Terms and Conditions of Rental

1 Definitions

1.1 Associated Company means any company which is a parent company of a corporate entity or any company which, according to the Norwegian Companies Act (“Aksjeloven”) Section 1-3, shall be regarded as a subsidiary company of the parent company or of such corporate entity.

1.2 Conditions means the terms and conditions of rental as set out in this document.

1.3 Contract means any contract between Fluid Control and the Customer for the rental of Equipment as specified in the Order Confirmation, and which incorporates these conditions.

1.4 Customer means the person(s), firm or company who rents or agrees to rent the Equipment from Fluid Control.

1.5 Customer Group means Customer, Customer’s Associated Companies, Customer’s clients and subcontractors engaged in an activity related the Contract, and personnel employed in or engaged in the aforementioned corporate entities.

1.6 Equipment means all equipment, tools, products, materials, supplies and/or merchandise rented or sold by Fluid Control and/or provided in connection with services performed by Fluid Control.

1.7 Fluid Control means Fluid Control Service AS, a company registered in Norway with company number 997 744 276 and business address at Ljosheimvegen 1 4050 Sola, Norway.

1.8 Fluid Control Group means Fluid Control Service, any Associated Company of Fluid Control Service, its and their officers, directors, employees and agents, individually and collectively.

1.9 Order means any order made by the Customer for the rental of Equipment from Fluid Control.

1.10 Order Confirmation means Fluid Control’s written confirmation of the Order, incorporating these Conditions, and specifying the Equipment which Customer rents from Fluid Control.

1.11 Price List means the at all times current list of prices for the rental of Equipment.

1.12 Third Party means any party which is not a member of Fluid Control Group or Customer Group.

2. Formation of Contract

2.1 Any Order from the Customer to Fluid Control for rental of Equipment shall be deemed to be an offer by the Customer to rent Equipment from Fluid Control subject to these Conditions.

2.2 No Order placed by the Customer shall be deemed to have been accepted by Fluid Control, and no Contract shall be formed, until an Order Confirmation has been issued by Fluid Control.

3. Application

3.1 These general conditions of rental shall supersede any and all prior promises, representations, undertakings or implications and apply to all Contracts pursuant to each Order placed by the Customer, unless otherwise agreed in writing.

3.2 If the Customer uses or refers to other general or special terms and conditions, for instance in his order documents, such conditions shall have no effect with respect to the rental of the Equipment and shall be deemed not to apply unless otherwise explicitly agreed in writing.

4. Rental Period

4.1 The rental period for any Equipment starts on the date when the Equipment is packed and ready for shipment from Fluid Control’s facilities and expires at the agreed expiry date, or when all the Equipment are properly returned and received by Fluid Control/when Fluid Control is notified that the Equipment is lost or damaged beyond repair, whatever occurs the latest.

5. Payment

5.1 Customer shall pay the rental rates as specified in the at all times current Price List for the rental of the Equipment. The rental rates cover the right of use of the Equipment only. No services are included in rental rates in the Price List.

5.2 The rental rates shall be paid for each calendar day for the duration of the rental period. Customer will be charged a full calendar day’s rent for any portion of a calendar day.

5.3 Unless otherwise explicitly stated, the rental rates and other charges will be invoiced monthly in advance and Fluid Control’s invoice shall be paid to the bank account nominated in writing by Fluid Control within 30 days after the invoice date.
5.4 Interest on overdue invoices shall accrue automatically without any prior notice of default required and shall accrue on a daily basis from the date when payment becomes due until receipt of payment in full and cleared funds by Fluid Control at the annual rate determined pursuant to the Norwegian Act relating to Interest on Overdue Payments.

5.5 All use and operation of the Equipment, whether by the Customer or the Customer Group, shall be for the Customer’s cost and risk. Any malfunctioning or use of the Equipment for whatever reasons, and any damage, well conditions that prevent satisfactory operations, lost-in-hole situations, or other circumstances which hinder the use of the Equipment and which are not directly attributable to Fluid Control’s gross negligence or wilful misconduct, shall not relieve the Customer of the obligation to pay the agreed rental rates and other charges.

6. Cancellation

6.1 When Fluid Control has issued an Order Confirmation the Customer may not cancel the rental prior to expiry of the rental period unless Fluid Control so agrees.

6.2 If Fluid Control agrees to a cancellation, the Customer shall at least pay Fluid Control a cancellation fee equal to (i) 20% of the total rental charge for the remaining part of the original rental period if the rented Equipment is standard Equipment, or (ii) 100% of the total rental charge for the remaining part of the original rental period if the rented Equipment is non-standard or special Equipment.

7. Fluid Control’s Obligations

7.1 Fluid Control shall use reasonable efforts to have the Equipment adequately packed and ready for transportation by the date agreed to by Fluid Control, subject to receipt by Fluid Control of all necessary customer information.

7.2 Fluid Control may and has the right to make substitutions, change the design and make other modifications to the Equipment provided that these changes do not affect the performance of the Equipment in a negative manner.

7.3 If requested by the Customer, Fluid Control will arrange for necessary repairs, training of the personnel of the Customer and/or of the Customer’s client, and other services. Repairs, training and other services provided by Fluid Control are not included in the rental rates specified in the Price List.

7.4 Fluid Control assumes no liability for any loss or damage incurred as a result of late delivery of the Equipment, regardless of cause.

8. The Customer’s Obligations

8.1 Upon receipt of the Equipment Customer shall check the Equipment for any defects. If Customer does not notify Fluid Control of any defects within 5 calendar days after having received the Equipment, the Equipment shall be deemed to have been delivery by Fluid Control free of defects and in an undamaged and operational state.

8.2. The Customer shall handle the Equipment with due care and ensure that they are adequately protected, preserved and maintained during the rental period in accordance with Fluid Control’s instructions and normal practice. Customer shall also ensure that only qualified technicians/persons are permitted to use and operate the Equipment, and that the Equipment is not changed or modified in any manner without Fluid Control’s prior written consent.

8.3 Without limiting the generality of the foregoing, Customer shall in particular not permit the use of the Equipment (i) for purposes other than those for which it was designed, (ii) for any illegal purposes, and (iii) for any purposes which may invalidate the insurance coverage of the Equipment.

8.4 The Equipment remain the property of Fluid Control or, if applicable, of the title holder from whom Fluid Control has leased the Equipment, and the Customer shall ensure that the Equipment remain free of liens other than those for which Fluid Control and/or the title holder are responsible.

8.5 During the rental period the Customer is not entitled to assign, pledge, re-hire or sublet the rented Equipment without Fluid Control’s prior written consent. Any assignment, pledge, re-hire or sublet from the Customer is for the Customer’s account and at the Customer’s full cost and risk.

8.6 At the expiry or earlier termination of the rental period the Customer shall return the Equipment undamaged and in an operational state and in the same condition as when it was
Terms and Conditions of Rental

delivered by Fluid Control, ordinary wear and tear excluded. Customer shall ensure that the Equipment is adequately packed and protected and safely returned to Fluid Control's facilities or to an alternative delivery address designated by Fluid Control.

8.7 Without limiting the generality of Condition 8.6, Customer shall deliver the rented Equipment to Fluid Control free of; (i) physical damage; (ii) latent damage; (iii) damaged caused by careless handling or packaging; (iv) damage from excessive jarring; (v) damage from excessive temperature or pressure exposure; (vi) damage due to caking with cement or other drilling or wellbore fluids; and (vii) other damage due to excessive wear or tear, exposure to H2S, exposure to CO2, exposure to abrasive or corrosive wellbore fluids, and exposure to corrosive drilling muds or any acid or alkalis.

8.8 All transport (including transport necessary due to defects and loss of or damage to the Equipment), including but not limited to between Fluid Control and the Customer, shall be for the Customer's risk and account.

9. Defects and Loss of or damage to the Equipment

9.1 If the Equipment is proven to be defective upon delivery from Fluid Control to the Customer, Fluid Control shall, subject to Condition 8.1, either (i) rectify the defects at its own costs, or (ii) if rectifying the defects is not deemed economically rational by Fluid Control, replace the defective Goods. For defects and losses due to the Equipment being defective upon delivery from Fluid Control to Customer, the Customer shall have no other remedies and/or claims available than stated in this Condition 9.1. All other claims shall be excluded, except if the defect is due to Fluid Control's gross negligence.

9.2 The Customer is liable for any and all loss of or damage to the Equipment during the rental period, howsoever caused, except for loss of or damage to the Equipment proven to be caused by gross negligence on the part of Fluid Control or which is a result of normal wear and tear.

9.3 The Customer shall promptly notify Fluid Control of any loss of or damage to the Equipment during the rental period.

9.4 Beyond what is necessary in order to limit the loss or damage, the Customer shall not repair the Equipment himself or by any third parties without Fluid Control's prior approval.

9.5 Unless otherwise agreed, any repair of the Equipment during the rental period or after return to Fluid shall be carried out by Fluid Control. Except for costs due to defects as stated in Condition 9.1 and repair which is a result of normal wear and tear, the repair and other associated costs will be charged to the Customer as additional costs not included in the rental rates.

9.6 Equipment which is “lost in hole” or otherwise lost, not recoverable or damaged in such a way that repair is not economically rational (damaged beyond repair), will be charged at the full replacement cost for new Equipment without any deduction whatsoever, including deductions from the rental rates paid or to be paid by Customer.

9.7 Fluid Control will keep Equipment which is returned to Fluid Control but damaged beyond repair for 60 calendar days. If Customer has not collected the Equipment within this period, Fluid Control may dispose the Equipment without any liability.

10. Right to demand re-delivery and possession

10.1 The Customer agrees that Fluid Control is entitled to demand re-delivery and possession of the rented Equipment in the following situations: a) if the rental rates or other agreed charges are not paid on the due date, or b) upon the expiry or earlier termination of the rental period/Contract, or c) if the rented Equipment in Fluid Control's opinion are being used in an abusive, dangerous, or unlawful manner. Fluid Control's demand of re-deliver and possession shall be notified in writing by letter, telefax or e-mail, and the Customer agrees to immediately deliver the rented Equipment upon receipt of such notification.

10.2 To the fullest extent permissible by applicable law, Condition 10.1 shall constitute a basis for legal enforcement, c.f. the Norwegian Enforcement Act Article 13-2.

11. Breach of Contract

11.1 Fluid Control is entitled to terminate the Contract if the Customer is in substantial breach of his obligations or if it is evident that this will be the case.

11.2 Fluid Control may claim damages as a result of the Customer not fulfilling his obligations in accordance with the Contract.
12. Indemnification, Insurance and Limitations of Liability

12.1 The Customer shall defend, indemnify and hold harmless Fluid Control Group from and against any and all loss, claims, lawsuits, liabilities and causes of action for; (a) injury to or death of any person of Customer Group and Third Parties; and (b) damage to or destruction of property of Customer Group and Third Parties caused by the Equipment or otherwise arising out of the rental of the Equipment, unless such injury, death, damage or destruction is a direct result of Fluid Control's gross negligence or willful misconduct.

12.2 Customer Group party shall defend, indemnify and hold Fluid Control Group harmless from and against indirect losses in connection with rental of the Equipment, irrespective of any circumstances that might condition the liability. Indirect loss shall include, but not be limited to, operating loss, compensation for loss of use, loss of profit and other economical consequential losses. Customer shall indemnify Fluid Control Group against similar claims from Third Parties.

12.3 Either party shall at his own cost and for the duration of the rental period maintain insurance cover in respect of its responsibilities under the Contract. It is expressly agreed that as part of its responsibility the Customer shall ensure that the Equipment are insured at their full replacement value from the start of the rental period and until the Equipment are safely returned to Fluid Control.

13.4 Fluid Control Group’s total liability under each Contract, regardless of whether the Contract is terminated or not, shall be limited to 25 % of the agreed total rental rate for the individual Contract. The Customer Group shall indemnify Fluid Control Group from and against all claims, loss or damage to the extent they exceed the said limitation.


13.1 The English language shall be used in all communication between the parties, such as correspondence, notices, reports and other documents.

13.2 No modification, supplement or waiver of any provisions of the Contract shall be valid unless made in writing and signed by the duly authorized representatives of the parties.

13.3 No waiver by any party of any default of the other party under these Conditions shall be considered as a waiver of any subsequent default, whether like or different in character.

13.4 If any provisions or provision of these Conditions is held to be invalid, illegal or unenforceable in whole or in part in any jurisdiction, or if any governmental agency or authority require the parties to delete any provision of these Conditions, such invalidity, illegality, unenforceability or deletion shall not impair or affect the remaining provisions of these Conditions or the validity or enforceability of such provision in any other jurisdiction. The parties shall endeavour in good faith negotiation to replace the invalid, illegal, unenforceable or deleted provision by valid provisions, the economic effect of which shall be as close as legally possible to that of the invalid, illegal, unenforceable or deleted provision.

14. Confidentiality etc.

14.1 All information concerning the Equipment and Fluid Control’s other products to which the Customer gains access through the co-operation with Fluid Control shall be treated as trade secrets and be deemed Fluid Control’s property. Such information may include documents, computer programs, particulars about the design and manufacturing of the Equipment, as well as other know-how and information of a secret or restricted character. The said trade secrets shall be treated confidentially and shall not be used for any other purpose than the agreed purpose of the rental.

14.2 The Customer Group shall not acquire any intellectual property rights or other relevant rights in, or with respect to, any of Fluid Control Group’s Equipment or other products, goods or services provided under by Fluid Control Group. Title to, or property rights in, shall pass to the Customer Group only pursuant to a separate written agreement specifically setting forth the property rights, and only if the Customer is specifically and separately invoiced for such rights.

14.3. The Customer Group shall not reverse engineer, copy, reproduce, adapt, vary or modify any of the Equipment, or communicate the same to any Third Party without the prior written consent of Fluid Control.

14.4 This Condition 14 shall apply during the continuance of the
Terms and Conditions of Rental

Contract and after its termination howsoever arising without limitation in time.

15. Governing law and disputes

15.1 These Conditions and the Contract shall be governed by and construed in accordance with Norwegian law.

15.2 Disputes arising out of or in connection with these Conditions and/or the Contract, and which are not resolved by mutual agreement, shall be finally settled by arbitration, unless the parties agree otherwise. The seat of the arbitration shall be Bergen, Norway. The arbitration shall be in accordance with the Norwegian Act regarding Procedural Rules for Arbitration.