporating the Remedial Measures to demonstrably achieve such Milestones by the applicable Milestone Date. If Contractor fails to provide the required recovery plan and schedule or effect all such Remedial Measures, Contractor shall incur a Default hereunder.

39.3 Canadian Natural's Payment Default

- 39.3.1 Canadian Natural shall be in default of the Agreement if it fails to pay Contractor any amount owing on account of the Contract Price by the due date as specified in Schedule B (Compensation), and has not remedied or cured such non payment within thirty (30) days after having received written notice to do so from Contractor ("**Payment Default**"). Non-payment by Canadian Natural of any amount that Canadian Natural is, in good faith, disputing shall not constitute a Payment Default.
- 39.3.2 In the event that Canadian Natural is in Payment Default, Contractor may, after giving Canadian Natural not less than thirty (30) days prior written notice of same, suspend the performance of obligations in respect of the performance of the Work until such time that Canadian Natural is no longer in Payment Default. The suspension of the performance of any of its obligations by Contractor shall:
- 39.3.2.1 not relieve Canadian Natural from the performance of its payment obligations hereunder;
- 39.3.2.2 not be deemed to be an abrogation or rescission of the Agreement by Contractor; and
- 39.3.2.3 not affect the validity of the terms of the Agreement.
- 39.3.3 If Contractor suspends the performance of its obligations pursuant to sub-Section 39.3.2, then Contractor shall be entitled to submit a request for a Change Order within sixty (60) days after the suspension period has ended and the Work has either been terminated or resumed; provided that such claim shall be limited to a claim for an extension of the scheduled date of Commercial Operation and any and all reasonable additional actual costs or expenses incurred by Contractor as a result of such suspension. Failure of Contractor to make such claim within such sixty (60) day period shall be deemed a waiver by Contractor of any such claim. For greater certainty, Contractor shall not be entitled to claim damages or loss of prospective profits in respect of any suspension pursuant to this Section 39.3.
- 39.3.4 In the event that Canadian Natural has been in Payment Default for more than thirty (30) days following receipt of the notice from Contractor contemplated by sub-Section 39.3.2, Contractor may give notice to Canadian Natural that the Agreement has terminated as of the effective date of Canadian Natural's receipt of such notice.

40 **REMEDIES ON DEFAULT OR AT CANADIAN NATURAL'S CONVENIENCE**

40.1 **Suspension of Work**

- 40.1.1 Canadian Natural shall have the right at any time and from time to time during the performance of the Work, at its own convenience or in the event of a Default, to suspend the performance of all or any parts of the Work by issuing to Contractor a notice in writing (a "**Suspension Order**") designating the parts of the Work affected, the means to be used for putting up, storing and safeguarding the Results of Work and the Contractor Equipment which shall remain committed to any Workshops and the Work Site.
- 40.1.2 Unless instructed otherwise by Canadian Natural, upon receipt of any Suspension Order, Contractor shall:
- 40.1.2.1 immediately discontinue the performance of the part of the Work affected by the suspension on the date for the period (if specified) and to the extent specified in the Suspension Order;
- 40.1.2.2 not enter into any further Subcontracts with respect to the suspended Work, unless specified in the Suspension Order;

- 40.1.2.3 promptly, and upon terms acceptable to Canadian Natural, obtain suspension of outstanding Subcontracts, including rental agreements, to the extent that they relate to performance of suspended Work;
 - 40.1.2.4 continue to perform Contractor's non-suspended obligations (including safety requirements and protection of stored parts of the Results of Work and Contractor Equipment); and
 - 40.1.2.5 generally act in such a manner as to minimize costs associated with such suspension.
- 40.1.3 Unless notice of termination has been delivered to the other Party pursuant to Section 39.3, Section 40.1.6, Section 40.2 or Section 41.3, Contractor shall promptly resume performance of suspended Work upon receipt of notice to continue such suspended Work from Canadian Natural and to the extent required therein.
- 40.1.4 Contractor shall be entitled to request time extensions to the Contract Schedule by way of Change Orders for such suspension periods requested or caused by Canadian Natural as long as the suspension period claimed for does not coincide with a period during which Contractor was in Default.
- 40.1.5 Except for a Suspension Order issued at the time of or outstanding during a Default, Contractor, as full compensation for each suspension pursuant to Section 40.1, shall be entitled to submit a Change Order for reimbursement for any justified and satisfactorily documented unavoidable expenses directly and reasonably incurred and resulting from such suspension. For a Suspension Order issued during a period of Default, Contractor shall not be entitled to any additional compensation, including in respect of storage costs or time extensions, regardless of costs, expenses and delays incurred by Contractor due to suspension of Work or storage of all or part of the Results of Work. Such suspension shall not relieve Contractor from any of its obligations under the Agreement.
- 40.1.6 If a Suspension Order, not issued at the time of or outstanding during a Default, is given in respect of a major part of the Work:
- 40.1.6.1 which orders suspension for ninety (90) consecutive days or more, Contractor shall within seven (7) days after receipt of the notice, advise Canadian Natural of its decision to either accept such suspension or if it does not accept such suspension, Contractor shall be entitled to terminate the Agreement upon notice to that effect to Canadian Natural within such seven (7) day period; or
 - 40.1.6.2 which orders suspension for a period of less than ninety (90) consecutive days and shall have lasted beyond sixty (60) consecutive days, or where no period of suspension has been specified in the Suspension Order such suspension has lasted for a period beyond sixty (60) consecutive days with a reasonable prospect of a total duration exceeding ninety (90) consecutive days, Contractor shall notify Canadian Natural in writing of its decision to accept the likely extension of such duration or to terminate the Agreement.

40.2 Termination of Agreement

- 40.2.1 Canadian Natural is entitled to terminate the Agreement at any time at its own convenience or in the event of a Default by Canadian Natural providing written notice thereof to Contractor.
- 40.2.2 In the case of a termination of the Agreement pursuant to Section 39.3, sub-Section 40.1.6, and sub-Section 40.2.1:
- 40.2.2.1 Contractor shall immediately deliver the Results of Work to Canadian Natural and immediately assign to Canadian Natural such Subcontracts and purchase orders as

Canadian Natural requires and shall notify the other Persons party thereto as required by Canadian Natural;

40.2.2.2 Subject to Section 40.3 Canadian Natural shall pay Contractor the unpaid balance of the Contract Price corresponding to the percentage of Work completed by Contractor prior to the date of termination as determined in good faith by Canadian Natural based on Approved Progress Reports and other means of evaluating the Work under the Agreement; and

40.2.2.3 Canadian Natural shall determine in good faith the proportion of Work completed at the time of termination on the basis of the Approved Progress Reports and other means of evaluating the Work under the Agreement;

40.2.2.4 Subject to Section 40.3, Canadian Natural shall reimburse Contractor after adjustments in respect of Subcontracts assigned in accordance with paragraph 40.2.2.1, and upon presentation of satisfactory supporting documents, for all costs directly, reasonably and irrevocably incurred and paid in good faith in respect of the uncompleted parts of the Work, it being understood that Contractor shall have the obligation to mitigate costs.

40.2.3 Payments set forth in paragraph 40.2.2.2 and paragraph 40.2.2.4 above shall constitute the full and final amounts payable by Canadian Natural to Contractor under the Agreement, to the exclusion of any other compensation.

40.3 Compensation to Contractor on Termination or Take Over for Default

40.3.1 If Canadian Natural has issued a notice of termination as provided for in sub-Section 40.2.1, respectively, and Contractor was in Default at the time of issuance, then Canadian Natural shall be entitled to immediately suspend all payments to Contractor from the date of notification of termination until the Work has been fully completed.

40.3.2 After the completion of the Work, in the case of termination of the Agreement on Default, Canadian Natural shall pay Contractor where Canadian Natural has terminated the Agreement, as full and final settlement of all amounts payable under the Agreement, the unpaid balance of the Contract Price for the portion of the Work completed by Contractor and accepted by Canadian Natural in accordance with the requirements of the Agreement to the date of termination, after deducting therefrom Canadian Natural's documented additional costs and expenses (including the additional expenses for completing the Work, additional managerial expenses and administrative services and the additional costs resulting from hiring any other contractors) resulting from such termination. If such calculations determine that total additional cost to Canadian Natural exceeds the unpaid balance of the Contract Price, Contractor shall reimburse Canadian Natural for the difference.

40.4 Demand on Financial Instruments

If Contractor is in Default and the Default is a matter in respect of which a Financial Instrument has been provided to secure the payment or performance of the obligation to which the Default relates, or to secure the costs associated with the exercise of any of the foregoing remedies, Canadian Natural shall be entitled to make a demand for payment or performance under such Financial Instrument.

40.5 Deemed Notice for Convenience

If Canadian Natural has issued notices of suspension, takeover or termination in conjunction with a notice of Default, and it is later determined that a Default had not occurred then such suspension or termination shall be deemed to be for convenience.

40.6 Other Rights or Remedies

The remedies provided for by this Article 40 shall be without prejudice to any rights or remedies that Canadian Natural may have under the Agreement at law or in equity.

41 **FORCE MAJEURE**

41.1 **Meaning of Force Majeure**

For the purposes hereof, the term "**Force Majeure**" means the effective occurrence of any act or event which is insurmountable, is outside the reasonable control of the Party which invokes it, and which could not have been avoided by the exercise of reasonable diligence and at reasonable cost, thereby rendering such Party unable to comply totally or partially with its obligations under the Agreement, except the obligation to pay amounts due pursuant to the Agreement prior to the occurrence of Force Majeure and including, if the foregoing criteria are satisfied, Acts of God, hostilities or acts of war (whether declared or not), acts of terrorism, riots (excluding acts by, between or originated among Personnel of Contractor Group), civil or military disturbances, national, regional or provincial strikes (excluding strikes, lock-outs and other labour disputes or actions by, between or originated among Personnel of Contractor Group), and acts of any Governmental Authority whether or not legally valid. Force Majeure does not include insolvency of any Party, lack of availability of manpower or materials or equipment (unless those are a direct result of an event which is otherwise a Force Majeure event), lack of finances or inclement weather.

41.2 **Suspension of Work for Force Majeure**

41.2.1 If a Force Majeure event occurs, the Party affected shall promptly notify the other Party with evidence of the occurrence of the said event. The Party claiming Force Majeure shall give prompt notice once the end of the Force Majeure situation is foreseeable. Each Party shall do everything reasonably possible to minimize the effects of such Force Majeure. Contractor shall maintain all safety, security and protective measures insofar as possible.

41.2.2 The Party affected by Force Majeure and which has given such notice shall be excused from the performance of its obligations under the Agreement to the extent that such Party's performance is actually prevented, hindered or delayed, provided that Force Majeure shall not extend the Contract Schedule to the extent that any time lost to Force Majeure is reasonably recoverable over the balance of the Contract Schedule. Force Majeure shall only extend the Contract Schedule as provided for in sub-Section 41.2.4.

41.2.3 Subject to Section 41.3 each Party shall bear separately all direct and indirect financial consequences of such Force Majeure situation and shall not be entitled to request a Change Order in respect thereof, provided that if Canadian Natural directs Contractor to take specific actions to mitigate or repair the effects of a Force Majeure, Contractor shall be compensated for Canadian Natural Approved costs to mitigate the effects of the Force Majeure.

41.2.4 Time extensions for delays affecting the Contract Schedule due to Force Majeure shall only be granted for delays affecting the critical path of the Contract Schedule.

41.3 **Termination of Agreement for Force Majeure**

41.3.1 If completion of the Work is, in the opinion of Canadian Natural, made impossible due to Force Majeure, or if a situation of Force Majeure has lasted (or in the joint opinion of the Parties is anticipated to last) more than one hundred and twenty (120) consecutive days and has affected the entire Work currently performed, either Party shall have the right to terminate the Agreement by notice to the other Party.

41.3.2 In the case of a termination of the Agreement pursuant to sub-Section 41.3.1:

41.3.2.1 Contractor shall immediately deliver the Results of Work to Canadian Natural and immediately assign to Canadian Natural such Subcontracts as Canadian Natural

requires and shall notify the other Persons party thereto as required by Canadian Natural:

41.3.2.2 Canadian Natural shall pay Contractor the unpaid balance of the Contract Price corresponding to the percentage of Work completed by Contractor prior to the date of termination as determined in good faith by Canadian Natural based on Approved Progress Reports and other means of evaluating the Work under the Agreement; and

41.3.2.3 Canadian Natural shall reimburse Contractor after adjustments in respect of Subcontracts assigned in accordance with paragraph 41.3.2.1 and upon presentation of satisfactory supporting documents, for all costs directly, reasonably and irrevocably incurred and paid in good faith in respect of the uncompleted parts of the Work, it being understood that Contractor shall have the obligation to mitigate reimbursable costs.

41.3.3 Notwithstanding the foregoing, Canadian Natural shall not be obligated to indemnify or reimburse Contractor for delays, stand-by costs, consequential losses or damages including any loss of profit.

41.3.4 Such payments above shall constitute the full and final amounts payable by Canadian Natural to Contractor under the Agreement, to the exclusion of any other compensation.

42 MISCELLANEOUS

42.1 Governing Law

The Agreement shall be governed by, construed and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein without regard to any choice of law rules thereunder. For the purpose of all legal proceedings, the Agreement shall be deemed to have been performed in the Province of Alberta and the courts of the Province of Alberta shall have exclusive jurisdiction to entertain any action arising out of the Agreement. The Parties each hereby agree to submit to the exclusive jurisdiction of the courts of the Province of Alberta and all courts of appeal therefrom for all matters arising out of or in connection with the Agreement, but without prejudice to the right of Canadian Natural to make a claim or take proceedings in any other jurisdiction where any of the Work may be situate or is or has been conducted or where Contractor has assets, or for the purposes of enforcing any judgment, order or award against any member of Contractor Group.

42.2 Conflict of Interest

42.2.1 Contractor shall conduct its operations in a lawful manner, consistent with the highest ethical standards of its trade and shall exercise all care and diligence to prevent any actions or conditions which could result in a conflict with Canadian Natural's best interests.

42.2.2 Contractor shall comply with and ensure other members of Contractor Group comply with the Code of Business Ethics.

42.2.3 The remuneration to be paid to Contractor pursuant to the Agreement shall constitute the only remuneration to Contractor in connection with this Agreement and the performance of the Work.

42.3 Liens

42.3.1 Subject to Applicable Laws, Contractor shall not claim, or do anything (by an act or omission) to cause the creation of, any Lien by Contractor Group or a Third Party on the Work, the Results of Work or the Contractor Items, wherever located, the Contractor Equipment or the Project Site or any part thereof. Contractor hereby declares that it has not created or caused to be created any

Lien on the Work, the Results of Work or the Contractor Items, wherever located, or the Project Site or any part thereof prior to entering this Agreement.

42.3.2 Canadian Natural shall be entitled to holdback amounts payable under the Agreement in accordance with the *Builders' Lien Act* (Alberta). Notwithstanding the foregoing, it is not Canadian Natural's intention to withhold such amount from amounts payable to Contractor if Contractor maintains the Builders' Lien Financial Instrument pursuant to Schedule B (Compensation), as security for builders' lien holdback amounts. Notwithstanding such Builders' Lien Financial Instrument, Canadian Natural may monitor and require Contractor from time to time to provide reasonable assurances that all Subcontractors are paid on a timely basis and may conduct regular title searches for builders' liens.

42.3.3 If any builders' lien arising under or through the Agreement is registered:

42.3.3.1 Canadian Natural shall have the right to holdback or set-off or otherwise recover from Contractor such sum of money as will fully indemnify Canadian Natural against any liability arising under the *Builders' Lien Act* (Alberta) and any costs incurred by Canadian Natural as provided by sub-Section 42.3.5;

42.3.3.2 Canadian Natural shall have the right to make a demand on the Builders' Lien Financial Instrument and to apply the funds obtained therefrom, in the manner set out in Section 28.3 and Schedule B (Compensation); and

42.3.3.3 Canadian Natural shall withhold from Contractor payment of any further payments on account of the Contract Price until the registration of such builders' lien is discharged from the title to the land concerned and any related actions have been discontinued and may use such funds in the manner contemplated in sub-Section 42.3.4.

42.3.4 If:

42.3.4.1 a builders' lien arising under or through the Agreement is registered and the registration of such builders' lien is not discharged within fourteen (14) days of Contractor receiving notice of its registration;

42.3.4.2 a Lien (other than a builders' lien) is created in contravention of sub-Section 42.3.1; or

42.3.4.3 any Contractor Items or Results of Work is supplied pursuant to the Agreement subject to a defect in title other than as referred to in paragraph 42.3.3.1 or 42.3.3.2 above,

Canadian Natural may settle and pay the Claim for such lien or defect in title, or make such court applications and such payments into court as Canadian Natural deems necessary, in its absolute discretion, to pay the Claim and obtain the discharge of the lien or to remedy the other defect in title. All amounts paid or payable by Canadian Natural in order to obtain a discharge of the lien or remedy of the defect in title, or otherwise incurred by Canadian Natural arising out the registration of the lien and the discharge thereof, the remedy of the defect in title, or the payment of the Claim, including legal costs of Canadian Natural on the basis of a solicitor dealing with his own client, shall be for the account of Contractor. Canadian Natural may deduct all such amounts in determining the amount due to Contractor under the Agreement, provided that such action by Canadian Natural shall not be deemed to be a waiver of any Default by Contractor arising as a result thereof.

42.3.5 Contractor shall protect, indemnify and hold harmless Canadian Natural from and against any and all Claims for the creation or discharge of any Lien claimed against or any defect in title in, the Work, the Contractor Items, the Results of Work, the Project Site or any part thereof or any Contractor Equipment if created or caused by any act, omission or negligence of Contractor Group.

42.3.6 Contractor shall immediately notify Canadian Natural of any possible Lien or other defect in title that may affect the Work, the Contractor Items, the Results of Work, the Project Site, or any part thereof or the Contractor Equipment.

42.4 Formal Notice

42.4.1 All notices, communications and statements ("notices") required or permitted under the Agreement shall be in writing, subject to the following provisions. Any notice to be provided hereunder shall be deemed to be served properly if served in any of the following modes:

42.4.1.1 by personal delivery to a Party between 8:00 a.m. and 4:00 p.m. on a Business Day at the address of such Party for notices, in which case the notice shall be deemed to have been received by that Party when it is delivered;

42.4.1.2 by facsimile to a Party to the facsimile number of such Party for notices, in which case, if the notice was sent by facsimile prior to 4:00 p.m. on a Business Day, the notice shall be deemed to have been received by that Party when it was sent and, if the notice was sent by facsimile on a day which is not a Business Day or after 4:00 p.m. on a Business Day, it shall be deemed to have been received on the next following Business Day; or

42.4.1.3 except in the event of an actual or threatened postal strike or other labour disruption that may affect mail service, by first class registered postage prepaid mail to a Party at the address of such Party for notices, in which case the notice shall be deemed to have been received by that Party on the fifth (5th) Business Day following the date of mailing.

42.4.1.4 The address of each Party for notices shall be:

Canadian Natural:

[Insert the address to which Canadian Natural wants notices sent to]

Fax: *[Insert the fax number to which Canadian Natural wants notices sent to]*

Attention: Canadian Natural Representative: *[Insert the job title (not the personal name) of Canadian Natural's representative for this agreement]*

Contractor:

[Insert the address to which Contractor wants notices sent to]

Fax: *[Insert the fax number to which Contractor wants notices sent to]*

Attention: Contractor Representative: *[Insert the job title (not the personal name) of Contractor's representative for this agreement]*

42.4.2 Either Party may change its address for notices from time to time by giving the other Party notice of change of address in accordance with sub-Section 42.4.1.

42.4.3 Where notices are required or permitted respecting a matter, event or circumstance under the Agreement, and the provision of or requirement for such notice is contained within a particular Article or Section of the Agreement or within the provisions of any Schedule, a notice given in respect of any such matter, event or circumstance shall not constitute a notice given in accordance with the requirements of this Section 42.4 unless such notice specifically references such Article, Section or the applicable article, section, sub-section, paragraph or clause of the applicable

Schedule. Without limiting the generality of the foregoing, minutes of meetings, letters and routine correspondence, responses to inquiries and other ordinary course of business correspondence shall not constitute notices for the purposes of the Agreement.

- 42.4.4 For the purposes of this Agreement, where Contractor is a partnership, any required consent or notice provided by any of the partners comprising the Contractor shall be deemed to have come from all the partners comprising the Contractor and all such partners shall be deemed to have agreed to same. Any notice provided by Canadian Natural to any one of the partners comprising the Contractor shall be deemed to have been provided to all such partners .

42.5 Survival of Obligations and Liabilities

Nothing, including either termination of the Agreement nor the issuance of a Final Acceptance Certificate shall release or relieve the Parties from any of their obligations or liabilities under the Agreement which expressly or by their nature survive the termination of the Agreement or issuance of a Final Acceptance Certificate, including but not limited to obligations or liabilities in respect of breach of guarantees and warranties contained in Article 18, representations and warranties, confidentiality, Intellectual Property Rights and indemnification.

42.6 Waiver

42.6.1 No failure or delay on the part of any Party in exercising any right, power, privilege or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power, privilege or remedy preclude any other or further exercise thereof or the exercise of any other right, power, privilege or remedy in law or in equity or by statute or otherwise conferred.

42.6.2 No waiver by any Party of any provision of this Agreement shall take effect or be binding upon that Party unless the waiver is in writing signed by that Party and such waiver shall extend only to the particular provision so waived and shall not be deemed and shall not constitute a waiver of any other provision (whether or not similar) and such waiver shall not operate as continuous waiver.

42.7 Enurement

The Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns.

42.8 Date For Any Action

When calculating the period of time within which or following which any act is to be done or step taken pursuant to the Agreement, unless otherwise provided, the date which is the referenced date in calculating such period shall be excluded. In the case of Business Days, if the last day of such period is a Saturday, Sunday or a holiday in the Province of Alberta, the period in question shall end on the next Business Day.

42.9 Time

Time shall be of the essence.

42.10 Facsimile and Counterparts

The Agreement may be executed by facsimile and in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same agreement.

42.11 Limitations Act

Pursuant to Section 7 of the *Limitations Act* (L- 12, R.S.A. 2000), the limitation period set forth in Section 3(1)(a) of such Act (as from time to time amended, re- enacted, re- designated, supplemented or replaced) in respect of any claim (within the meaning of such Act) brought by either Party is extended to four (4) years.

42.12 International Sale of Goods

The United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement, and shall be disclaimed and excluded from any applicable agreements placed by Contractor and its Subcontractors.

42.13 Foreign Corrupt Practices

42.13.1 Subject to sub-Section 42.13.3, with reference to the performance of the activities under this Agreement, each Party hereby represents and warrants that they, their Affiliates and their respective employees or agents have not made, offered, or authorized and will not make, offer, or authorize any payment, gift, promise or other advantage, whether directly or through any other person or entity, to or for the use or benefit of any public official or any person holding a legislative, administrative or judicial office (including any person employed by or acting for a public agency) or any political party or political party official or candidate for office (hereinafter, an "Official"), in violation of (i) the laws of the jurisdiction of incorporation of that Party or that Party's ultimate parent company; (ii) the laws of the principal place of business of each Party; (iii) the *Corruption of Foreign Public Officials Act* (Canada); (iv) the *Foreign Corrupt Practices Act of 1977* (United States of America); (v) the *Bribery Act, 2010* (United Kingdom) or (vi) the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in Paris on December 17, 1997, which entered into force on February 15, 1999, and the Convention's Commentaries.

42.13.2 During the performance of the Work under this Agreement, Contractor, its Affiliates or any person acting on their behalf:

42.13.2.1 have not made, and during the term of this Agreement, will not make, offer or promise to pay, lend, or give money or anything of value

42.13.2.2 have not authorized and during the term of this Agreement, will not authorize any such offer, promise, payment, loan, or gift; and

42.13.2.3 have not taken and, during the term of this Agreement, will not take, any action in furtherance of an offer or promise to pay, lend, or give money or anything of value,

directly or indirectly, to or for the use or benefit of any Official, or to any other person while knowing that all or a portion of such money or thing of value will be offered, given, paid, loaned, or promised, directly or indirectly, to or for the use or benefit of any Official, for any of the following purposes:

42.13.2.4 influencing any act or decision of such Official, in his or its official capacity;

42.13.2.5 inducing such Official to do or omit to do any act in violation of the lawful duty of such Official; or

42.13.2.6 inducing such Official to use his or its influence with any Governmental entity to affect or influence any act or decision thereof.

42.13.3 Without limitation of, and in addition to, any rights a Party may have against the other Party arising by reason of any breach hereof, each Party shall:

42.13.3.1 be liable to the other Party for all Claims whatsoever which the other Party may suffer, sustain, pay or incur; and

42.13.3.2 indemnify the other Party (and its Personnel) against all Claims whatsoever which may be brought against or suffered by the other Party or which it may sustain, pay or incur, arising by reason of any breach by the other Party or its Personnel of any of their obligations under sub-Sections 42.13.1 and 42.13.2 and such obligation and indemnification shall survive the expiry or termination of the Agreement, notwithstanding anything to the contrary contained herein.