

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE

DECLARATIONS

1. INSURED

{Insert name and address}

All notices to the Insured, be they one or more, shall be effective upon mailing to the Insured named immediately above at its address shown immediately above.

2. LOSS PAYABLE

Loss, if any, payable to *{insert}* or order.

3. PERIOD

{insert}

4. COVERAGE

Subject always to the General Conditions herein, and as provided for in the Declarations and the following Section(s) as may be purchased in connection herewith; such purchased Section(s) to be only those indicated below by the placing of an "X" in the block(s) adjacent thereto:

- a. ☐ Control of Well Insurance (as per Section A attached hereto).
- b. ☐ Restoration/Redrilling Insurance (as per Section B attached hereto).
- c. ☐ Seepage and Pollution, Cleanup and Contamination Insurance (as per Section C attached hereto).

5. COMBINED SINGLE LIMIT OF LIABILITY

{insert} in respect of 100% interest, any one Occurrence, as respects all coverages as may be set forth in the Declarations and General Conditions and such of Sections A, B and/or C as may be purchased in connection herewith.

This Policy provides to the Insured (be they one or more) insurance coverage only up to but not exceeding the Combined Single Limit of Liability set forth above, including Defence Costs, which is the total combined single limit of Underwriters' liability to the Insured for any one Occurrence and over all of such of Sections A, B and/or C as may be purchased in connection herewith, subject always to applicable underlying retention(s).

6. INSURED'S RETENTION

The Combined Single Limit of Liability specified in Clause 5. of these Declarations is excess of the Insured's Retention of *{insert}* any one Occurrence, in respect of 100% interest, as respects all coverages as set forth in the Declarations and General

Conditions and in such of Sections A, B and/or C as may be purchased in connection herewith.

7. REPORTING CLAUSE

This Policy is issued in consideration of a minimum and deposit premium of {insert} and the Insured shall report to {insert} for transmittal to Underwriters within thirty (30) days after the end of each quarter during the period of this Policy the status of all wells insured hereunder during the preceding reporting period and further agrees to pay premium at the rates provided herein. Premiums accruing from reports as required herein are due and payable as the reports are made.

The rates scheduled in Clause 8. of these Declarations reflect a credit based on a total estimated footage insured hereunder of {insert} feet, which is subject to adjustment when the total actual footage insured is reported.

8. AREAS INSURED AND RATES

Area	Operations	Depth	Rate
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9. SERVICE OF SUIT

Service of process upon Underwriters in accordance with Clause 18.b. of the General Conditions of this Policy may be made upon {insert}.

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE

GENERAL CONDITIONS

(To apply to all Sections)

1. CO-VENTURERS

It is understood and agreed that, subject to the provisions of Clause 7. of these General Conditions, this Policy may insure the interests of co-venturers (defined as co-owners, partners and/or other party(ies) having a working interest ownership in the Wells Insured hereunder, unless otherwise specifically agreed in writing by Underwriters), all of whom individually and collectively are non-operators (all hereinafter referred to as "Co-Venturers"), and provided the agreement to include such Co-Venturers is executed in writing between and/or among the parties and executed prior to any Occurrence giving rise to a claim for reimbursement hereunder.

Such Co-Venturers who comply with the above paragraph shall be deemed to be additional Insureds hereunder only in respect of Wells Insured hereunder and only for the period(s) of time operations in respect of said wells are insured hereunder as determined by Clause 16. of these General Conditions. Contractors of any tier shall not be additional Insureds unless specifically agreed in writing by Underwriters executed prior to any Occurrence giving rise to a claim for reimbursement hereunder.

Any cover granted hereunder to Co-Venturers shall be limited to operations in which a Co-Venturer has a common interest with the named Insured and shall be subject in all respects to the terms, conditions and rates of this Policy and Combined Single Limit of Liability specified in Clause 5. of the Declarations.

If the named Insured is not the operator of a well, then this Policy shall not cover the operator without Underwriters' prior written approval.

For the avoidance of doubt, Co-Venturers do not include royalty owners, contractors, or any other entity that does not have working interest ownership in a Well Insured prior to any Occurrence giving rise to a claim for reimbursement hereunder.

2. RATING PROVISIONS

a. Rates - per Declarations:

- (1) drilling rates, if any, apply for the period
 - (a) during which any well is being drilled and/or deepened and/or lengthened and/or completed, and
 - (b) during any remaining period of this Policy, if any, during which
 - (i) such well, if any, is in its subsequent producing and/or shut-in and/or plugged and abandoned condition and
 - (ii) the Insured is purchasing coverage hereunder for its other producing and/or shut-in and/or plugged and abandoned wells, if any;

- (2) workover rates, if any, apply for the period during which any well is being serviced and/or worked over (including but not limited to wells in the course of being plugged and abandoned) and/or reconditioned; and
 - (3) producing and/or shut-in and/or plugged and abandoned rates, if any, are annual but shall not apply to producing and/or shut-in and/or plugged and abandoned wells, if any, for which premium at drilling rates under Paragraph 2.a.(1) of these General Conditions has been paid under this Policy.
- b. Where rating is on a per foot basis, it is understood and agreed that the rate per foot shall be applied to the total footage drilled, measured through the hole from the surface of the ground or water bottom to the bottom of the well.
 - c. Premium applicable to deepening or lengthening of wells and multiple completions shall be charged at 100% of the applicable drilling rate per foot and such rate shall apply to the final completed depth(s) or length(s) of the well(s) and/or lateral(s) measured through the hole from the surface of the ground or water bottom to the bottom of the well and/or lateral(s).

3. RATING AREAS

- Area 1. Land areas in the United States of America and Canada, excluding:
 - (a) Alabama, Alaska, Arizona, Colorado, Florida, Louisiana, Mississippi, Montana, New Mexico, Texas Railroad Commission Districts 1 through 4 inclusive, Utah, Wyoming;
 - (b) North of 60° North Latitude, South of 24° North Latitude, West of 140° West Longitude, and East of 52° West Longitude; and
 - (c) Texas Railroad Commission Districts 5 through 10 inclusive and Oklahoma, but only as respects those wells 10,000 feet or more in depth measured through the hole from the surface of the ground to the bottom of the well.
- Area 2. All land areas worldwide, excluding:
 - (Land)
 - (a) Area 1 as defined above; and
 - (b) North of the Arctic Circle and South of the Antarctic Circle.
- Area 2. Inland waters of the United States of America and Canada, Lake Maracaibo and territorial waters of the United States of America adjacent to the Continent of North America of water depths less than 10 feet at mean low tide, excluding:
 - (Wet)
 - (a) North of the Arctic Circle and South of the Antarctic Circle; and
 - (b) Alaska.
- Area 3. The Gulf of Mexico, Venezuelan waters and the Gulf of Paria, excluding Area 2 (Wet) as defined above.

Area 4. Waters worldwide, excluding:

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

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

4. EXCLUSIONS

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

- a. any fines or penalties imposed under the laws of any state or nation or other Government entity, or any agency or subdivision thereof, including any voluntary payments made by the Insured in lieu of fines or penalties;
- b. any punitive or exemplary damages including any other damages resulting from multiplication of compensatory damages;
- c. any claims arising directly or indirectly from any Occurrence caused, in whole or in part, by any breach of any of the warranties set forth in Clause 15. of these General Conditions or by any breach of any of the conditions set forth in Clause 5. of these General Conditions;
- d. loss, damage or expense resulting from:
 - (1) war, hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack
 - (a) by any government or sovereign power (*de jure* or *de facto*) or by any other authority maintaining or using military, naval or air forces; or
 - (b) by military, naval or air forces; or
 - (c) by any agent of any such government, power, authority or forces;
 - (2) any weapon(s) of war employing atomic fission or radioactive force whether in time of peace or war;
 - (3) insurrection, rebellion, revolution, civil war, usurped power, or action by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of government or public authority, or risks of contraband or illegal transportation or trade;
- e. any loss, damage or expense caused by or attributable to earthquake, tsunami, seaquake or volcanic eruption; or fire, explosion or tidal wave consequent upon earthquake, tsunami, seaquake or volcanic eruption;

but this Exclusion e. does not apply to the following areas:

- (1) the Gulf of Mexico not East of 82° West Longitude and not South of 24° North Latitude (the general term Gulf of Mexico shall be deemed to include tributary waters and the Gulf Intracoastal Waterway);
 - (2) the North Sea;
 - (3) the United States of America East of the States of Arizona, Utah and Idaho, including the territorial waters of the Eastern Seaboard; and
 - (4) Canada South of 60° North Latitude;
- f. any claim caused by, resulting from or incurred as a consequence of:
- (1) (a) the detonation of any explosive;
 - (b) any weapon of war;
 - and caused by any person acting maliciously or from a political motive;
 - or
 - (2) any act for political or terrorist purposes of any persons, and whether or not agents of a sovereign power, and whether the loss, damage or expense resulting therefrom is accidental or intentional;
- but this Exclusion f. shall not apply in respect of Wells Insured located in the United States of America or Canada or in the waters of the United States of America or Canada;
- g. loss, damage or expense caused by the infidelity of the Insured or any other person or organisation acting for or on behalf of the Insured;
- h. loss, damage or expense as respects any well in the course of being drilled, completed, worked over, deepened, lengthened, and/or plugged and abandoned at the inception of this Policy, until final termination of said drilling, completing, working over, deepening, lengthening, and/or plugging and abandoning, unless specifically agreed by Underwriters in writing prior to any Occurrence giving rise to claim for reimbursement hereunder.

5. DUE DILIGENCE CLAUSE

It is a condition precedent to coverage under this Policy that the Insured shall exercise due care and diligence in the conduct of all operations covered hereunder, utilising all safety practices and equipment generally considered prudent for such operations. In addition, it is a condition precedent to coverage under this Policy that in the event any hazardous condition develops with respect to a Well Insured, the Insured shall at their sole expense make all reasonable efforts to prevent an Occurrence.

In the event of a breach of any of the conditions in this Clause 5. by the Insured, Underwriters shall not be liable for any loss, damage, liability or expense under this Policy caused or contributed to by that breach.

6. SUBROGATION

- a. Underwriters shall upon reimbursement hereunder to the Insured of any loss, damage or expense be subrogated to all the Insured's rights of recovery against any other person, firm or corporation who may be legally or contractually liable for such loss, damage or expense so reimbursed by the Underwriters.
- b. It is agreed that the Underwriters may make claim upon and institute legal proceedings against any parties believed responsible for loss, damage or expense reimbursed hereunder in the name of the Insured, and the Insured shall provide Underwriters their full co-operation in pursuing such claim or legal proceedings.
- c. Permission is expressly granted to the Insured to waive Underwriters' rights of subrogation against any individual, firm or corporation who or which is under contract or otherwise performing work for the Insured or for whom or which the Insured is performing work or rendering services, provided always such waiver is executed in writing prior to any Occurrence giving rise to claims for reimbursement hereunder.
- d. Except as specifically provided or permitted by this Policy, the Insured shall not waive, release or diminish rights of recovery or subrogation with respect to any claim, which, upon payment thereof by Underwriters, would otherwise belong or accrue to Underwriters, and insofar as and to the extent that any action by the Insured waives, releases or diminishes the rights of recovery or subrogation in respect of such claim, Underwriters shall have no liability under this Policy.

7. PARTIAL INTEREST CLAUSE

The Combined Single Limit of Liability over all Sections hereof, the Insured's Retention(s), any separate limit of liability set forth in any Endorsement hereto, and the rates expressed herein are for a 100% interest. In the event that the working interest ownership of the Insured in any one Well Insured hereunder does not amount to 100%, then said Combined Single Limit of Liability over all Sections hereof, the Insured's Retention(s), any separate limit of liability set forth in any Endorsement hereto, and the rate(s) applicable to that well, shall be reduced proportionately and shall apply in the same proportion as the total working interest ownership of the Insured in said Well Insured hereunder bears to 100%.

In the event of an Occurrence giving rise to a claim(s) recoverable hereunder, Underwriters shall in no event be liable under any Section hereof or Endorsement hereto for a greater percentage interest in any such claim than the Insured's percentage interest in the well with respect to which, and at the time that, such Occurrence took place.

For the avoidance of doubt, Underwriters will not be liable for increases to the working interest ownership, either contractually or otherwise, beyond the working interest ownership unless otherwise agreed by Underwriters.

8. OTHER INSURANCE

This Policy shall be in excess of any other valid and collectible insurance(s) and shall not apply until all such other insurance(s) has been exhausted. Thereafter, this Policy shall indemnify the Insured in respect of any excess beyond the amount(s) recoverable under any other insurance(s). However, except as provided for in any Endorsement

hereto, in no circumstances will the total amount recoverable by the Insured under this Policy exceed the Combined Single Limit of Liability specified in Clause 5. of the Declarations to this Policy.

9. COLLECTION FROM OTHERS

No loss shall be paid by Underwriters under this Policy to the extent that the Insured has (have) collected the same from any other party(ies).

10. NOTICE AND PROOF OF LOSS

As soon as the Insured becomes aware of any Occurrence which may result in a claim recoverable under this Policy, then as soon as immediately practicable (which shall be no later than three (3) months after the date of the Occurrence), notice shall be given to Underwriters stating the time, place, cause and circumstances of each Occurrence. If the Insured does not provide such notice within the terms of this paragraph, Underwriters shall have no liability under this Policy as compliance is a condition precedent to coverage under this Policy. Underwriters shall have no obligation to indemnify the Insured unless and until the Insured files with Underwriters a detailed, sworn proof of loss and payment order. The Insured shall, if requested by the Underwriters, make available to the Underwriters or their representatives all records, agreements, contracts or other documents needed to determine or substantiate a claim.

11. RESIDUAL VALUE

In the event of an Occurrence giving rise to a claim recoverable within the terms and conditions of this Policy, the residual value of any equipment and/or materials used or purchased by the Insured in respect of such Occurrence giving rise to a claim recoverable under this Policy will reduce the amount of Underwriters' liability in the adjustment of such claim.

12. DISCOVERY OF RECORDS

It is understood and agreed that:

- a. during the currency of this Policy, or
- b. any time thereafter within the period of time provided for bringing suit against Underwriters, or
- c. within the period of time following the bringing of suit against Underwriters until final adjudication of suit including all appeals, if any,

Underwriters shall have the right of inspecting the Insured's records pertaining to all matters of costs and expenditures of whatsoever nature relating to the Wells Insured hereunder, such records to be open to a representative of Underwriters at all reasonable times.

13. CANCELLATION

The Insured undertakes that premium will be paid in full to Underwriters within thirty (30) days of inception of this Policy (or, in respect of instalment premiums, by the date they are due).

If the premium due under this Policy has not been paid to Underwriters by the thirtieth (30th) day from inception of this Policy (and, in respect of instalment premium, by the date they are due) Underwriters shall have the right to cancel this Policy. Ten (10) days' written notice of the cancellation shall be given to the Insured via their broker. If the premium due is paid in full to Underwriters before the notice period expires, notice of cancellation shall automatically be revoked. If not, the Policy shall automatically terminate at the end of the notice period.

In the event of cancellation, premium is due to Underwriters on a pro rata basis for the period that Underwriters are on risk. However, in the event of an Occurrence giving rise to a claim recoverable under this Policy prior to the date of termination, the premium due shall be the greater of:

- a) the full minimum and deposit premium; or
- b) the premium earned in accordance with the Rating Provisions in Clause 2. of the General Conditions.

This Policy may be cancelled by the Insured at any time by giving thirty (30) days' written notice to Underwriters via their broker. Should this Policy be cancelled by the Insured, premium due shall be the greater of:

- a) the full minimum and deposit premium; or
- b) the premium earned in accordance with the Rating Provisions in Clause 2. of the General Conditions of this Policy (with Underwriters retaining the customary short rate proportion of the premium for producing and/or shut-in and/or plugged and abandoned wells).

This Policy may also be cancelled by Underwriters for any reason other than non-payment of premium by giving the Insured thirty (30) days' written notice of the cancellation via their broker. Should this Policy be cancelled by Underwriters, the premium due shall be the premium earned in accordance with the Rating Provisions in Clause 2. of the General Conditions of this Policy (with Underwriters retaining the pro rata proportion of the premium for producing and/or shut-in and/or plugged and abandoned wells). No minimum premium shall be applied.

Notwithstanding the foregoing, this Policy may be cancelled by Underwriters in respect of perils of strikers, locked out workers or persons taking part in labour disturbances or riots or civil commotions. Seven (7) days' written notice of the cancellation shall be given to the Insured via their broker. No return of premium will be due.

In the event of any discrepancy or contradiction between Clause 13. of the General Conditions and any other cancellation provisions applicable to this Policy (Energy Exploration and Development), Clause 13. of the General Conditions shall take precedence.

14. DEFINITIONS

- a. The term "Well(s) Insured" shall be defined as oil and/or gas and/or thermal energy wells for which coverage has attached while:
 - (1) being drilled, completed, worked over (including but not limited to wells in the course of being plugged and abandoned), deepened, and/or

lengthened until completion or abandonment as set forth in Clause 16. of these General Conditions;

- (2) producing;
- (3) shut-in;
- (4) plugged and abandoned,

for the account of the Insured and as may be included within the areas and types of wells insured as set forth in the Declarations hereto.

- b. The term "Occurrence" shall be defined as one loss, disaster or casualty or series of losses, disasters or casualties arising out of one event but only if such Occurrence is covered by this Policy.
 - (1) As respects windstorm, all tornadoes, cyclones, hurricanes, similar storms and systems of winds of violent and destructive nature, arising out of the same atmospheric disturbance within any period of seventy-two (72) consecutive hours commencing during the period of this Policy, shall be considered one event.
 - (2) Each earthquake shock, unless excluded by Paragraph 4.e. of these General Conditions, shall constitute one event hereunder, provided that, if more than one earthquake shock shall occur within any period of seventy-two (72) consecutive hours commencing during the period of this Policy, such earthquake shocks shall be deemed to be one event within the meaning hereof.
 - (3) Each volcanic eruption (including all associated fissures, flows, earthquake shocks and/or other seismic activity), unless excluded by Paragraph 4.e. of these General Conditions, shall constitute one event hereunder.
- c. The term "Defence Costs" shall be defined as investigation, adjustment, settlement, litigation and legal expenses, premiums on attachment or appeal bonds, and pre and post judgement interest and shall exclude all expenses for salaried employees, general retainer fees normally paid by the Insured and office expenses of the Insured.

15. WARRANTIES

- a. It is warranted that where the Insured is the operator or joint operator on any Well Insured being drilled, completed, worked over, deepened, lengthened, and/or plugged and abandoned, a blowout preventer(s) of standard make will, when in accordance with all regulations, requirements and normal and customary practices in the industry, be set on surface casing or on the wellhead and installed and tested in accordance with usual practice.

When the Insured is a non-operator on any Well Insured, the Insured will endeavour to see that the operator complies with the warranties set out in this Paragraph 15.a.

- b. It is further warranted that the Insured will use every endeavour to ensure that they and/or all of their contractors of any tier comply with all regulations and

requirements in respect of fitting storm chokes and other equipment to minimise damage or pollution, and that all equipment (including drilling rigs and/or workover rigs and/or units) will be manned by properly certified personnel where required by regulatory authorities.

- c. It is further warranted that in the event of an escape or flow of drilling fluid, oil, gas or water, the Insured will use every endeavour to stop the escape or flow in order to prevent an Occurrence.
- d. It is further warranted that in the event of a well becoming out of control, the Insured will use every endeavour to control the well to mitigate the Occurrence.
- e. It is understood and agreed that all Wells Insured hereunder as defined in Paragraph 14.a. of these General Conditions for which the named Insured is the operator, or where the named Insured has a non-operating interest but is responsible for insurance, shall be insured hereunder for not less than the named Insured's percentage interest therein.

In the event of a breach of any of the warranties stipulated in this Clause 15., Underwriters shall be discharged irrevocably from liability under this Policy from the date of the breach of the warranty for any loss, damage, liability or expense caused or contributed to by the breach.

16. ATTACHMENT AND TERMINATION OF COVERAGE

a. Attachment of Coverage:

- (1) In respect of any Well(s) Insured hereunder, coverage shall attach when the Insured acquires an interest in such well(s) unless coverage attaches later by operation of any of Paragraphs 16.a.(2), (3) or (4) below;
- (2) In respect of any Well(s) Insured hereunder spudded in during the period of this Policy, coverage shall attach at the time of spudding in;
- (3) In respect of any well(s) in the course of being drilled, completed, worked over, deepened, lengthened, and/or plugged and abandoned at the inception of this Policy, and which would have been insured hereunder at inception in the absence of Exclusion 4.h. of these General Conditions, coverage shall attach upon final termination of said drilling, completing, working over, deepening, lengthening, and/or plugging and abandoning;
- (4) In respect of any other Well(s) Insured hereunder, coverage shall attach at inception of this Policy.

b. Termination of Coverage:

- (1) In respect of any Well(s) Insured hereunder, coverage shall terminate when the Insured ceases to have an interest in such well(s) unless coverage is terminated sooner by operation of any of Paragraphs 16.b.(2), (3) or (4) below;
- (2) In respect of any well(s) which are insured hereunder during drilling only, by virtue of the Insured's electing not to purchase coverage for

producing and/or shut-in and/or plugged and abandoned wells, coverage shall terminate upon either abandonment or completion of such well(s), which shall include the setting of the "Christmas Tree", pumping equipment or wellhead equipment or the dismantling or removal of the drilling equipment from the drill site, or the termination of the Insured's responsibility under contract as operator of such well(s) (as distinguished from when the Insured ceases to have an interest in such well(s)), whichever shall first occur, except that, if removal of the drilling equipment from the drill site occurs first, then the period of time between complete removal of such equipment and the commencement of completion operations shall not exceed thirty (30) days in order for said completion operations to be covered hereunder;

- (3) In respect of any Well(s) Insured hereunder in the course of being drilled, completed, worked over, deepened, lengthened and/or plugged and abandoned at the expiry or cancellation of this Policy, coverage shall terminate upon final termination of said drilling, completing, working over, deepening, lengthening, and/or plugging and abandoning, notwithstanding the fact that said final termination may occur later than said expiry or cancellation;
- (4) In respect of any other Well(s) Insured hereunder, coverage shall terminate at the expiry or cancellation of this Policy or (if plugged and abandoned wells are not insured hereunder) upon abandonment of such well(s), whichever shall first occur.

17. SCHEDULE

A Schedule of producing and/or shut-in and/or plugged and abandoned wells at risk at inception is attached hereto.

18. SUIT AGAINST UNDERWRITERS

a. Limitation Period

It is a condition precedent of this Policy that no suit, action or proceeding for the recovery of any claim hereunder shall be maintainable in any court of law or equity unless the same be commenced (a) within two (2) years and one (1) day after the time a cause of action accrues, or (b) if by the laws of the state or nation of the address of the Insured shown herein such limitation is invalid, then within the shortest limit of time permitted by the laws of such state or nation.

b. Service of Suit

It is agreed that in the event of the failure of the Underwriters severally subscribing to this Policy (the Underwriters) to pay any amount claimed to be due hereunder, the Underwriters, at the request of the Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States of America.

Notwithstanding any provision elsewhere in this Policy relating to jurisdiction, it is agreed that the Underwriters have the right to commence an action in any court of competent jurisdiction in the United States of America, and nothing in this clause constitutes or should be understood to constitute a waiver of the Underwriters' rights to remove an action to a United States Federal District Court

or to seek remand therefrom or to seek a transfer of any suit to any other court of competent jurisdiction as permitted by the laws of the United States of America or any state therein.

Subject to the Underwriters' rights set forth above:

- a. It is further agreed that the Insured may serve process upon:

{insert}

and that in any suit instituted against any one of them upon this contract the Underwriters will abide by the final decision of the Court or of any final Appellate Court in the event of an appeal.

- b. The above-named are authorised and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter an appearance upon the Underwriters' behalf in the event such a suit shall be instituted.
- c. The right of the Insured or additional Insured to bring suit as provided herein shall be limited to a suit brought in its own name and for its own account. For the purpose of suit as herein provided the word Insured includes any specifically named as a loss payee in this Policy and any person succeeding to the rights of any such loss payee.
- d. Further, pursuant to any statute of any state, territory or district of the United States of America which makes provision therefor, Underwriters hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office (the Officer), as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this Policy, and hereby designate the above-named as the person to whom the Officer is authorised to mail such process or a true copy thereof.

If this clause is attached to a contract of reinsurance the terms insurance and Insured shall mean reinsurance and Reinsured respectively.

19. RECOVERY AND SALVAGE

Any salvage or other recovery, including recovery through subrogation proceedings, after expenses incurred are deducted, shall accrue entirely to the benefit of the Underwriters until the sum paid by the Underwriters has been recovered.

20. LOSS IN PROGRESS

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

21. DEFENCE

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

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

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

Defence Costs and costs and expenses of litigation awarded to any claimant against the Insured shall in no way increase the Combined Single Limit of Liability of Underwriters over all Sections of this Policy.

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE

SECTION A

CONTROL OF WELL INSURANCE

1. COVERAGE

Underwriters agree, subject to the Combined Single Limit of Liability, terms and conditions of this Policy, to reimburse the Insured for actual costs and/or expenses reasonably incurred by the Insured

- (a) in regaining or attempting to regain control of any and all Well(s) Insured hereunder which get(s) out of control, including any other well that gets out of control as a direct result of a Well Insured hereunder getting out of control, but only such costs and/or expenses incurred until the well(s) is (are) brought under control as defined in Paragraph 2.b) of this Section A; and
- (b) in extinguishing or attempting to extinguish
 - (i) fire above the surface of the ground or water bottom from Well(s) Insured hereunder or from any other well(s) which are burning as a direct result of Well(s) Insured hereunder getting out of control or
 - (ii) fire above the surface of the ground or water bottom which may endanger the Well(s) Insured hereunder.

Relief wells are automatically held covered under this Section subject to notice to Underwriters as soon as practicable and rates to be established by Underwriters.

2. DEFINITIONS

a) **Well Out of Control:**

For the purposes of this Policy, a well(s) shall be deemed to be out of control only when there is an unintended flow from the well(s) of drilling fluid, oil, gas or water above the surface of the ground or water bottom,

- (1) which flow cannot be:
 - (a) stopped by use of the equipment on site and/or the blowout preventer, storm chokes, pumps or other equipment required by the Due Diligence and Warranties Clauses herein; or
 - (b) stopped by adjusting the drilling fluid, use of conditioning materials, or similar actions required by the Due Diligence and Warranties Clauses herein; or
 - (c) safely diverted into production; or
- (2) which flow is declared in writing to be out of control by the appropriate regulatory authority within one hundred and eighty (180) days of the Occurrence giving rise to a claim recoverable under this Policy.

Nevertheless, a well(s) shall not be deemed out of control solely because of the existence of a kick which, for the purposes of this Policy, means a flow of oil, gas, water, formation or other fluid into the well(s) which flow can:

- (a) be stopped by blowout preventers including shear type rams even if the well(s) or equipment in the well(s) may be damaged by operation of the blowout preventer(s) or otherwise; or
- (b) be stopped by use of the equipment and/or materials on-site; or
- (c) be circulated out or bled off through the surface controls and/or forced into a subsurface zone using surface equipment and/or materials on-site.

For the purpose of this Policy, equipment and/or materials on-site means that equipment and materials required by the GENERAL CONDITIONS, Clause 5. DUE DILIGENCE and Clause 15. WARRANTIES in this Policy.

b) Well Brought under Control:

A well(s) deemed out of control in accordance with Paragraph 2.a) of this Section A shall, for the purposes of this Policy, be deemed to be brought under control at the time that:

- (1) the flow giving rise to a claim hereunder stops, is stopped or can be safely stopped; or
- (2) the drilling, completing, working over, deepening, lengthening, plugging and abandoning, or other operation(s) taking place in the Well(s) Insured immediately prior to the flow giving rise to a claim hereunder is (are) resumed or can be resumed; or
- (3) the well(s) is (are) or can be returned to a similar producing, shut-in or other comparable condition that existed immediately prior to the flow giving rise to a claim hereunder; or
- (4) the flow giving rise to a claim hereunder is or can be safely diverted into production;

whichever shall first occur, unless the well(s) continues at that time to be declared out of control in writing by the appropriate regulatory authority as specified in Paragraph 2.a)(2) of this Section A of the Policy, in which case, for the purposes of this Policy, the well(s) shall be deemed to be brought under control when such authority ceases to designate the well(s) as being out of control.

c) Expenses:

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

3. TERMINATION OF EXPENSES

In any circumstances, and subject always to the Combined Single Limit of Liability of this Policy, Underwriters' liability for costs and/or expenses incurred in regaining or attempting to regain control of a well(s) shall cease when the well(s) is (are) brought under control as defined in Paragraph 2.b) of this Section A.

4. EXCLUSIONS

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

- a) any loss of or damage to any drilling or production equipment;
- b) any loss of or damage to any well or wells, or hole or holes;
- c) any loss, damage or expense caused by or arising out of delay however caused (including, but not limited to, delayed and/or deferred production) and/or loss of use and/or loss of or damage to production (including that due to loss of reservoir pressure) and/or loss of or damage to any reservoir or reservoir pressure.

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE

SECTION B

RESTORATION/REDRILLING

1. COVERAGE

Underwriters agree, subject to the Combined Single Limit of Liability, terms and conditions of this Policy, to reimburse the Insured for actual costs and/or expenses reasonably incurred to restore or redrill a Well Insured, or any part thereof, which has been damaged as a result of an Occurrence giving rise to a claim which would be recoverable under Section A of this Policy if the Insured's Retention applicable to Section A were nil, subject to the following conditions:

- a) Underwriters shall reimburse the Insured only for such costs and expenses as would have been incurred to restore or redrill a Well Insured had the most prudent and economical methods been employed.
- b) There shall be no coverage under this Section B for restoration or redrilling of any well whose flow can be safely diverted into production, including by completing through drill stem left in the Well Insured hereunder, or which can be completed through a relief well(s) drilled for the purpose of controlling a well.
- c) In no event shall Underwriters be liable for costs and/or expenses incurred
 - (i) with respect to drilling Well(s) Insured, to drill beyond the length reached when the well became out of control as defined in Clause 2. of Section A of this Policy and
 - (ii) with respect to producing or shut-in Well(s) Insured, to drill beyond the geologic zone or zones from which said well(s) was (were) producing or capable of producing.
- d) In respect of drilling Well(s) Insured, Underwriters' liability hereunder shall in no event exceed 130% of the cost incurred to drill the original well to the depth or length reached at the time when the well became out of control or fire occurred.
- e) In respect of producing or workover Well(s) Insured, Underwriters' liability hereunder shall in no event exceed 130% of the cost incurred to drill the original well, plus 10% per annum compound thereof from the date of spudding of the original drilling of the well until the date of the Occurrence giving rise to the aforesaid claim which would have been recoverable under Section A of this Policy if the Insured's Retention applicable to Section A were nil, subject to a maximum of 250% of the original cost.
- f) In respect of shut-in Well(s) Insured, Underwriters' liability hereunder shall in no event exceed 130% of the cost incurred to drill the original well to the depth or length reached at the time when the well became out of control or fire occurred.
- g) In any circumstances, Underwriters' liability under this Section B for costs and expenses shall cease

- (1) if actual restoration or redrilling has not commenced within 540 days after
 - (a) the date of the Occurrence giving rise to coverage under this Section B, or
 - (b) the date of cancellation or expiry of this Policy,
 whichever shall later occur; and
 - (2) in any event when the lengths set forth in Paragraph 1.c) of this Section B have been reached and the Well(s) Insured restored to a condition comparable to that existing prior to the Occurrence giving rise to the claim, or so far as possible utilising generally available equipment and technology.
- h) In the event Underwriters reimburse the Insured for actual costs and/or expenses to redrill a new well or sidetrack a damaged Well Insured, then any proceeds or revenues subsequently arising from the damaged portion of the original Well Insured shall inure to Underwriter's benefit and offset any reimbursement owed under this Section B; however, in no event shall the amount of the proceeds or revenues exceed the amount reimbursed to the Insured under this Section B; and, in no event shall Underwriters be considered as possessing a working interest ownership in the damaged Well Insured.

2. EXCLUSIONS

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

- a) any loss of or damage to any drilling or production equipment;
- b) any loss, damage or expense caused by or arising out of delay however caused (including but not limited to delayed and/or deferred production) and/or loss of use and/or loss of or damage to production (including that due to loss of reservoir pressure) and/or loss of or damage to any reservoir or reservoir pressure.
- c) costs and/or expenses incurred to restore or redrill any relief well, or any part thereof;
- d) any claim recoverable under this Policy solely by reason of the addition or attachment to Section A of this Policy of the Loss Prevention Endorsement;
- e) redrilling and/or recompletion or for in-hole equipment in respect of any well that was plugged and abandoned prior to loss or damage covered under Section A hereof and that remained plugged and abandoned at the time of such loss or damage.

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE

SECTION C

SEEPAGE AND POLLUTION, CLEANUP AND CONTAMINATION

1. INSURING AGREEMENTS

Underwriters, subject to the Combined Single Limit of Liability, terms and conditions of this Policy, agree to indemnify the Insured against:

- a) all sums which the Insured shall by law or under the terms of any oil and/or gas and/or thermal energy lease and/or license be liable to pay for the cost of remedial measures and/or as damages for bodily injury (fatal or non-fatal) and/or loss of, damage to or loss of use of property caused directly by seepage, pollution or contamination emanating from Wells Insured herein;
- b) the cost of, or of any attempt at, removing, nullifying or cleaning up seeping, polluting or contaminating substances emanating from Wells Insured herein, including the cost of containing and/or diverting the substances and/or preventing the substances reaching the shore;
- c) costs and expenses incurred in the defence of any claim or claims resulting from actual or alleged seepage, pollution or contamination emanating from Wells Insured herein, including Defence Costs and costs and expenses of litigation awarded to any claimant against the Insured, provided, however, that the inclusion of the above costs (and expenses) shall in no way extend the Combined Single Limit of Liability of Underwriters over all Sections of this Policy,

provided always that such seepage, pollution or contamination results from both

- (1) an Occurrence taking place during the period of this Policy (including any continuation thereof provided for by Clause 16. of the General Conditions) and of which notice has been given in accordance with Clause 10. of the General Conditions of this Policy and
- (2) an Occurrence giving rise to a claim which would be recoverable under Section A 1.(a) of this Policy if the Insured's Retention applicable to Section A were nil.

2. INSURED

As respects this Section C only, but subject always to the Combined Single Limit of Liability over all Sections of this Policy, the word Insured includes the named Insured, and any partner, officer, director or stockholder or employee thereof while acting within the scope of their duties as such.

3. COST AND APPEALS CLAUSE

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

without the consent of Underwriters where the Insured's final gross claim will exceed the retention of the Insured.

In the event that the Insured elects not to appeal against a judgement in excess of the retention of the Insured, Underwriters may elect to conduct such appeal at their own cost and expense, and shall be liable for the taxable cost and interest incidental thereto, but in no event shall the liability of Underwriters exceed the Combined Single Limit of Liability over all Sections of this Policy.

4. EXCLUSIONS

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

- a) any loss of or damage to any drilling or production equipment at the site of any Well Insured herein;
- b) any claim recoverable under this Policy solely by reason of the addition or attachment to Section A of the Underground Control of Well Endorsement;
- c) any claim arising directly or indirectly from seepage, pollution or contamination if such seepage, pollution or contamination:
 - (1) is deliberate from the standpoint of the Insured or any other person or entity acting for or on behalf of the Insured; or
 - (2) results directly from any condition which is in violation of or non-compliance with any governmental rule, regulation or law applicable thereto; notwithstanding the foregoing, this Exclusion does not apply with respect to any such condition which at the time of loss is in the process of being corrected by a schedule or program sanctioned and approved by the appropriate governmental authority with jurisdiction over such rule, regulation or law, to the extent that the Insured is in compliance with such schedule or program; or
 - (3) is underground, unless the seepage, pollution or contamination emanates from a Well Insured above the surface of the ground or water bottom.
- d) any claim for mental injury, anguish or shock unless same results from physical injury to the claimant.

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE

CARE, CUSTODY AND CONTROL ENDORSEMENT

1. Subject to existing terms, conditions and limitations, this Policy is extended to cover the Insured's contractual liability (where such contractual liability exists in writing prior to the Occurrence leading to a claim recoverable under this Endorsement) as oil lease operator(s) (or Co-Venturer(s) where applicable) for physical loss of or physical damage to, or expenses of salvage of, oil field equipment, including but not limited to drill pipe, drill collars, subs, drill bits and core barrels, leased or rented by the Insured or in its care, custody and control at the site of any Well Insured under Section A (CONTROL OF WELL INSURANCE) of this Policy.
2. Coverage under this Endorsement shall be in consideration of an additional premium of {insert}.
3. Underwriters' liability in respect of claims under this Endorsement is limited to {insert} in respect of 100% interest, any one Occurrence giving rise to a claim recoverable under this Policy, which shall be separate from and in addition to the Combined Single Limit of Liability set forth in Clause 5. of the DECLARATIONS of this Policy.
4. Underwriters' limit of liability specified in Clause 3 of this Endorsement shall be excess of the Insured's Retention of {insert} in respect of 100% interest, any one Occurrence giving rise to a claim recoverable under this Policy, which shall be separate from and in addition to the Insured's Retention(s) set forth in Clause 6. of the DECLARATIONS of this Policy.
5. In the event that in-hole salvage expenses or fishing costs are incurred in respect of equipment for which the Insured has assumed responsibility and which is lost or damaged as a result of a peril insured against in this Endorsement, the maximum amount recoverable for such salvage expenses or fishing costs shall be 25% of the value of the lost or damaged equipment in the hole at the time of loss and which is the object of salvage or fishing efforts, always subject to the overall limit of liability specified in Clause 3 of this Endorsement.
6. Notwithstanding anything contained herein to the contrary, Underwriters shall not be liable for claims in respect of physical loss of or physical damage to:
 - a. equipment owned by the Insured or in which the Insured has a financial interest;
 - b. drilling rigs/units and/or workover rigs/units or any component thereof;
 - c. diamond bits and/or diamond bit core barrels;
 - d. mud, chemicals, cement, the well or casing installed therein;
 - e. in-hole equipment whilst in the hole, unless the Insured's liability has resulted from physical loss of or physical damage to such equipment as a result of:
 - (1) an Occurrence giving rise to a claim which would be recoverable under Section A (CONTROL OF WELL INSURANCE) of this Policy if

the Insured's Retention applicable to Section A (CONTROL OF WELL INSURANCE) were nil, or

- (2) fire, windstorm, all tornadoes, cyclones, hurricanes, typhoons, or total loss of drilling rig/unit or workover rig/unit.
7. This extension shall not cover or contribute to any loss, damage or expense caused by or resulting from delay, loss of use; wear; tear; gradual deterioration; mysterious disappearance; inventory shortage(s); explosion, rupture or bursting of engines, pumps, piping, tanks or any pressure container from internal pressure; electrical injury or disturbance to electrical appliances or wiring resulting from artificial or natural causes (unless fire ensues, and then from direct physical loss or physical damage by fire only); latent defect, faulty design; mechanical failure or breakdown of equipment leased or rented by the Insured or in the Insured's care, custody and control.
8. Underwriters shall not be liable for loss of or damage to equipment beyond the actual sound value of such equipment at the time of loss, ascertained with proper deductions for depreciation, wear, tear and obsolescence. As respects leased or rented equipment, Underwriters shall not be liable for any sum greater than that assumed by the Insured under the terms of the rental or lease agreement less any trade or volume discount allowed by the leasing or rental company, nor shall Underwriters' liability exceed what it would cost to repair or replace any equipment involved in any loss recoverable hereunder with other equipment of like kind and quality.
9. This Endorsement shall not afford coverage with respect to any drilling operations performed for the Insured, or for the account of the Insured by another operator, upon which a written contract with the drilling contractor has not been executed in advance of commencing drilling operations, or within 48 hours thereafter, incorporating all the provisions and conditions to be effective as respects such drilling operations. Further, this Endorsement shall not extend to any oral agreements prior or subsequent to or simultaneously with the execution of the written contract on such operations, and this Endorsement shall not extend to any subsequent written agreement or rider to the original contract, other than to deepen or lengthen any well below the specified total depth or length of the original contract, affecting the assumption of liability by the well owner for contractor's equipment.
10. Underwriters shall have no liability for loss of or damage to equipment if the drilling contract is negotiated on a turnkey or completed well basis.

ALL OTHER TERMS, CONDITIONS AND LIMITATIONS OF THIS POLICY REMAIN UNCHANGED.

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE

DRILLED BUT UNCOMPLETED WELLS SUNSET ENDORSEMENT

Notwithstanding any other terms, conditions, limitations or exclusions of this Policy, coverage for a Well Insured which has been drilled but not completed shall terminate *{insert}* months after expiry of this Policy as stated in Clause 3. of the DECLARATIONS (PERIOD) regardless of Clause 16. of the General Conditions (ATTACHMENT AND TERMINATION OF COVERAGE) of this Policy.

ALL OTHER TERMS, CONDITIONS AND LIMITATIONS OF THIS POLICY REMAIN UNCHANGED.

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE

CASING FAILURE ENDORSEMENT

1. In respect of Well(s) Insured hereunder, Section B (RESTORATION/ REDRILLING) of this Policy is endorsed to cover reimbursement to the Insured for actual costs and/or expenses reasonably incurred to repair or replace casing damage directly caused by fracturing and/or completion operations but only in the event both:
 - a. a Well Out of Control arises directly from the damaged casing and gives rise to a claim that would be recoverable under Section A (CONTROL OF WELL INSURANCE) of this Policy if the Insured's retention applicable to Section A (CONTROL OF WELL INSURANCE) were nil; and
 - b. the Well Insured can be restored without re-drilling or sidetracking or bypassing; however this provision b. shall not apply if the Insured makes a good-faith and reasonable attempt to repair or replace such damaged casing but such repair or replacement was not successful.
2. There shall be no cover under Section B (RESTORATION/ REDRILLING) of this Policy if the redrilling is necessitated solely by the casing damage.
3. Cover under this Casing Failure Endorsement shall be sub-limited to **{insert}** any one Occurrence giving rise to a claim recoverable under this Policy, included within the Combined Single Limit of Liability stated in Clause 5. of the DECLARATIONS of this Policy and not in addition thereto.

ALL OTHER TERMS, CONDITIONS AND LIMITATIONS OF THIS POLICY REMAIN UNCHANGED.

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE
CONTINGENT JOINT VENTURE ENDORSEMENT

GENERAL CONDITIONS, Clause 7. PARTIAL INTEREST CLAUSE is deleted and replaced as follows:

7. PARTIAL INTEREST CLAUSE

The Combined Single Limit of Liability over all Sections hereof, the Insured's Retention(s), any separate limit of liability set forth in any Endorsement hereto, and the rates expressed herein are for a 100% interest. In the event that the working interest ownership of the Insured in any one Well Insured hereunder does not amount to 100%, then said Combined Single Limit of Liability over all Sections hereof, the Insured's Retention(s), any separate limit of liability set forth in any Endorsement hereto, and the rate(s) applicable to that well, shall be reduced proportionately and shall apply in the same proportion as the total working interest ownership of the Insured in said Well Insured hereunder bears to 100%.

In the event of an Occurrence giving rise to a claim(s) recoverable hereunder, Underwriters shall in no event be liable under any Section hereof or Endorsement hereto for a greater percentage interest in any such claim than the Insured's percentage interest in the well with respect to which, and at the time that, such Occurrence took place.

However, in the event the Insured becomes legally liable in a court of competent jurisdiction for an amount greater than their proportionate ownership interest, Underwriters hereon agree to provide coverage for the Insured to the extent that the legal liability increases the Insured's working interest percentage liability. Even in the event that the Insured becomes legally liable for a greater percentage interest than their ownership interest, the Partial Interest portion of the Conditions shall still apply to the combination of the Insured's working interest percentage ownership and the additional percentage(s) for which the Insured becomes legally liable.

Underwriters shall retain all of the Insured's rights of subrogation against any party(ies) for which Underwriters have paid claims on behalf of (under the extension of coverage afforded by this Endorsement) to the extent of the Underwriters' payments.

ALL OTHER TERMS, CONDITIONS AND LIMITATIONS OF THIS POLICY REMAIN UNCHANGED.

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE

DELIBERATE WELL FIRING ENDORSEMENT

In the event that a Well Insured, which gets out of control within the terms and conditions of this Policy, has to be deliberately fired:

- (a) at the provincial or federal government's direction; or
- (b) by the operator, due to the fact that governmental personnel are not available;

for safety reasons to prevent bodily injury (including employees) and/or property damage to third parties, coverage as afforded under this Policy shall not be prejudiced.

ALL OTHER TERMS, CONDITIONS AND LIMITATIONS OF THIS POLICY REMAIN UNCHANGED.

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE

EVACUATION EXPENSES ENDORSEMENT

1. In respect of Well(s) Insured, Section C (SEEPAGE AND POLLUTION, CLEANUP AND CONTAMINATION) of this Policy is extended to include reimbursement to the Insured for reasonable costs and/or expenses which the Insured incurs in the evacuation of people, animals and/or property.
2. Costs and expenses, if covered by the terms and conditions set forth in this Endorsement, shall include but not be limited to all reasonable costs of transportation, costs of storage, keeping or lodging and/or maintaining evacuated people, animals and/or property.
3. Coverage under this Endorsement shall be in consideration of an additional premium of {insert}.
4. Coverage under this Endorsement shall be included within the Combined Single Limit of Liability stated in Clause 5. of the DECLARATIONS of this Policy and not in addition thereto.
5. Clauses 1 and 2 of this Endorsement shall only apply:
 - a. where and to the extent that the evacuation has taken place by order of any local, state or federal governmental or regulatory authority or public emergency service; and
 - b. either:
 - i. following a Well Out of Control as defined in Section A (CONTROL OF WELL INSURANCE) of this Policy; or
 - ii. following a fire, or escape of oil and/or gas or the imminent threat thereof;

which has resulted, or would result, in a claim recoverable elsewhere under this Policy if the Insured's Retention applicable thereto were nil.

EXCLUSION:

6. Clauses 1 and 2 of this Endorsement shall not apply to employees or contractors or sub-contractors of the Insured.
7. There shall be no indemnity or liability under this Endorsement for loss of use of evacuated property and loss of earnings or any other income by any evacuated persons.

ALL OTHER TERMS, CONDITIONS AND LIMITATIONS OF THIS POLICY REMAIN UNCHANGED.

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE**EXTENDED REDRILLING AND RESTORATION COST ENDORSEMENT**

1. In respect of Wells Insured under this Policy, Section B (RESTORATION/REDRILLING) of this Policy is extended to cover reimbursement to the Insured for actual costs and/or expenses reasonably incurred to restore or redrill a Well Insured, or any part thereof.
2. Coverage under this Endorsement shall be in consideration of an additional premium of {insert}.
3. Coverage under this Endorsement shall be included within the Combined Single Limit of Liability stated in Clause 5. of the DECLARATIONS of this Policy and not in addition thereto.
4. Clause 1 of this Endorsement shall only apply to a Well Insured under this Policy which has been lost or otherwise damaged as a direct result of physical loss of or physical damage to the drilling and/or workover and/or production equipment and/or platform by:
 - a. lightning, fire, explosion or implosion above the surface of the ground or water bottom; or
 - b. collision with land, sea or air conveyance or vehicle; windstorm, all tornadoes, cyclones, hurricanes, typhoons, named tropical storms; collapse of derrick or mast; or
 - c. flood; strikes; riots; civil commotions or malicious damage.
5. Clause 4.b. of this Endorsement shall extend to apply to:
 - a. earthquake, volcanic eruption, seaquake, tsunami or tidal wave and where such is covered under Section A (CONTROL OF WELL INSURANCE) of this Policy; and
 - b. in respect of offshore wells only, collision or impact of anchors, chains, trawl boards or fishing nets.

ALL OTHER TERMS, CONDITIONS AND LIMITATIONS OF THIS POLICY REMAIN UNCHANGED.

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE

UNITED KINGDOM INSURANCE ACT 2015 ENDORSEMENT

1. This endorsement only applies where this Policy is subject to English law.
2. The following paragraph is added to the GENERAL CONDITIONS, Clause 5. DUE DILIGENCE CLAUSE:

“It is agreed that this Clause 5 is a promissory warranty which would tend to reduce the risk of loss of a particular kind as set out in Section 11 of the Insurance Act 2015.”

3. The following paragraph is added to the GENERAL CONDITIONS, Clause 6. SUBROGATION, paragraph d.:

“It is agreed that this Clause 6.d. is a promissory warranty which would tend to reduce the risk of loss of a particular kind as set out in Section 11 of the Insurance Act 2015.”

4. The following paragraph is added to the GENERAL CONDITIONS, Clause 10. NOTICE AND PROOF OF LOSS:

“It is agreed that this Clause 10 is a promissory warranty which would tend to reduce the risk of loss of a particular kind as set out in Section 11 of the Insurance Act 2015.”

5. The following paragraph is added to the GENERAL CONDITIONS, Clause 15. WARRANTIES:

“It is agreed that the warranties in this Clause 15 are promissory warranties which would tend to reduce the risk of loss of a particular kind as set out in Section 11 of the Insurance Act 2015.”

6. The following paragraph is added to the GENERAL CONDITIONS, Clause 18. SUIT AGAINST UNDERWRITERS, paragraph a. Limitation Period:

“It is agreed that this Clause 18.a. is a promissory warranty which would tend to reduce the risk of loss of a particular kind as set out in Section 11 of the Insurance Act 2015.”

ALL OTHER TERMS, CONDITIONS AND LIMITATIONS OF THIS POLICY REMAIN UNCHANGED.

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE**LOSS PREVENTION ENDORSEMENT**

1. In respect of Wells Insured under this Policy, this Policy is extended to cover reimbursement to the Insured for the actual costs and/or expenses reasonably incurred in preventing an Occurrence giving rise to a claim recoverable under Section A (CONTROL OF WELL INSURANCE) of this Policy when the drilling and/or workover and/or production equipment has been directly physically lost or physically damaged by:
 - a. lightning; fire, explosion or implosion above the surface of the ground or water bottom; or
 - b. collision with land, sea or air conveyance or vehicle; windstorm, all tornadoes, cyclones, hurricanes, typhoons, named tropical storms; collapse of derrick or mast; or
 - c. flood; strikes; riots; civil commotions or malicious damage; or
 - d. in respect of offshore wells only, collision or impact of anchors, chains, trawl boards or fishing nets; or
 - e. earthquake, volcanic, eruption, seaquake, tsunami or tidal wave where such is covered under Section A (CONTROL OF WELL INSURANCE) of this Policy.
2. Coverage under this Endorsement shall be in consideration of an additional premium of {insert}.
3. Coverage under this Endorsement shall be sub-limited to 25% of the Combined Single Limit of Liability stated in Clause 5. of the DECLARATIONS of this Policy any one Occurrence giving rise to a claim recoverable under this Policy, which is included within the Combined Single Limit of Liability and not in addition thereto.
4. Underwriters' liability for costs and expenses incurred by reason of this Endorsement shall cease at the time that:
 - a. operations occurring immediately prior to the claim recoverable under this Policy, or which would have been recoverable but for the application of the deductible, can be safely resumed; or
 - b. production can be safely resumed; or
 - c. the well is or can be safely plugged and abandoned,

whichever shall first occur.

ALL OTHER TERMS, CONDITIONS AND LIMITATIONS OF THIS POLICY REMAIN UNCHANGED.

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE
MULTI-WELL PAD AGGREGATE LIMIT ENDORSEMENT

In respect of Sections A (CONTROL OF WELL INSURANCE), B (RESTORATION/REDRILLING) and C (SEEPAGE AND POLLUTION, CLEANUP AND CONTAMINATION) of this Policy, including any Endorsements thereto, in the event that multiple wells drilled from the same pad are involved in an Occurrence giving rise to a claim recoverable under this Policy, Underwriters agree that the applicable limit shall apply per Well Insured, subject to an overall limit per Occurrence ***to be agreed Slip Leader and/or as otherwise agreed only prior to taking effect***, but never exceeding ***{insert}*** any one Occurrence and in the Policy aggregate.

ALL OTHER TERMS, CONDITIONS AND LIMITATIONS OF THIS POLICY REMAIN UNCHANGED.

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE

REMOVAL OF WRECKAGE AND/OR DEBRIS ENDORSEMENT

1. It is hereby agreed in respect of the Insured's operations insured under this Policy to indemnify the Insured for all reasonable costs and/or expenses of or incidental to the removal or destruction of wreckage and/or debris caused as a result of an Occurrence giving rise to a claim recoverable under this Policy:
 - a. when the incurring of such cost and/or expenses is compulsory by any law, ordinance or regulation; or
 - b. when the Insured hereunder is liable for such costs and/or expenses under contract; or
 - c. when such wreckage or debris interferes with the Insured's operations to control a Well Out of Control.
2. Coverage under this Endorsement shall be sub-limited to **{insert}** any one Occurrence and is included within the Combined Single Limit of Liability stated in Clause 5. of the DECLARATIONS of this Policy and not in addition thereto.

EXCLUSION

3. There shall be no coverage under this Endorsement for any property damage or pollution resulting from coverage afforded under Clause 1 of this Endorsement.
4. There shall be no coverage under this Endorsement for the removal or destruction of wreckage and/or debris beyond that required for the Insured to gain control of the Well Insured in accordance with Section A (CONTROL OF WELL INSURANCE) of this Policy.

ALL OTHER TERMS, CONDITIONS AND LIMITATIONS OF THIS POLICY REMAIN UNCHANGED.

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE

UNDERBALANCED AND PRODUCING WHILE DRILLING ENDORSEMENT

1. Coverage under this Endorsement shall be in consideration of an additional premium of {insert}.
2. The following paragraph is added to the GENERAL CONDITIONS, Clause 15. WARRANTIES:
 - “f. In consideration of a Well Insured undergoing drilling or completion using an Underbalanced or Producing While Drilling technique, the following warranties shall apply:
 - 1) It is warranted that while such a Well Insured is undergoing drilling or completion, a blowout preventer configuration including one rotating head, one annular or “hydril” and one double ram type blowout preventer or equivalent applicable wellhead equipment, in accordance with normal and customary practices in the industry, will be set on surface casing and tested in accordance with usual industry practices;
 - 2) It is warranted that the Insured will endeavour to eliminate or nullify any potential sources of ignition as is reasonably possible at or near the site of the Well Insured whilst conducting drilling operations using Underbalanced or Producing While Drilling techniques; and
 - 3) It is warranted that all oil and gas separators and/or processing and/or gathering equipment and/or tanks will be placed at a safe distance from the drilling or workover rig, so as to avoid the accumulation of hydrocarbons near the drilling and/or workover rig and/or unit.

When the Insured is a non-operator on any Well Insured, then the Insured will endeavour to ensure that the operator complies with this Paragraph f.”

3. The following paragraphs are added to the GENERAL CONDITIONS, Clause 14. DEFINITIONS:
 - “d. The term “Producing While Drilling” shall be defined as those methods of drilling whereby formation fluids are deliberately allowed into the bore of a drilling Well Insured and thence removed to the surface while, at the same time, drilling activities are continued or are intended to be continued.
 - e. The term “Underbalanced” shall be defined as the method of drilling whereby the terrastatic pressure is likely to exceed the pressure exerted by the drilling fluid column in the bore of the Well Insured.”

ALL OTHER TERMS, CONDITIONS AND LIMITATIONS OF THIS POLICY REMAIN UNCHANGED.

ENERGY EXPLORATION AND DEVELOPMENT INSURANCE**UNDERGROUND CONTROL OF WELL ENDORSEMENT**

1. In respect of Well(s) Insured under this Policy and subject to all terms and conditions and exclusions stated therein and the Combined Single Limit of Liability Clause 5. of the DECLARATIONS of this Policy , Section A (CONTROL OF WELL) of this Policy is extended to cover reimbursement to the Insured for the actual costs and/or expenses reasonably incurred in regaining or attempting to regain control of an unintended subsurface flow of oil, gas, water and/or other fluid from one subsurface zone to another subsurface zone via the bore of a Well Insured hereunder, which unless controlled prevents continuation of any operations or status set forth in subparagraphs 6.b. or 6.c. of this Endorsement.
2. However, no claim shall be payable by reason of this Endorsement where such flow can be:
 - a. stopped by the use of the equipment and/or materials on site and/or the blowout preventer, storm chokes or other equipment required by the Due Diligence and Warranties Clauses herein; or
 - b. stopped by adjusting the drilling fluid, use of other conditioning materials, or similar actions required by the Due Diligence and Warranties Clauses herein; or
 - c. safely diverted into production.
3. Nor shall a claim be payable by reason of this Endorsement where such flow can be circulated out or bled off through the surface controls.
4. Coverage under this Endorsement shall be in consideration of an additional premium of {insert}.
5. Coverage under this Endorsement shall be sub-limited to {insert} any one Occurrence giving rise to a claim recoverable under this Policy, which is included within the Combined Single Limit stated in Clause 5. of the DECLARATIONS of this Policy and not in addition thereto.
6. Underwriters' liability under this Endorsement shall cease at the time that:
 - a. the flow giving rise to a claim payable by reason of this Endorsement stops, is stopped or can be safely stopped; or
 - b. the drilling, deepening, lengthening, servicing, working over, completing, reconditioning or other similar operation(s) taking place in the Well(s) Insured immediately prior to the Occurrence giving rise to a claim hereunder is (are) resumed or can be resumed; or
 - c. the Well(s) Insured is (are) or can be returned to the same producing, shut-in or other similar status that existed immediately prior to the Occurrence giving rise to a claim hereunder; or

- d. the flow giving rise to a claim payable by reason of this Endorsement is or can be safely diverted into production,

whichever shall first occur.

- 7. A well shall not be deemed out of control underground solely because of the existence of a kick which, for the purposes of this Endorsement, means a flow of oil, gas, water, formation or other fluid into the Well Insured which flow can;
 - a. be stopped by blowout preventers including shear type rams even if the Well Insured or equipment in the Well Insured may be damaged by operation of the blowout preventer(s) or otherwise; or
 - b. be stopped by use of the equipment and/or materials on-site; or
 - c. be circulated out or bled off through the surface controls and/or forced into a subsurface zone using surface equipment and/or materials on-site.

For the purposes of this Endorsement, equipment and/or materials on-site means that equipment and materials required by the GENERAL CONDITIONS, Clause 5. DUE DILIGENCE and Clause 15. WARRANTIES in this Policy.

Exclusions:

- 8. There shall be no indemnity or liability under this Endorsement for:
 - a. costs and/or expenses incurred solely for the purpose of extinguishing or attempting to extinguish fire;
 - b. costs and/or expenses incurred in regaining or attempting to regain control of a flow which is declared in writing to be out of control by the appropriate regulatory authority but which costs and/or expenses would not have been covered under this Endorsement in the absence of such declaration.

ALL OTHER TERMS, CONDITIONS AND LIMITATIONS OF THIS POLICY REMAIN UNCHANGED.