

## **SPARTAN OFFSHORE MASTER SERVICE CONTRACT**

### **THIS CONTRACT CONTAINS MUTUAL INDEMNITY PROVISIONS**

This contract (the "Contract" or "Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, by and between **Spartan Offshore Drilling, L.L.C., 516 JF Smith Avenue, Slidell, Louisiana 70460** hereinafter referred to as ("Spartan Offshore" or "Owner") and the contractor ("Contractor") whose name and address is as follows:

#### **WITNESSETH:**

In consideration of the mutual covenants contained herein, Spartan Offshore and Contractor agree as follows:

#### **1. WORK CONTRACT:**

Spartan Offshore proposes from time to time to enter into contracts with Contractor by work orders, other writings or oral agreements (hereinafter referred to as "Work Orders") covering certain work or the provision of services or materials (hereinafter referred to generally as "work" or "Work") by Contractor. Spartan Offshore and Contractor agree that the following general provisions shall apply to and control all work which may be conducted or carried out by Contractor for Spartan Offshore, whether under oral or written Work Orders at all times, until canceled by either party pursuant to Paragraph 19 hereof. This Contract shall govern all work performed by Contractor under such oral or written Work Order and any agreement or stipulations in any Work Order used by Contractor not in conformity with the provisions hereof shall be null and void.

#### **2. INDEPENDENT CONTRACTOR RELATIONSHIP AND RIGHT OF INSPECTION:**

Contractor shall perform its obligations for Spartan Offshore as an independent contractor. The work contemplated herein shall be performed to the standards and specifications required by Spartan Offshore, which reserves the general right of inspection to secure the satisfactory completion thereof. Payment of any funds by Spartan Offshore shall not constitute a waiver or acceptance of defects. Except where expressly authorized in writing by Spartan Offshore, no employee, agent, or representative of Contractor shall represent himself to be an agent or authorized to act in the name or on behalf of Spartan Offshore. The actual performance and superintendence of all work hereunder shall be by Contractor, but Spartan Offshore or its representatives shall have unlimited access to the operations to determine whether such work is

being performed by Contractor in accordance with all the provisions of this Contract, or other written agreement, if any. Contractor shall be solely responsible for its own acts and the acts of its employees and agents while engaged in the work performed for Spartan Offshore.

### **3. MAINTENANCE OF RECORDS AND RIGHT OF AUDIT:**

Contractor and each of its subcontractors shall maintain true and correct records pertaining to the work performed hereunder, including on a daily basis the names of the employees, starting and ending times for each, travel time, the type of work performed by each, the materials used and other records which are subject to inspection hereunder for a period of three (3) years after completion of the work. Spartan Offshore may audit any books and records of Contractor and any of its Contractors relating directly or indirectly to work and services performed hereunder and the prices or rates charged therefor; provided however, Contractor and any of its subcontractors shall have the right to exclude any trade secrets, formulas or processes not the property of Spartan Offshore from such an inspection.

### **4. PERFORMANCE OF WORK:**

Upon acceptance by Contractor of any Work Order, Contractor shall furnish the services, materials or equipment described therein at the time and place agreed upon, and continue operations diligently and without delay in a safe, proper and workmanlike manner, in strict conformity with the specifications and requirements herein and in such Work Order.

### **5. CONTRACTOR'S RESPONSIBILITIES:**

(a) In the performance of any work hereunder, Contractor shall furnish at its own expense and cost any and all necessary labor, bonds, permits, licenses, fuel, materials, supplies, machinery, equipment, tools, transportation and anything else necessary to perform and complete the work covered by this Contract, other than items which Spartan Offshore specifically agrees in writing to furnish. All materials shall be of a grade and quality to meet all specifications of their required use. Contractor will promptly repair, at Contractor's expense, any defects in such work caused by Contractor's workmanship or by faulty or substandard materials furnished by Contractor or its Contractors, suppliers or materialmen for the work.

(b) Contractor shall perform the work in accordance with generally accepted, current, good and safe practices of the industry and trades involved, taking all reasonable precautions to protect Spartan Offshore's premises or operations, the work site and adjacent facilities, workmen and the public. Contractor understands that it is unlawful to improperly dispose of any liquid, solids, or any materials, and that failure to comply with this regulation can result in a substantial penalty. Contractor shall not dispose of any liquids, solids or other materials except in strict compliance with law and Contractor agrees to dispose of all materials properly. Contractor shall comply with all applicable occupational safety and environmental laws and regulations. Without limiting the generality of the foregoing, Contractor shall, prior to commencement of work, with reasonable and due diligence, become familiar with Spartan Offshore's safety rules and operations and the work site including any hazards or dangers attendant thereto. Contractor shall be responsible for compliance with such rules, laws and regulations.

(c) Contractor warrants that it is an equal opportunity employer and will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, handicap or status as a Vietnam Era Veteran. When applicable, Contractor will comply with Executive Orders 11,246 and 11,625, the Vietnam Era Veterans Readjustment Assistance Act of 1974, the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, and all amendments, orders, rules and regulations issued thereunder or in connection therewith. Contractor certifies that it does not and will not maintain or provide for its employees any facilities which are segregated by race, color, religion or national origin or permit its employees to perform any services at any location, under its control, where segregated facilities are maintained; and, if applicable, Contractor will obtain a similar certification or all non-exempt sub-contracts, in accordance with the provisions of 41 C.F.R. §60-1.8.

(d) Contractor shall comply with all federal, state and local drug testing laws, regulations, and requirements which are applicable to any work provided or undertaken by Contractor pursuant to or in furtherance of this Contractor, including but not limited to, the programs and procedures established by the United States Department of Transportation and the United States Coast Guard. Contractor shall become familiar and comply with, and shall require all of its employees, agents and officers to become familiar and comply with, the drug testing program and procedures of Spartan Offshore. It is understood that Spartan Offshore's drug testing program and procedures offer minimum guidelines only and are intended to supplement, not supersede, the policies and procedures of Contractor. Without limiting the generality of the foregoing, it is understood that all of Contractor's employees, agents and officers shall be subject to drug testing by Spartan Offshore during the performance of any Work Order, including but not limited to, periodic testing, random testing, reasonable cause testing and post-accident testing.

(e) Contractor warrants and agrees that Contractor's employees, agents and officers shall have the necessary skills, training and/or experience to properly perform the duties assigned to them, including the appropriate training in safe work practices and environmental and emergency response. Contractor shall maintain such records as may be necessary or required by law to document that all of Contractor's personnel performing work pursuant to this Agreement conform to these requirements. Spartan Offshore reserves the right to verify that all of Contractor's personnel, whether agents, employees, or officers, have received the required training before arriving aboard a Spartan Offshore rig. Upon Spartan Offshore's request, Contractor shall provide a copy of all such required documentation, including, but not limited to, Safe Gulf or Rig Pass certifications, prior to scheduling personnel for offshore projects. This is by no means meant to be an exclusive listing of required certifications, and it is Contractor's responsibility to comply with all laws, regulations, and customer requirements regarding training and licensing of Contractor's employees, agents and officers.

(f) Contractor warrants and agrees that its subcontractors shall comply with all requirements of this Paragraph 5 to the same extent as required of Contractor herein.

(g) It is understood that this Paragraph 5 places no duty upon Spartan Offshore to exercise any right Spartan Offshore has by virtue of this Paragraph and that Contractor alone is responsible for insuring its compliance hereunder.

## **6. PERSONNEL MATTERS:**

Owner shall have the right to deny access to its drilling rigs and its other properties and facilities, including, without limitation, any chartered vessels or aircraft, to any personnel of Contractor, whether employees, agents or officers. Notwithstanding any contrary provisions of the immediately foregoing sentence, Owner and Contractor agree that Owner shall have no right to terminate or affect any other term or condition of employment of any personnel of Contractor; provided, however, that, in its sole discretion and for any nondiscriminatory reason (which includes, without limitation, the failure to abide by any of Company's policies), Owner may require that Contractor remove a particular member of Contractor's personnel from the performance of work hereunder. Any decision to terminate, or otherwise affect any other term or condition of employment of any personnel of Contractor, shall be the sole act of Contractor; and Owner shall have no liability thereof.

**IF ANY PERSONNEL OR CONTRACTOR ASSERT ANY CLAIM AGAINST OWNER OR ITS AGENTS, DIRECTORS, OFFICERS, EMPLOYEES, OR SERVANTS ARISING OUT OF OWNER'S (I) DENIAL OF ACCESS TO SUCH PERSONNEL OF CONTRACTOR OR (II) REQUIREMENT THAT SUCH PERSONNEL OF CONTRACTOR BE REMOVED FROM THE PERFORMANCE OF WORK HEREUNDER, THEN CONTRACTOR SHALL RELEASE, INDEMNIFY, PROTECT, DEFEND AND HOLD HARMLESS OWNER AND ITS AGENTS, DIRECTORS, OFFICERS, EMPLOYEES, OR SERVANTS FROM AND AGAINST SUCH CLAIM.**

## **7. CONSIDERATION:**

The consideration to be paid by Spartan Offshore to Contractor shall in all cases be only that amount agreed to by Spartan Offshore, whether established as the amount for the services and labor rendered and/or materials and products purchased as set forth in the current rate schedule to be furnished to Spartan Offshore by Contractor prior to commencement of work hereunder, or if no schedule is furnished, the amount shown in the Work Order; provided, however, that the amount to be paid for any such services or labor or materials furnished or used in connection with such work shall never exceed Contractor's usual and customary charges for such services, labor or materials in the locality where the work is to be performed. The basis for establishing the price of this Contractor, whether by rate schedule or fixed price, or otherwise, shall be attached hereto as an exhibit. Contractor shall obtain written authorization to change orders that are out of statue with the original Contract prior to work performed. Contractor can bill monthly or end of contract, whichever comes first. Payment terms are net thirty (30) days.

## **8. TAXES AND LIENS:**

Contractor agrees to pay and discharge all valid taxes, lienable claims, charges or other impositions imposed or to be imposed by law on Contractor, arising out of, in connection with or

resulting from work performed hereunder, and to comply with all laws with reference to Contractor's employees engaged in the performance of any work hereunder. Contractor agrees to indemnify Spartan Offshore against any liability for any such taxes, lienable claims, charges or impositions, including attorneys' fees and costs. Upon the completion of the work performed under this Contract, Contractor shall provide evidence satisfactory to Spartan Offshore it may request, and Contractor shall furnish, proof satisfactory to Spartan Offshore that all claims for that all claims for labor, materials, services, taxes, liens or injuries to third persons or property, are satisfied or discharged. No payment shall be due by Spartan Offshore until Spartan Offshore has verified that the work has been satisfactorily performed and Contractor has satisfied Spartan Offshore that all labor and materials utilized in connection with the work, whether such labor is directly employed by Contractor or employed through its contractors have been fully paid. In the event claims and liens for any such labor and materials are not fully paid or discharged by Contractor in a commercially reasonable time, Spartan Offshore may satisfy such claims or discharge such liens and Contractor shall reimburse Spartan Offshore for all payments made and all expenses incurred, including attorneys' fees and costs, in connection therewith.

## **9. FORCE MAJEURE:**

Neither Spartan Offshore nor Contractor shall be liable to the other for any delays or damages or any failure to act owing to, occasioned or caused by reason of federal or state laws or the rules, regulations or orders of any public body, or any official purporting to exercise authority or control respecting the work covered hereby, including the use of tools and equipment, or owing to, occasions or caused by strikes, lockouts, fire, flood, the elements, Acts of God or other causes beyond the control of the party effected thereby, and delays due to any of the above causes shall not be deemed to be a breach or failure to perform under this Contract; provided, however, the party delayed by such event shall provide notice thereof to the other party as soon as reasonably possible specifying all facts relating thereto, the anticipated consequences thereof, and any proposed actions to be taken in mitigation of adverse consequences. Nothing in this Paragraph is meant to alter the indemnity obligations of the parties set forth in Paragraph 11 of this Contract, which remain in effect even when Paragraph 9 applies.

## **10. INSURANCE:**

(a) During the term of this Contract, Contractor agrees to carry insurance of the types and in the minimum amounts and containing the terms and conditions as provided for in the insurance schedule set forth in this Paragraph. Contractor will, on request from Spartan Offshore, complete the form Certificate of Insurance attached hereto as Exhibit "A", which by this reference is made a part hereof, or provide a Certificate of Insurance indicating that the required insurance is in full force and effect. All such policies of insurance shall be carried by insurers who are reliable and financially responsible and who are acceptable to Owner and shall not be permitted to lapse, or be canceled, altered or amended without thirty (30) days written notice having been furnished to Owner. At the inception of this Contract, and whenever requested by Owner, but not less than once annually, Contractor shall furnish Owner with a Certificate of Insurance evidencing the fact that all of the required insurance coverages remain in full force and effect. Further, during the term of this Contract, Contractor agrees to carry or

cause to be carried insurance of the types and in minimum amounts and containing the terms and conditions as provided for below to ensure the liability of the parties hereto, as follows:

1. Statutory Workers' Compensation, including occupational disease, to cover all of Contractor's employees, agents, contractors and Contractors in accordance with the laws of the state the Contractor is performing work for the Spartan Offshore under this Agreement. Contractors shall also maintain coverage for Employer's liability subject to limits of not less than \$500,000 each person and in the aggregate. Such insurance will include an Alternate Employer Endorsement and Waiver of Subrogation in favor of Spartan Offshore;
2. Commercial General Liability with a combined single limit of not less than \$1,000,000 each occurrence and in the aggregate. Such insurance will include Additional Insured and Waiver of Subrogation Clauses in favor of the Spartan Offshore and include Contractual Liability to specifically insure Spartan Offshore against liability assumed in Section 11 of this Agreement.
3. Business Auto, Public Liability and Property Damage Insurance, with a combined single limit of not less than \$1,000,000. Such coverage will provide coverage for all owned, non-owned and hired vehicles. Additionally, such insurance will include Additional Insured and Waiver of Subrogation Clauses in favor of Spartan Offshore and include Contractual Liability to specifically insure Spartan Offshore against liability assumed in Section 11 of this Agreement. Coverage is to be endorsed to include Motor Carrier Act 1980; Pollution Coverage and provide coverage for Punitive Damages.
4. Umbrella Coverage with a combined single limit of not less than \$5,000,000. Such coverage to be excess of Automobile Liability, Commercial General Liability and Employer's Liability Coverage on a following form basis and to include specific coverages as noted in 2 & 3 above.

Contractor shall provide Spartan Offshore with a Certificate of Insurance before the commencement of work. Spartan Offshore may determine from the information set forth in Contractor's Certificate of Insurance whether the insurance coverage provided by Contractor is satisfactory to Spartan Offshore.

(b) At the inception of this Contract and annually thereafter, and whenever requested by Spartan Offshore, Contractor shall furnish Spartan Offshore with a certificate of insurance evidencing the fact that all of the required insurance coverages are or remain in full force and effect. If requested by Spartan Offshore, Contractor shall provide certified copies of all insurance policies required hereby.

(c) All such policies of insurance shall be carried by insurers who are financially responsible and who are acceptable to Spartan Offshore and shall not be permitted to lapse, or be canceled, altered or amended without thirty (30) days' written notice having been furnished to Spartan Offshore.

(d) Failure to secure the insurance coverages, or the failure to comply fully with any of the insurance requirements of this Contract, or the failure to secure such endorsements on the policies as may be necessary to carry out the terms and conditions of this Contract, shall in no way act to relieve Contractor from the obligations of this Contract, any provisions hereof to the contrary notwithstanding. In the event that liability for any loss or damage be denied by the insurer or insurers, in whole or in part, because of breach of said insurance by Contractor, or for any other reason, including the insolvency or liquidation of the insurer, or if Contractor fails to maintain any of the insurance herein required, Contractor shall hold harmless, defend and indemnify Spartan Offshore and Owner against all claims, demands, costs and expenses, including attorneys' fees, which would otherwise be covered by said insurance and other damages resulting from lack of insurance required hereunder.

(e) The insurance obligations of Contractor required by this Paragraph 10 are separate from and in no way intended to limit Contractor's indemnity obligations under Paragraph 11.

(f) Contractor's policies of insurance required hereunder shall be endorsed or have "other insurance" provisions containing the following equivalent language:

"All policies of insurance described hereunder shall be and shall state that it is primary insurance and that the insurer shall be liable under the policies for the full amount of the loss up to and including the total limits of liability as set forth in the declarations therein without right of contribution from any other insurance effected by or in the name of Spartan Offshore under any policy within any insurance Spartan Offshore covering the loss under this policy."

(g) Wherever this Agreement requires Contractor to name Spartan Offshore as an additional insured in Contractor's insurance policies, or to cause such insurers to waive subrogation against Spartan Offshore, it is agreed that such naming and waiving shall be limited to the risks assumed by Contractor under the indemnity provisions of this Agreement. Spartan Offshore shall only be considered to be an additional insured, and subrogation shall only be waived against Spartan Offshore, with respect to those claims and liabilities for which Contractor has agreed to defend, indemnify and hold Spartan Offshore harmless under the indemnity provisions of this Agreement

(h) Notwithstanding the language contained in any insurance policy required under this Agreement, Contractor and Operator agree that neither will seek insurance coverage from the other beyond coverage for the risks and liabilities for which each has agreed to provide insurance coverage herein.

## **11. INDEMNITY:**

**(A) CONTRACTOR AGREES TO RELEASE, DEFEND, INDEMNIFY AND HOLD SPARTAN OFFSHORE, ITS PARENT, SUBSIDIARY, AFFILIATED AND**

**RELATED COMPANIES, PARTNERS, CONTRACTORS AND SUBCONTRACTORS (EXCLUDING CONTRACTOR), AND ANY AND ALL OF THEIR RESPECTIVE AGENTS, DIRECTORS, OFFICERS, MEMBERS, MANAGERS, EMPLOYEES, SERVANTS, INSURERS AND INVITEES (COLLECTIVELY, THE "SPARTAN GROUP"), HARMLESS FROM AND AGAINST ANY AND ALL LOSSES, CLAIMS, DEMANDS, LIABILITIES OR CAUSES OF ACTION OF EVERY KIND AND CHARACTER, IN FAVOR OF ANY PERSON OR PARTY, FOR INJURY TO OR ILLNESS, DISEASE OR DEATH OF ANY MEMBER OF THE CONTRACTOR GROUP (AS DEFINED BELOW), WHICH INJURY, ILLNESS, DISEASE, OR DEATH RELATES TO, ARISES OUT OF OR IS INCIDENT TO THE WORK OR SERVICES PERFORMED UNDER THIS CONTRACT, AND REGARDLESS OF THE CAUSE OF SUCH INJURY, ILLNESS, DISEASE, OR DEATH, EVEN THOUGH CAUSED IN WHOLE OR IN PART BY A PRE-EXISTING DEFECT, SPARTAN GROUP'S NEGLIGENCE OR STRICT LIABILITY, OR OTHER LEGAL FAULT OF SPARTAN GROUP, WHETHER SOLE, JOINT OR CONCURRENT, EXCEPTING HOWEVER THE GROSS NEGLIGENCE, OR WILLFUL MISCONDUCT OF SPARTAN GROUP, CONTRACTOR SHALL FULLY DEFEND ANY SUCH CLAIM, DEMAND OR SUIT AT ITS SOLE EXPENSE, EVEN IF THE SAME IS GROUNDLESS. THIS INDEMNITY SHALL BE LIMITED TO THE EXTENT NECESSARY FOR COMPLIANCE WITH APPLICABLE STATE AND FEDERAL LAWS.**

**(B) SPARTAN OFFSHORE AGREES TO RELEASE, DEFEND, INDEMNIFY AND HOLD CONTRACTOR ITS PARENT, SUBSIDIARY, AFFILIATED AND RELATED COMPANIES, PARTNERS, CONTRACTORS AND SUBCONTRACTORS, AND ANY AND ALL OF THEIR RESPECTIVE AGENTS, DIRECTORS, OFFICERS, MEMBERS, MANAGERS, EMPLOYEES, SERVANTS, INSURERS AND INVITEES (COLLECTIVELY, THE "CONTRACTOR GROUP") HARMLESS FROM AND AGAINST ANY AND ALL LOSSES, CLAIMS, DEMANDS, LIABILITIES OR CAUSES OF ACTION OF EVERY KIND AND CHARACTER, IN FAVOR OF ANY PERSON OR PARTY, FOR INJURY TO OR ILLNESS, DISEASE OR DEATH OF ANY MEMBER OF SPARTAN GROUP, WHICH INJURY, ILLNESS, DISEASE OR DEATH RELATES TO, ARISES OUT OF OR IS INCIDENT TO THE WORK OR SERVICES PERFORMED UNDER THIS CONTRACT, AND REGARDLESS OF THE CAUSE OF SUCH INJURY, ILLNESS, DISEASE OR DEATH, EVEN THOUGH CAUSED IN WHOLE OR IN PART BY A PRE-EXISTING DEFECT, CONTRACTOR GROUP'S NEGLIGENCE OR STRICT LIABILITY, OR OTHER LEGAL FAULT OF CONTRACTOR GROUP, WHETHER SOLE, JOINT OR CONCURRENT, EXCEPTING HOWEVER THE GROSS NEGLIGENCE, OR WILLFUL MISCONDUCT OF CONTRACTOR GROUP, SPARTAN OFFSHORE SHALL FULLY DEFEND ANY SUCH CLAIM, DEMAND OR SUIT AT ITS SOLE EXPENSE, EVEN IF THE SAME IS GROUNDLESS. THIS INDEMNITY SHALL BE LIMITED TO THE EXTENT**



**NECESSARY FOR COMPLIANCE WITH APPLICABLE STATE AND FEDERAL LAWS.**

**(C) CONTRACTOR HEREBY ACCEPTS FULL, COMPLETE AND UNCONDITIONAL RESPONSIBILITY FOR, AND AGREES TO RELEASE, PROTECT, DEFEND, INDEMNIFY AND HOLD HARMLESS SPARTAN GROUP FROM AND AGAINST ANY AND ALL DAMAGES TO AND/OR LOSS OF ANY AND ALL OF CONTRACTOR GROUP'S PROPERTY, EQUIPMENT, MATERIALS AND VESSELS, EVEN IF SAID DAMAGE AND/OR LOSS RESULTS, IN WHOLE OR PART, FROM NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY AND/OR UNSEAWORTHINESS ATTRIBUTABLE TO SPARTAN GROUP AND/OR VESSELS SPARTAN GROUP OWNS, OPERATES, CHARTERS AND/OR CONTROLS, EXCEPTING HOWEVER THE GROSS NEGLIGENCE, OR WILLFUL MISCONDUCT OF SPARTAN GROUP. CONTRACTOR SHALL FULLY DEFEND ANY SUCH CLAIM, DEMAND OR SUIT AT ITS SOLE EXPENSE, EVEN IF THE SAME IS GROUNDLESS. THIS INDEMNITY SHALL BE LIMITED TO THE EXTENT NECESSARY FOR COMPLIANCE WITH APPLICABLE STATE AND FEDERAL LAWS.**

**(D) SPARTAN OFFSHORE HEREBY ACCEPTS FULL, COMPLETE AND UNCONDITIONAL RESPONSIBILITY FOR, AND AGREES TO RELEASE, PROTECT, DEFEND, INDEMNIFY AND HOLD HARMLESS CONTRACTOR GROUP, FROM AND AGAINST ANY AND ALL DAMAGES TO AND/OR LOSS OF ANY AND ALL OF SPARTAN GROUP'S PROPERTY, EQUIPMENT, MATERIALS AND VESSELS, EVEN IF SAID DAMAGE AND/OR LOSS RESULTS, IN WHOLE OR PART, FROM NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY AND/OR UNSEAWORTHINESS ATTRIBUTABLE TO THE CONTRACTOR GROUP AND/OR VESSELS CONTRACTOR GROUP OWNS, OPERATES, CHARTERS AND/OR CONTROLS, EXCEPTING HOWEVER THE GROSS NEGLIGENCE, OR WILLFUL MISCONDUCT OF CONTRACTOR GROUP. SPARTAN OFFSHORE SHALL FULLY DEFEND ANY SUCH CLAIM, DEMAND OR SUIT AT ITS SOLE EXPENSE, EVEN IF THE SAME IS GROUNDLESS. THIS INDEMNITY SHALL BE LIMITED TO THE EXTENT NECESSARY FOR COMPLIANCE WITH APPLICABLE STATE AND FEDERAL LAWS.**

**(E) IT IS THE INTENT OF THE PARTIES THAT THIS PARAGRAPH 11(E) PROVIDES THE EXCLUSIVE ARRANGEMENTS AMONG THE PARTIES WITH RESPECT TO ENVIRONMENTAL LOSSES AND THAT THE ARRANGEMENTS OF THE PARTIES UNDER THIS CONTRACT WITH RESPECT TO ENVIRONMENTAL LOSSES, RESPECTIVELY, SHALL BE SEPARATE AND DISTINCT FROM THE ARRANGEMENTS SET FORTH IN PARAGRAPHS 11 (A) THROUGH (D) ABOVE. THE PARTIES AGREE AS FOLLOWS:**

- 1. CONTRACTOR AGREES TO RELEASE, DEFEND, INDEMNIFY, AND HOLD HARMLESS SPARTAN GROUP FROM AND AGAINST ANY AND ALL ENVIRONMENTAL LOSSES ON ACCOUNT OF POLLUTION OR CONTAMINATION EMANATING FROM PROPERTY OF CONTRACTOR, EVEN IF SAID ENVIRONMENTAL LOSSES RESULT, IN WHOLE OR PART, FROM NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY AND/OR UNSEAWORTHINESS ATTRIBUTABLE TO SPARTAN GROUP AND/OR VESSELS SPARTAN GROUP OWNS, OPERATES, CHARTERS, AND/OR CONTROLS, EXCEPTING HOWEVER THE GROSS NEGLIGENCE, OR WILLFUL MISCONDUCT OF SPARTAN GROUP, AND**
  
- 2. SPARTAN OFFSHORE AGREES TO RELEASE, DEFEND, INDEMNIFY, AND HOLD HARMLESS CONTRACTOR GROUP FROM AND AGAINST ANY AND ALL ENVIRONMENTAL LOSSES ON ACCOUNT OF POLLUTION OR CONTAMINATION EMANATING FROM PROPERTY OF SPARTAN OFFSHORE, EVEN IF SAID ENVIRONMENTAL LOSSES RESULT, IN WHOLE OR PART, FROM NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY AND/OR UNSEAWORTHINESS ATTRIBUTABLE TO CONTRACTOR GROUP AND/OR VESSELS CONTRACTOR GROUP OWNS, OPERATES, CHARTERS, AND/OR CONTROLS, EXCEPTING HOWEVER THE GROSS NEGLIGENCE, OR WILLFUL MISCONDUCT OF CONTRACTOR GROUP, AND**
  
- 3. FOR PURPOSES OF PARAGRAPH 11(E) (1) AND 11(E) (2) ABOVE, THE TERM “PROPERTY” MEANS ANY AND ALL REAL, PERSONAL, MOVABLE, IMMOVABLE OR MIXED PROPERTY OF THE INDICATED PARTY, WHETHER OWNED, LEASED, RENTED, BROKERED, CHARTERED OR OTHERWISE PROVIDED BY SUCH PARTY, AND THE TERM “ENVIRONMENTAL LOSSES” SHALL MEAN ALL DEMANDS, CAUSES OF ACTION, JUDGMENTS, CLAIMS, FINES, LIABILITIES AND OTHER COSTS INCLUDING, WITHOUT LIMITATION, COURT COSTS, INTEREST, PENALTIES, LITIGATION EXPENSES AND ATTORNEY’S FEES) FOR DAMAGE OR HARM TO THE ENVIRONMENT (INCLUDING SPILL RESPONSE, ENVIRONMENTAL POLLUTION OR CONTAMINATION, AND CLEANUP COSTS) BROUGHT BY OR ON BEHALF OF ANY PERSON ENTITY, AND SHALL ALSO MEAN, UNLESS OTHERWISE EXPRESSLY PROVIDED, ANY OF THE FOREGOING SOUGHT DIRECTLY OR INDIRECTLY BY WAY OF RECOVERY, INDEMNIFICATION OR CONTRIBUTION BY ANY PERSON OR ENTITY, INCLUDING THOSE BASED ON CONTRACTUAL INDEMNIFICATION.**

(f) If any portion of Contractor's work is performed by a subcontractor, Contractor represents that the contract or agreement with such subcontractor will include an indemnity provision that releases, defends, protects, indemnifies, and holds harmless Spartan Offshore in the same manner and to the same extent stipulated in Paragraphs 11(a), (c), and (e) above.

(g) To the extent that Spartan Offshore has a contract or agreement with other contractors, Spartan Offshore represents that it will protect Contractor in any such contract or agreement in the same manner and to the same extent stipulated in Paragraphs 11(b), (d), and (e).

(h) Contractor agrees to protect, defend, indemnify and hold Spartan Offshore harmless from and against the payment of all damages, charges, costs and expenses resulting from any claim that any service provided or the manufacture, sale, purchase or use of any of the materials furnished constitute (1) an infringement of any patent rights, patent or application for patent or any invention covered thereby and (2) any alleged infringement of copyright or trademark. In the event the services or the use or sale of any articles, materials or equipment to be furnished hereunder are enjoined, Contractor, at its expense, shall at Spartan Offshore's election either procure for Spartan Offshore the right to continue to use or sell same or replace same with non-infringing materials and/or services of a grade and quality to meet all specifications for their required use which, in either event, Contractor warrants and guarantees, Contractor shall comply with all laws, regulations, decrees, codes, ordinances, resolutions and other acts of any governmental authority, including but not limited to, all federal, state and local labor, tax and environmental laws, which are applicable to this Contract and Contractor's performance hereunder, and shall indemnify and hold Spartan Offshore harmless from and against any and all fines and penalties, cleanup, response, removal, and/or corrective action resulting from Contractor's failure to do so, including attorneys fees and costs.

(i) The indemnifying party shall, at its sole cost and expense, investigate, handle, respond to and provide defense for any claim, demand, or suit for which it gives indemnity herein, provided that the indemnified party shall be afforded the right and opportunity to participate in any such investigation or defense and may, at its option and at its expense, elect to conduct any litigation regarding a claim for which it is indemnified through counsel of its own choosing. In the event a party to this Contract, after receipt of notice of a loss, claim or demand, fails to furnish a defense and indemnity as provided for under this Paragraph 11, the indemnified party shall be entitled to receive from the indemnifying party, in addition to its attorneys' fees, costs, expenses and any amounts paid in judgment or settlement, all costs, expenses and attorneys' fees incurred in the enforcement of this Contract.

(j) Without limiting the scope of the foregoing obligations, Contractor agrees to procure insurance including contractual indemnity insurance to cover the indemnity obligations assumed by it hereunder.

(k) The indemnity obligations of the parties under this Paragraph 11 shall survive the termination of this Agreement and any applicable purchase/work order(s) and shall continue in full force and effect without time limit, except as may be otherwise provided under any applicable Statute of Limitations.

## **12. SPECIAL PROVISIONS FOR LOUISIANA:**

The following provisions apply where work is to be performed in or offshore Louisiana and where subject to Louisiana law, notwithstanding any provisions in this Contract to the contrary.

(a) In all cases, where Contractor's personnel (including Contractor's and its subcontractors' direct, borrowed, special, or statutory employees) are performing work in or offshore the State of Louisiana or are otherwise covered by the Louisiana Workers' Compensation Act, La. R.S. 23:1021 et seq., Contractor and Owner agree that the services performed by Contractor and Contractor's personnel pursuant to this Agreement are an integral part of and are essential to the ability of Owner to generate Owner's goods, products, and services for the purpose of La. R.S. 23:1061 (A) (1). Furthermore, Contractor and Owner agree that Owner is the statutory employer of Contractor's personnel for purposes of La. R.S. 23:1061 (A) (3) and that Owner shall be entitled to the protections afforded a statutory employer under Louisiana law. Irrespective of Owner's status as the actual or alleged statutory or special employer (as defined in La. R.S. 23:1031 (C)) of any of Contractor's personnel, Contractor shall remain responsible for the payment of all workers' compensation and medical benefits to Contractor's personnel, and shall not be entitled to seek contribution for any such payments from Owner; and Contractor further agrees that it will defend, indemnify, release, and hold Owner harmless from and against any such payments and that Contractor will defend, indemnify, release, and hold Owner harmless from and against any and all personal injury, death, disease, or property damage claims relating to or asserted by Contractor's personnel, even if any such Contractor's personnel are also held to be an employee (whether a statutory, special or borrowed employee, or otherwise) of Owner and regardless of any negligence or other fault of Owner.

(b) Notwithstanding anything contained in Section 10. Insurance, Owner and Contractor agree that with respect to all work performed in Louisiana or offshore Louisiana under this Agreement:

Owner has the option to pay to Contractor's insurers the premium required by Contractor's insurers or their agents or authorized representatives to extend all of Contractor's insurance policies to include coverage for Owner as required under this Agreement. If Owner makes this election, Contractor will arrange to have Owner billed for the premium by Contractor's insurers. At each subsequent renewal of Contractor's insurance Contractor will advise Owner the amounts of the premium required for the extensions and arrange to have Owner billed for the appropriate premium by its insurers or their agents or authorized representatives. Contractor warrants that such amount constitutes the full cost, and that Contractor does not bear any material portion of the cost, of extending such insurance protection to Owner. It is expressly acknowledged and agreed to by the parties that the provisions of this paragraph are intended to comply with *Marcel v. Placid Oil.*, 11 F.3d 563

(5<sup>th</sup> Cir. 1994), and the provisions herein shall be interpreted in such a manner as to comply therewith.

### **13. NOTIFICATION OF ACCIDENTS:**

Contractor shall promptly report to Spartan Offshore all accidents or occurrences resulting in injuries to Contractor's employees or third parties or damages to property of third persons arising out of, or during the course of performing the work for Spartan Offshore by Contractor or any Contractor of Contractor. When requested, Contractor shall furnish Spartan Offshore with a copy of reports made pursuant to Contractor's insurance agreements or to others, of such accidents and occurrences, including statements or any other investigative material.

### **14. INSOLVENCY/BANKRUPTCY:**

Upon the occurrence of any of the following events, Spartan Offshore shall have the immediate right to cancel this Contract or other written agreement covered by this Contract: (a) the insolvency of Contractor, (b) any assignment by Contractor for the benefit of creditors, (c) the adjudication of the Contractor as bankrupt, (d) admissions by Contractor in writing of its inability to pay its debts generally as the same become due, (e) the institution of any proceedings against Contractor under any federal or state bankruptcy law, (f) the institution of any proceedings for the appointment of a receiver, trustee or liquidator of Contractor, (g) the filing by the Contractor of a voluntary petition in bankruptcy or for reorganization, or (h) the levy or attachment upon Contractor's equipment which is not removed within five (5) days.

### **15. CONTRACT AMENDMENTS:**

No amendment or waiver by Spartan Offshore of any of the terms or conditions hereof, including but not limited to minimum insurance requirements under Paragraph 10 herein, shall be effective unless said amendment or waiver shall be in writing and signed by an authorized representative of Spartan Offshore.

### **16. NOTICES:**

All notices to be given with respect to this Contract and any applicable Work Orders shall be given in writing to Spartan Offshore and to Contractor, respectively, at their addresses first shown in this Contract and shall be deemed effective upon receipt, whether by telex, telegram, fax, telecopy or letter. Either party may change the address for notice by proper written notice to the other.

### **17. SEVERABILITY:**

In case any one or more of the provisions contained in this Contract should be held or determined invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions or underlying rights and obligations referred to herein shall not in any way be affected, modified, or impaired thereby.

**18. TIME OF ESSENCE, DEFAULTS, AND CANCELLATION:**

Time is expressly declared to be of the essence of this Contract and of the work commenced pursuant hereto. If Contractor defaults in the performance of this Contract, Spartan Offshore shall have the option to cancel this Contract. Spartan Offshore may also undertake the work and pursue any additional legal remedies available to it.

**19. CANCELLATION:**

Subject to the specific termination rights provided herein, this Contract shall continue in force and effect until either party cancels it by giving the other party thirty (30) days prior written notice of such cancellation, provided, however, that neither party hereto shall, by the termination of this Contract, be relieved of its respective obligations and liabilities arising from or incidental to work performed, or services rendered hereunder prior to the time such Contract was terminated.

**20. NO ASSIGNMENT:**

Spartan Offshore has entered into this Contract and will have Contractor perform or provide work in reliance upon the special skills and experience of Contractor. This Contract shall be considered personal to Contractor and if Contractor assigns or subcontracts or attempts to assign or subcontract any rights or obligations hereunder without the prior written consent of Spartan Offshore, Spartan Offshore may elect, at its sole option, to cancel this Contract and all other agreements covered hereunder as of the date of such ineffective assignment or subcontracting.

**21. CONFIDENTIAL INFORMATION:**

During the course of work performed by contractor for Spartan Offshore, Contractor may have access to certain Spartan "Confidential Information," which shall mean any information relating to Spartan Offshore furnished to Contractor that is non-public, confidential or proprietary in nature, whether imprinted or electronic, or in other form or given verbally. Spartan Offshore shall use its best efforts to mark any Confidential Information that is furnished to the Contractor as "Confidential," but failure to so mark information shall not be determinative of the confidential nature of the information. As a condition of Spartan Offshore furnishing the Contractor with Confidential Information, the Contractor agrees that (1) it will use all Confidential Information solely for the purposes of the work performed pursuant to this contract, and (2) it will not disclose any Confidential Information except on a need-to-know basis, as approved in advance, and in writing by Spartan Offshore.

Notwithstanding the foregoing in this Section 21, the Contractor may disclose Confidential Information as required by law or regulation, provided that the Contractor will promptly notify Spartan Offshore thereof, unless such notification shall be prohibited by applicable law or legal process, so that Spartan Offshore may, at its election and sole expense, seek a protective order or other appropriate remedy.

## **22. REMEDIES:**

(a) In the event of a breach of this Contract or a default by Contractor, Spartan Offshore shall have the right to any remedy at law or in equity and, in addition, to retain any monies due Contractor under this Contract and to apply same to any expenses. All such remedies shall be cumulative, and the waiver of one right or remedy hereunder shall not constitute the waiver of any other right or remedy hereunder.

(b) Contractor represents and warrants that it shall not pay any fee or commission to any third party for the award of this Contract or kickback to any employee of Spartan Offshore any portion of the proceeds to be paid to Contractor hereunder. Without in any way limiting Spartan Offshore's rights under law or as provided in this Contract, in the event Contractor shall breach the provisions of this Subparagraph 22(b), Spartan Offshore may either (1) withhold from sums due and payable to Contractor the amounts of any fees, commissions or kickbacks paid, or agreed to be paid, by Contractor, or (2) demand and receive from Contractor, the amount of any such fees, commissions or kickbacks.

**(c) Notwithstanding anything contained in this Section 22 to the contrary, under no circumstances shall either Spartan Offshore's or Contractor's liability to the other include any sum in respect of loss of profit, revenue, loss of business, loss of business opportunity, punitive damages, exemplary damages, or any other or similar direct, incidental, special, or consequential loss, damage, or expense arising out of, or in connection with this Contract.**

## **23. GOVERNING LAW:**

The parties agree and stipulate that this Contract and relationship of the parties shall be governed by the Admiralty and General Maritime Law of the United States of America to exclusion of any other law.

## **24. SUCCESSORS AND ASSIGNS:**

This Contract shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

## **25. SPECIAL PROVISIONS:**

N/A

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed by their respective authorized representatives as of the date first appearing herein and warrant respectively that each has the full right and authority to so act.

**SPARTAN OFFSHORE DRILLING, L.L.C.      CONTRACTOR**

**BY:** \_\_\_\_\_  
**NAME:**  
**TITLE:**

**BY:** \_\_\_\_\_  
**NAME:**  
**TITLE:**



**Exhibit "A"**

**MINIMUM INFORMATION REQUIRED**

**ON STANDARD ACORD**

**CERTIFICATE OF INSURANCE**

**(Do not complete the following Exhibit as it is for example only.)**

This is to certify that the insurance company(ies) named below has/have issued the following insurance policy(ies) and that such policy(ies) is/are in full force and effect. Said insurance company(ies) agree(s) that in the event of any change being made in the policy(ies) which affects the interest of the Spartan affiliated and related companies, or in the event said policy(ies) is/are cancelled, written notice will be given to Spartan, 516 JF Smith Avenue, Slidell, Louisiana 70460, thirty (30) days prior to the effective date thereof. As defined in the Spartan Master Service Contract, the term "Spartan" shall include all of the Spartan affiliated, related and subsidiary companies as set forth on Exhibit "A" to the Spartan Offshore Master Service Contract. All rights and benefits (including insurance, protection, defense and indemnity) under this Certificate of Insurance in favor of Spartan shall inure to the benefit of and apply to all of the Spartan entities, affiliated and related companies listed on Exhibit "A" to the Spartan Offshore Master Service Contract and to their officers, directors, employees and agents thereof.

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Name of Contractor

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Address

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Description of Operations

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**INSURANCE POLICIES IN FORCE**  
**(Minimum Information Required on COI Acord Form)**

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Type of Insurance	Limits of Liability	Company and Policy No.	Exp. Date
WORKERS' COMPENSATION	STATUTORY		
A AND EMPLOYER'S LIABILITY (COVERAGE B)	\$ _____ EACH ACCIDENT		

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Does this policy contain:

- \* (a) U.S. Longshoremen's & Harbor Workers' Endorsement? ( ) Yes ( ) No
- \* (b) Outer Continental Shelf Act Endorsement? ( ) Yes ( ) No

- \* (c) Is Coverage "B" extended to cover Jones Act, General Maritime Laws and "Death on the High Seas Act"? ( ) Yes ( ) No. Limit each person \$\_\_\_\_\_ per accident?
- \* (d) Is coverage afforded for Transportation, Wages, Maintenance and Cure? ( ) Yes ( ) No
- \* (e) Endorsement providing that a claim "In Rem" shall be treated as a claim in personam? ( ) Yes ( ) No
- (f) Alternate Employer Endorsement? ( ) Yes ( ) No
- (g) Voluntary Compensation Endorsement? ( ) Yes ( ) No
- \* (h) Does policy cover owned and non-owned vessels? ( ) Yes ( ) No

Type of Insurance	Limits of Liability	Company and Policy No.	Exp. Date
COMPREHENSIVE GENERAL			
	PUBLIC LIABILITY		PROPERTY DAMAGE
	BODILY INJURY \$_____ Each Occurrence		\$_____ Each Occurrence
B	\$_____ Aggregate		\$_____ Aggregate

Does policy cover:

- (a) Surface damage for blowout or explosion? ( ) Yes ( ) No
- (b) Contractor's Protective - Work let or sublet? ( ) Yes ( ) No
- (c) Products - Completed Operations? ( ) Yes ( ) No
- (d) Blanket Contractual Liability? ( ) Yes ( ) No
- \* (e) Endorsement providing that a claim "In Rem" shall be treated as a claim in personam? ( ) Yes ( ) No
- (f) Spartan and all affiliated and related companies, joint venturers included as additional insured? ( ) Yes ( ) No
- (g) Underground Property Damage Liability, including explosion and collapse? ( ) Yes ( ) No
- \* (h) Watercraft? ( ) Yes ( ) No
- \* (i) Contain territorial limits adequate to cover the work or services provided by Contractor? ( ) Yes ( ) No
- (j) Pollution, Seepage, Containment and Cleanup? ( ) Yes ( ) No
- (k) Defense Costs? ( ) Yes ( ) No
- (l) Occurrence Form? ( ) Yes ( ) No

Type of Insurance	Limits of Liability	Company and Policy No.	Exp. Date
AUTOMOBILE LIABILITY			
	BODILY INJURY		PROPERTY DAMAGE
	\$_____ Each Person		\$_____ Each Occurrence
C	\$_____ Each Occurrence		\$_____ Each Occurrence

Does this policy cover:

- (a) All owned automobiles? ( ) Yes ( ) No
- (b) Non-owned automobiles? ( ) Yes ( ) No
- (c) Hired automobiles? ( ) Yes ( ) No
- (d) Spartan included as additional insured? ( ) Yes ( ) No

**\* REQUIRED IF OPERATIONS ARE CONDUCTED OVER WATER.**

Type of Insurance	Limits of Liability	Company and Policy No.	Exp. Date
VESELS PROTECTION AND INDEMNITY	\$_____ Each Vessel	HULL TO VALUE OF VESSEL	\$_____
Deductible	_____		
D	\$_____ Deductible		
EXCESS P&I COLLISION- TOWERS	\$_____ Each Vessel		

**I. Does insurance cover:**

- \*(a) Towing vessels - American Institution Tug Form January, 1954 (Tug Syndicate Revision 11/30/59) or equivalent? ( ) Yes ( ) No  
- Form used \_\_\_\_\_
- \*(b) All other vessels - American Institute Time Hull Form December, 1959 or equivalent? ( ) Yes ( ) No  
- Form used \_\_\_\_\_
- \*(c) Protection & Indemnity? - Form used \_\_\_\_\_
- \*(d) Collision Liability? ( ) Yes ( ) No
- \*(e) Blanket Contractual Liability? ( ) Yes ( ) No
- \*(f) Seepage, Pollution, Containment and Clean-up? ( ) Yes ( ) No

**II. Do Policies:**

- \*(a) Name Spartan and all affiliated and related companies, and joint venturers as additional insured on all Hull and P&I policies? ( ) Yes ( ) No
- \*(b) If not covered under (a) above, include crew members and employees under P&I insurance? ( ) Yes ( ) No
- \*(c) Include coverage for injury to third parties? ( ) Yes ( ) No
- \*(d) Contain territorial limits adequate or the work or services to be provided by Contractor? ( ) Yes ( ) No

Type of Insurance	Limits of Liability	Company and Policy No.	Exp. Date
AIRCRAFT LIABILITY		HULL TO VALUE OF	
AIRCRAFT BODILY INJURY	\$_____ Each Person \$_____ Each Occurrence		DEDUCTIBLES:
PROPERTY DAMAGE	\$_____ Each Occurrence		\$_____ In Flight \$_____ Not in Flight
E OR COMBINED SINGLE LIMIT	\$_____ Each Occurrence		

**Does policy:**

- (a) Include Passengers? ( ) Yes ( ) No
- (b) Include Blanket Contractual Liability Coverage? ( ) Yes ( ) No
- (c) Include Spartan as an additional insured? ( ) Yes ( ) No

Type of Insurance	Limits of Liability	Company and Policy No.	Exp. Date
EXCESS LIABILITY OR F CATASTROPHE COVERAGE			
	\$ _____ Each Occurrence		

- I. Does Policy cover excess of:
- (a) Workers' Compensation - Maritime Coverages? ( ) Yes ( ) No
  - (b) General Liability? ( ) Yes ( ) No
  - (c) Automobile? ( ) Yes ( ) No
  - \* (d) Vessels (P&I - Collision - Towers)? ( ) Yes ( ) No
  - (e) Aircraft Liability? ( ) Yes ( ) No
- II.
- (f) Does Policy include Blanket Contractual Liability? ( ) Yes ( ) No
  - (g) Occurrence Form? ( ) Yes ( ) No
  - (h) Spartan included as an additional insured? ( ) Yes ( ) No

Type of Insurance	Limits of Liability	Company and Policy No.	Exp. Date
EQUIPMENT OR DRILLING RIG			
G FLOATER	\$ _____ Value		
	\$ _____ Deductible		

- (a) All Risk Policy ( ) Yes ( ) No
- (b) Replacement Cost Basis? ( ) Yes ( ) No

Has insurer(s) waived subrogation against Spartan and all affiliated and related companies, and joint venturers in the above mentioned insurance policies including all insurance carried by Contractor protecting against loss of or damage to its property and equipment employed in any operations of \_\_\_\_\_ and all affiliated and related companies and joint venturers?

( ) Yes ( ) No

**\* REQUIRED IF OPERATIONS ARE CONDUCTED OVER WATER.**

The signature of the agent/broker below confirms that this Certificate of Insurance has been issued with the express authority and acknowledgment of all insurers listed on this Certificate of Insurance.