# General Terms and Conditions of Dry Hire

## 1. Definitions

In these Hire Terms:

**Breakdown** means the inoperability of the Equipment.

**Claim** means any claim, demand, suit, proceeding, action, damages, loss, liability, costs, charges, expenses, outgoings or payments suffered, paid or incurred or threatened, including those arising in contract (including, but not limited to, breach of warranty), those arising in tort (including, but not limited to, misrepresentation or negligence), those arising under statute, those in relation to any breach of an agreement or deed, those based on any statement, representation, warranty, promise, indemnity or undertaking and damages or compensation of any nature and on any grounds.

**Consequential Loss** means:

(a) in the case of loss or damage resulting from a breach of contract, by virtue of any breach of any fiduciary obligation, by virtue of any actionable wrongful act, or under any other principle of equity, by virtue of any breach of any statutory duty, or under any other legal doctrine, principle or theory all:

  (i) loss of revenue (other than revenue derived directly from payments for goods or services to be made, or which represents the value of goods or services required to be delivered or provided, under the express terms of these Hire Terms);

  (ii) loss of profit (other than profit derived directly from payments for goods or services to be made, or the turning to account of the value of goods or services required to be delivered or provided, under the express terms of these Hire Terms);

  (iii) loss or denial of opportunity, loss of access to markets, loss of goodwill or loss of business reputation;

  (iv) increased overhead costs; and

  (v) all other loss which is indirect, remote or unforeseeable loss or loss resulting from some supervening event or special circumstance, whether or not in the reasonable contemplation of the parties at the time of execution of these Hire Terms as being a probable result of the relevant breach; and

(b) in the case of loss or damage arising from any tort (which expression, for the purposes of this definition, includes any breach of a contractual duty of care and also negligence) - all loss of the kind described in paragraph (a) of this definition, all other loss which is indirect, remote or unforeseeable loss and all pure economic loss of any kind not flowing directly from the commission of the tort, but excludes any amount that these Terms provide is payable by the Hirer to Hofco.

**Dry Hire** means the hire of the Equipment by the Hirer without an operator or other Hofco arranged Personnel, including where Hofco supplies a Fishing Technician.

**End Date** means the earlier of the date all Equipment is returned and fully unloaded to the Hofco Facility at either Roma or the Gold Coast by the Hirer or the date the relevant Rental Agreement is terminated in accordance with these Hire Terms. In relation to tubulars, *fully unloaded* means that they have been returned to the Facility from where the hirer collected them and they have been stacked facing the same direction, i.e. all pins at one end and all boxes the other, as was the case when they left the Facility.

**Equipment** means all equipment described in the Rental Quote or if not described there, set out in any other document issued or accepted by Hofco, together with such accessories, machinery, tools and associated items, manuals, log books and vehicles as accompanies such Equipment when the Hirer takes possession and includes (but is not limited to) the following down hole or handling tools or goods: down hole motor; fishing equipment including jars and bump subs; bottom hole assembles including drill collars, heavy weight drill pipe, stabilizers and subs; survey equipment; drill pipe; drill string handling tools; well control equipment; wire line units and includes any tools or parts for any of the foregoing.

**Event of Default** is defined in clause 17(a).

**Facility** means Hofco's facility at the Gold Coast, Roma or another place nominated by Hofco in writing to the Hirer.

**Fishing Technician** means a person made available by Hofco to or at the behest of the Hirer in relation to fishing matters.

**Goods and Services Tax** or **GST** has the meaning given by the *A New Tax System (Goods and Services) Act 1999* (Cth).

**Hire Fees** are defined in clause 5(a).

**Hirer** means the person who hires Equipment from Hofco pursuant to these Hire Terms.

**Hire Terms** means these terms and conditions.

**Hofco** means Hofco Oilfield Services Pty Ltd ABN 65 010 166 702.

**Job Site** means the place where the Hirer advises Hofco that the Equipment will be used.

**Legal Requirement** means a requirement under any approval, authority, law, statute, regulation, order, rule, subordinate legislation or other document enforceable under any law, statute, regulation, order, rule or subordinate legislation.

**LOD** means any Equipment that has been lost or destroyed or any reason whatsoever and cannot be returned to Hofco's Facility or Equipment that is damaged beyond repair, including Equipment LIH.

**Lost-in-Hole** or **LIH** means any Equipment that has been lost down the well bore while drilling or lost for any reason whatsoever and cannot be returned to Hofco's Facility or the Equipment is damaged beyond repair (DBR).

**Personnel** means the directors, officers, employees, agents and contractors of a person.

**PPSA** means the *Personal Property Securities Act 2009* (Cth) as amended from time to time.

**PPSR** means the Personal Property Securities Register established under the PPSA.

**Rental Agreement** means the agreement between the Hirer and Hofco for the hire of the Equipment.

**Rental Period** means the Term of a Rental Agreement.

**Rental Quote** or **Quotation** means the form issued by Hofco which includes job details, Equipment and other details for the hire, to which these Hire Terms relate.

**Security Interest** is defined in the PPSA.

**Start Date** means the date Equipment is positioned for loading at the Hofco Facility at either Roma or the Gold Coast.

**Term** means the period between the Start Date and the End Date, always including the whole of both the Start Date and the End Date.

## 2. Application of these Hire Terms

(a) These Hire Terms will apply to and be incorporated into each Rental Agreement (which is the only agreement regulating the hire of Equipment from Hofco) and prevail over any inconsistent terms or conditions contained or referred to in the Hirer's purchase order, confirmation of order, acceptance of a quotation or specification or other document or communication supplied or made by the Hirer or implied by law, trade custom, practice or course of dealing.

(b) A purchase order or request to hire Equipment given by a person to Hofco, or a person's acceptance of Rental Quote for hiring Equipment from Hofco, constitutes an

offer by the person to enter into a Rental Agreement for the Equipment specified in it, on these Hire Terms. No offer by a person will be accepted by Hofco other than:

(i) by a written acknowledgement issued and executed by Hofco; or

(ii) (if earlier) by the provision of the Equipment by Hofco to the person,

when a Rental Agreement for the hire and rental of the relevant Equipment on these Hire Terms will be established. Without limiting clause (a), the Hirer's standard terms and conditions (if any) attached to, enclosed with or referred to in any purchase order or other document will not govern the Rental Agreement.

(c) These Hire Terms apply whether or not this or any document is signed by the Hirer.

(d) Rental Quotations are given by Hofco on the basis that no Rental Agreement or any other agreement will come into existence except in accordance with this clause 2. Any Quotation is valid for a period of 30 days from its date, provided that Hofco has not previously withdrawn it.

(e) No change to a Rental Agreement, whether as to scope, price, Start Date, End Date or any other terms will be binding on Hofco unless reduced to writing and signed by the CEO of Hofco.

(f) The rights to hire Equipment are personal to the Hirer and the Hirer must not allow nor authorise any person to use, re-hire or have possession of the Equipment at any time, unless expressly agreed by Hofco in writing.

**3. Delivery and Risk**

(a) Risk of and all liabilities for and in respect of the Equipment passes to the Hirer on the Start Date and remains with the Hirer until it is returned and offloaded to the possession of Hofco at Hofco's Facility.

(b) Transport, collection and delivery of the Equipment from Hofco will be the responsibility of the Hirer, at the Hirer's sole risk and expense. Any transport arranged by Hofco at the request of the Hirer (to which Hofco must first agree in writing) or where Hofco retrieves Equipment from the Hirer or any other person after termination of a Rental Agreement will be undertaken at the Hirer's sole risk and charged to the Hirer at cost to Hofco plus 15%.

(c) The Hirer must provide Hofco a purchase order by email for the Equipment in a form acceptable to Hofco before any Equipment can be loaded out of the Hofco Facility.

(d) The Hirer must secure and protect the Equipment while the risk of the Equipment is with the Hirer and must not part with possession, remove or allow the Equipment to be removed from the job location stated in the Rental Agreement without Hofco's prior written approval.

(e) The Hirer will on request by Hofco at any time, advise Hofco of the current location of the Equipment and the Hirer will allow and procure access by Hofco to any place where the Equipment is located for the purposes of Hofco inspecting the Equipment or exercising its rights in relation to the Equipment.

(f) The Hirer acknowledges that the Equipment is being provided on a Dry Hire basis only and Hofco has no obligation to provide any other equipment, materials, consumables, supplies, operators or Personnel relating to the operation or maintenance of the Equipment.

**4. Term of Rental Agreement**

(a) Unless stated otherwise in the Rental Quote, the period of hire (being the Rental Period) commences on the Start Date and ends on the End Date, whether or not the Hirer uses the Equipment for only part of that period.

(b) The Hirer must not keep the Equipment longer than the period stipulated in the Rental Agreement or as agreed by Hofco in writing.

(c) The dates upon which the Equipment is respectively collected and returned to Hofco's Facility will, in each case, be treated as a full day's hire.

(d) On termination of the Rental Agreement for any reason whatsoever, should Hofco be unable to gain access to the Equipment, hire will continue at the relevant rate until access is available and Hofco has returned the Equipment to its possession (without limiting Hofco's right to charge the Hirer for procuring return of the Equipment).

**5. Hire Fees and Payment**

(a) The Hirer will pay Hofco for hire of the Equipment in accordance with the rates (**Hire Fees**) set out in the Rental Quote (plus GST) or if not set out in a Rental Quote, Hofco's standard rate at the Start Date.

(b) Where a minimum period of hire is specified in the Rental Quote, the Hirer agrees to pay Hire Fees for such period irrespective of the utilisation or return to Hofco of the Equipment or whether the Rental Period includes weekends or public holidays.

(c) The Hirer must pay each tax invoice for Hire Fees in full on the date stipulated in the Rental Quotation or if there is no Rental Quotation, Hofco's standard payment terms at the time of entering into the Rental Agreement. Unless otherwise agreed by Hofco in writing, payment of the Hire Fees for the Term is required upfront.

(d) A certificate or statement issued by Hofco stating the amount that the Hirer owes Hofco under a Rental Agreement is conclusive evidence of the amount owing by the Hirer to Hofco under that Rental Agreement unless the Hirer proves on a balance of probabilities to the contrary.

(e) All amounts owing by the Hirer to Hofco must be paid without any set-off or deduction whatsoever and regardless any counterclaim by the Hirer and grossed up for any government taxes, charges and levies.

(f) Time for payment by the Hirer of Hire Fees under a Rental Agreement is of the essence.

(g) Without limiting any statutory right to interest, Hofco may charge interest to the Hirer on amounts which remain unpaid after the due date for payment. Interest will accrue at a rate of 1.5% per month, calculated daily and compounded monthly.

(h) The Hirer will indemnify Hofco for all costs and expenses (including commissions payable to commercial or mercantile agents and legal costs on a full indemnity basis) incurred by Hofco in recovering amounts which remain unpaid after the due date.

**6. Lost or Damaged Equipment**

(a) All Equipment must be returned by the Hirer to Hofco at the relevant Facility in the same condition it was when rented to the Hirer.

(b) Except for LOD as stipulated below, the Hirer will be liable for the cost of repairing any damage to the Equipment while the Equipment is in the Hirer's possession or the possession of a transport provider for carriage to or from the Hofco Facility.

(c) If any Equipment is LOD while on hire, the Hirer is liable to pay Hofco the LOD amount specified in the Rental Quote or if not specified, full equipment replacement cost for new equipment that is the same or substantially the same (**LOD Cost**) and Hofco may invoice (**LOD Invoice**) the Hirer accordingly.

(d) All replacement parts will be of "New" or "Premium class" condition as per applicable standards or as per the Rental Quote.

(e) Any part that is worn to the extent that it is effectively lost or unusable, will be considered to have been LOD and the LOD Cost will be charged and a LOD Invoice issued to the Hirer.

(f) Excessive depletion or complete depletion of parts during the course of a Rental Period will also be treated as a LOD.

(g) The Hirer must immediately notify Hofco either by email or letter if the Equipment is LOD. The Hire Fee of the Equipment will cease from the date (**LOD Date**) the

Equipment was notified LOD to Hofco, provided that the LOD Cost is paid in full to Hofco within 14 days from the date of Hofco's LOD Invoice.

(h) If the LOD Invoice is not paid in full within that 14 day period, then the Equipment will go back on the full rental rate from the LOD Date until the LOD Cost has been received in full or Hofco actually receives replacement equipment (in the latter case, without limiting the Hirer's liability for the LOD Cost).

**7. Inspection of Equipment**

(a) The Equipment returned after the Rental Period will be inspected by a qualified inspector nominated by Hofco and repaired as necessary.

(b) All Equipment that has been on rent for 6 months or longer whether used or not is subject to full inspection and charged as per the Quote.

(c) All third-party inspection charges, freight and associated transport charges for sending the Equipment for repairs, and the cost of any repairs required, will be recharged to the Hirer at cost plus 15%.

(d) Replacement parts required in cases of LOD or where required after an inspection contemplated in this clause 7 are charged to and payable by the Hirer at the landed cost plus 15%, unless specified otherwise in the Rental Quote or as provided in Schedule 1.

(e) If a Hirer requires re-inspection of any Equipment after an inspection procured by Hofco, it must request this in writing and provided the Equipment has not already been hired to another person, the additional inspection may be carried out as soon as practicable at the Hirer's risk and expense, provided that should Hofco need to rent that Equipment to another person before the re-inspection, it is free to do so without liability to the Hirer and the re-inspection will be cancelled at the Hirer's cost.

(f) Any compliance certificates requested by the Hirer are to be requested prior to the rental of quoted Equipment.

**8. Breakdowns**

(a) In the event of a Breakdown or inoperability of the Equipment while in the Hirer's possession, the Hirer must immediately contact Hofco.

(b) Hofco may then, at its discretion:

(i) repair the Equipment, in which case the Hire Fees must still be paid without interruption or reduction;

(ii) provide replacement Equipment (on the same Terms as the Rental Agreement, provided that the Hirer must cause return of the broken down Equipment to the Hofco Facility at the Hirer's cost and risk); in this case, the Hire Fees must still be paid without interruption or reduction; or

(c) should Hofco elect to do none of the things listed in clause (b), either Hofco or the Hirer may terminate the Rental Agreement, in which case the End Date will be on the day that the Hirer returns the Equipment at its cost and risk to the Hofco Facility and Hire Fees remain payable until that End Date.

**9. Hirer's Obligations relating to Safety and Operation**

(a) The Hirer must:

(i) operate or procure the operation of the Equipment in all circumstances, in accordance with all Legal Requirements (including those relating to environment, health and safety);

(ii) without limiting clause (i), ensure that all relevant Legal Requirements and safety standards relating to the safe use and handling of the Equipment are complied with and that the Equipment does not place workers, the public, the community or the environment at risk of injury, illness or damage;

(iii) ensure that the Equipment is not contaminated with any hazardous substances (including asbestos), and if the Equipment becomes contaminated, the Hirer must decontaminate the Equipment in accordance with Legal Requirements, as well as provide Hofco with written details and evidence of decontamination processes applied;

(iv) display all safety signs and instructions (as required by a Legal Requirement) on or about the Equipment;

(v) ensure that all relevant instructions and signs are observed by operators of the Equipment;

(vi) ensure the safe loading, securing and transporting of all Equipment in accordance with Legal Requirements and manufacturer's guidelines, including by observing any safety directions advised by Hofco and/or the manufacturer of the Equipment (**OEM**) to ensure its safe loading and handling;

(vii) not use the Equipment in an area where friable asbestos is present, or move the Equipment over water;

(viii) only use the Equipment for its intended purpose and in accordance with the OEM's instructions;

(ix) ensure persons operating or erecting the Equipment conduct a job safety analysis prior to using the Equipment;

(x) ensure that no persons carry illegal, prohibited or dangerous substances in or on the Equipment;

(xi) prior to each use of the Equipment:

(A) inspect the Equipment and the place where it is to be used, complete pre-start checks required by Hofco or the OEM, review OEM operating manuals, safety alerts and inspection reports and take such other steps required to determine the suitability of the Equipment to undertake the proposed task; and

(B) identify any foreseeable hazards or risks of harm in respect of the planned use of the Equipment and implement appropriate controls to minimise to the maximum extent practicable or where possible, eliminate the risks in accordance with Legal Requirements;

(xii) ensure that the Equipment will only be operated by qualified, experienced and trained Personnel who possess current licenses (if required) to operate the Equipment;

(xiii) the Equipment is operated to a standard of skill, knowledge and competence of an experienced and professional operator of the Equipment in compliance with Legal Requirements;

(xiv) ensure that all safety information supplied with the Equipment is conveyed to the operator of the Equipment and that any safety related signs, banners, flags or warnings supplied by Hofco or the OEM in relation to the Equipment are prominently displayed; and

(xv) if the Equipment is involved in any accident resulting in injury to persons or damage to property (including damage to the Equipment or the environment), immediately notify Hofco by phone or email and if by phone, confirmed in writing to Hofco within 48 hours of the date of the accident (and all provisions of the Queensland Work Health and Safety Act (2011) relating to notification of accidents and incidents and other Legal Requirements must be strictly adhered to).

(b) The Hirer must ensure its employees and other persons working on or around the Equipment:

(i) employ the highest practical standards appropriate in the on-shore oilfield industry in Australia;

(ii) take active steps, including review of operating manuals, to ensure they are familiar with the safe

operation and operating parameters of the Equipment;

(iii) are fit for duty and not under the influence of drugs or alcohol;

(iv) are appropriately briefed by the Hirer as to the Job Site, safe work systems, restricted zones and any applicable lift plans or studies;

(v) hold all relevant licences, clearances and satisfy any other Legal Requirements to operate the Equipment;

(vi) are sufficiently skilled and experienced to operate the Equipment in a professional manner;

(vii) are certified by WorkCover Queensland and as otherwise required by Legal Requirements;

(viii) are suitably trained on its safe and proper use, qualified to use the Equipment and where necessary, hold a current licence to perform high risk work;

(ix) wear suitable clothing and protective equipment when operating the Equipment as required or recommended by the OEM;

(x) understand all relevant workplace health and safety legislative requirements, risks, policies and procedures, including in respect of the Equipment and Job Site where it is operated;

(xi) have reviewed and understand the Equipment's manuals and documentation;

(xii) have been properly inducted and made familiar with the Equipment prior to using the Equipment;

(xiii) are medically and mentally fit and able to properly operate the Equipment; and

(xiv) ensure that no persons operating or near the Equipment are under the influence of drugs or alcohol.

(c) The Hirer will pay all fines and penalties incurred in relation to the Equipment relating to the time that the Equipment is or was in the possession of the Hirer, or while the Equipment is on rental to or being transported to or from the Hirer.

**10. Hirer's obligations about care and use of the Equipment**

The Hirer must, in respect of Equipment during the Term:

(a) store the Equipment safely and securely and protect the Equipment from theft, damage or devaluation;

(b) at the Hirer's own cost and risk, clean, fuel, lubricate, supply necessary consumables for and keep the Equipment in accordance with the OEM's and Hofco's reasonable instructions;

(c) not in any way alter, modify, tamper with, damage or repair the Equipment without Hofco's prior written consent;

(d) not deface, remove, vary or erase any identifying mark, logo, plate, number, notices or safety information, on the Equipment;

(e) not remove the Equipment from the Job Site where the Hirer advised Hofco it was intended to be used, without Hofco's prior written consent;

(f) in respect of electrical Equipment, re-test and re-tag of the Equipment in accordance with the manufacturer's instructions and the applicable Australian Standards and Legal Requirements;

(g) employ the Equipment solely in its own work and not permit the Equipment or any part thereof to be used by any other person for any other work; and

(h) immediately advise Hofco orally of any failure in or damage to the Equipment, whatsoever arising and within 48 hours thereof, provide written confirmation to Hofco.

**11. Hirer acknowledgements about nature and purpose of Equipment**

The Hirer undertakes, warrants and represents that:

(a) it has examined the Equipment to satisfy itself as to the suitability and specifications of the Equipment and its fitness for the Hirer's purposes;

(b) it has determined the condition and suitability of the Equipment for the purpose intended by the Hirer based upon its own investigations and has not relied on any representation made by Hofco as to the suitability, fitness, performance or otherwise of the Equipment;

(c) the Equipment will only be used for a proper purpose and for which it has been designed and manufactured;

(d) it will permit Hofco access to the Equipment without notice for the purpose of an inspection or lawful exercise of Hofco's rights;

(e) it will keep the equipment in good and proper working condition and in accordance with any direction provided to the Hirer by Hofco;

(f) it is not entitled to and will neither seek nor enforce any lien or other security over the Equipment;

(g) it will not alter, make any additions or otherwise modify the Equipment unless authorised in writing by Hofco;

(h) it will not pass possession of the Equipment to any other person;

(i) the place at which the Equipment will be used and stored is safe and suitable for and will support the Equipment;

(j) it has obtained all relevant statutory approvals, licences and authorisations to perform any activities involving the Equipment in accordance with Legal Requirements;

(k) it has all knowledge, information and documents to properly use, operate and maintain the Equipment in accordance with Legal Requirements; and

(l) it will comply with all Legal Requirements, including workplace health and safety legislation.

**12. Hirer Corporate Warranties**

The Hirer warrants and represents to Hofco that:

(a) the Hirer, being a body corporate, is duly incorporated and validly existing under the *Corporations Act 2001* (Cth) and has full power and authority to enter into and observe and perform the terms of the Rental Agreement, or the Hirer, being an individual, has full power and capacity to enter into and observe and perform the terms of the Rental Agreement;

(b) the Rental Agreement constitutes legal, valid and binding obligations enforceable against the Hirer in accordance with its terms;

(c) all consents and approvals, whether governmental or otherwise, required in order for the Hirer to observe and perform the Hirer's obligations have been obtained and are in full force and effect;

(d) no Event of Default exists and no event has occurred or is continuing to occur which constitutes or might, with the passing of time or giving of notice, or both, constitute an Event of Default;

(e) the Hirer has the skill, Personnel and resources to comply with its obligations under these Hire Terms and all Legal Requirements; and

(f) no information supplied by the Hirer to Hofco in relation to the Rental Agreement contained any material misstatement of fact or omitted to state a material fact.

**13. Exclusion of Certain Warranties**

(a) All conditions, terms and warranties that are or might otherwise be implied by law, practice, trade usage, or international convention, are excluded to the fullest extent permitted by law.

(b) Without limiting clause (a) all conditions and warranties, express or implied as to the condition, suitability, quality, fitness for any purpose or safety of the Equipment or any information provided by Hofco are hereby negatived and excluded to the full extent permitted by law, and the Hirer acknowledges that Hofco has not given any such warranty or representation.

(c) Hofco cannot and does not guarantee the accuracy or the correctness of any information, advice, warranty, representation or recommendation given to the Hirer and Hofco will not be liable for, and the Hirer indemnifies and holds Hofco harmless from, against and in relation to, any Claims, losses, costs, damages or expenses incurred or sustained by the Hirer resulting from any advice supplied or given (whether solicited or not) by any Hofco Personnel, which are in all cases to be treated as illustrative only and subject to verification by the Hirer.

(d) To the extent permitted by law, the Hirer will be solely responsible for the acts or omissions of any Hofco Personnel on any Job Site, site or at any place at the request or invitation of Hirer, who will be deemed to act or fail to act under the direction and control of Hirer and at the sole risk of Hirer. The Hirer indemnifies and agrees to hold harmless Hofco and Hofco Personnel from and against all Claims, costs, damages, losses or expenses suffered or incurred by the Hirer directly or indirectly in connection with or caused by the acts or omissions of any Hofco Personnel whilst on a Job Site or any place with or at the request or invitation of the Hirer.

(e) The Hirer acknowledges, represents and agrees that Hofco does not make any judgement or interpretation of survey results obtained using Hofco's survey equipment. Hofco cannot and does not guarantee the accuracy or the correctness of any interpretation and Hofco will not be liable for, and the Hirer indemnifies and holds Hofco harmless from, any losses, costs, damages or expenses incurred or sustained by the Hirer resulting from any interpretation made by Hofco Personnel, which are to be treated as illustrative only and subject to verification by the Hirer.

(f) The Hirer will not rely on any information, advice, warranty, representation or recommendation of any nature given by a Fishing Technician. The Hirer will be solely responsible for the acts or omissions of the Fishing Technician who is deemed to act or fail to act under the direction and control of the Hirer and at the sole risk of the Hirer. The Hirer indemnifies and agrees to hold harmless Hofco and the Fishing Technician from and against all:

  (i) Claims in relation to on any information, advice, direction, warranty, representation or recommendation given by the Fishing Technician in his personal capacity or on behalf of Hofco or for which Hofco would (but for these Hire Terms) be responsible on any basis including vicarious liability.

  (ii) Claims, costs, damages, losses or expenses suffered or incurred by the Hirer directly or indirectly in connection with or caused by the acts or omissions of the Fishing Technician whilst engaged by or at any place at the request of the Hirer.

(g) Without limiting clauses 11(a) and 11(b) or this clause 13, any Equipment specifications or performance figures provided by Hofco are approximations and only for general guidance. The Hirer does not rely on any representation made or implied by Hofco or arising out of or implied by Hofco's conduct, nor upon any description, illustration or specification contained in any document produced or supplied by Hofco. To the extent that Hofco has made or implied, or by conduct given rise to or implied, any statement or representation that is not expressly stated in these Hire Terms, the Hirer agrees that will not rely on those statements or representations and the Hirer undertakes to independently check, verify and form the Hirer's own view about the significance and the accuracy or otherwise of the matters the subject of the statement or representation.

**14. Liability and indemnity**

(a) Hofco is not a common carrier and is not responsible for any loss or damage to the Hirer's property or goods in transit. Responsibility and risk for insurance of goods in transit rests exclusively with the Hirer.

(b) To the extent permitted by law, the Hirer assumes liability for and indemnifies and holds harmless Hofco from, against and in relation to all Claims, costs, damages, losses or expenses of any kind howsoever arising under tort (including but limited to negligence), contract, strict liability, statute or otherwise in relation to the use, possession, maintenance or repair of the Equipment during the Term, on the basis that despite anything to the contrary in these Hire Terms:

  (i) these Hire Terms are based on the joint premise that all risk in renting and using the Equipment rests with the Hirer; and

  (ii) this agreed risk allocation is reflected in the price offered by Hofco under these Hire Terms, which would be higher if Hofco assumed more risk; and

  (iii) the Hirer is a sophisticated and experienced oilfield operator in the best economic and practical position to assume and manage these risks.

(c) Despite anything in this Agreement, this clause 14 sets out the entire financial liability of Hofco (including any liability for the acts or omissions of its Personnel) to the Hirer in respect of:

  (i) any breach of a Rental Agreement;

  (ii) any Claim by the Hirer against Hofco under or in relation to a Rental Agreement or its subject matter;

  (iii) any use made by the Hirer of the Equipment or any part of them;

  (iv) any Claims incurred or loss or liability suffered or incurred by the Hirer; and

  (v) any representation, statement or tortious act or omission (including negligence) arising under or in connection with a Rental Agreement.

(d) Under no circumstances will Hofco or the Hirer be liable to the other for any Consequential Loss.

(e) Without limiting any other provision of this clause 14, Hofco's total liability in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise arising in connection with the performance, or contemplated performance of any Rental Agreement, will be the consideration received by Hofco from the Hirer under the relevant Rental Agreement in the 30 days preceding the date Hofco's liability arises.

(f) Without limiting any other provision of this this clause 14, the Hirer will have no Claim against Hofco under or in relation to a Rental Agreement or its subject matter and the Hirer releases and discharges Hofco in respect of such Claims, if the Hirer does not notify Hofco of the Claim in writing within 1 month of the end of the Rental Agreement to which the Claim relates and within 1 month of that date, the Claim has not been agreed, compromised or settled or the Hirer has not commenced legal proceedings against Hofco in respect of the Claim.

(g) Provisions of the Australian Consumer Law under the *Competition and Consumer Act 2010* (Cth) and other legislation in some cases either cannot be excluded, restricted or modified or can only be restricted or modified to a limited extent. If any provision of that type applies, then to the extent permitted by law, Hofco's liability under the provision is limited as follows. Hofco's liability in relation to supply of goods is limited at its option to replacement of the goods or the supply of equivalent goods or repair of the goods or payment of the cost of replacing the goods or of acquiring equivalent goods or payment of the cost of having the goods repaired or modified. Hofco is not intending to supply any service, but if it does, Hofco's liability where any

service is supplied is limited at the option of Hofco to re-supply of the service or the payment of the cost of having the service supplied again.

(h) Without limiting this clause 14 and any other provision of these Hire Terms, the Hirer acknowledges and agrees that Hofco is not liable to the Hirer for any Claim, loss, costs, damages or delay relating directly or indirectly to or caused by delay in delivery, breakdown, mechanical defect or accident to or of Equipment. Clause 8 is the sole remedy of the Hirer in relation to any Breakdown.

(i) To the maximum extent permitted by law, Hofco's Personnel will not be liable to Hirer or to any person through Hirer for any Claims, loss, damages, liability, costs or expenses no matter how arising and the Hirer hereby releases, discharges and agrees to hold Hofco Personnel harmless from and against any such Claims.

**15. Title to Equipment remains with Hofco**

(a) The rights of the Hirer to use and take possession of the Equipment are as bailee only. The Equipment is and will at all times remain the absolute property of Hofco.

(b) The Hirer will not offer, sell, assign, sub-let, pledge, mortgage or otherwise deal with or part with possession of the Equipment in any way which is inconsistent with the rights of Hofco to the Equipment, whether Hofco is owner, lessee or otherwise, of the Equipment.

**16. Security in favour of Hofco**

(a) The Hirer acknowledges that each Rental Agreement constitutes a security agreement which creates a Security Interest in favour of the Hofco in the Equipment.

(b) The Hirer agrees to grant a purchase money security interest (**PMSI**) and any other available Security Interest in the Equipment and all future Equipment supplied to the Hirer by Hofco.

(c) The Hirer agrees that the PMSI or other Security Interest in the Equipment has attached to all Equipment now or in the future supplied to the Hirer by Hofco.

(d) The Hirer agrees to keep all Equipment free of any charge, lien or security interest except as created under the Rental Agreement and not otherwise deal with the Equipment in a way that will or may prejudice the rights of the Hofco under the Rental Agreement or the PPSA.

(e) The Hirer undertakes to sign any further documents and/or provide any further information which information the Hirer warrants to be complete, accurate and current) which Hofco may reasonably require to enable registration of a financing statement or financing change statement on the PPSR or to ensure that Hofco's Security Interest is enforceable, perfected and effective.

(f) The Hirer undertakes to indemnify, and upon demand, reimburse Hofco for all costs and/or expenses incurred in registering, maintaining or releasing a financing statement or financing change statement on the PPSR.

(g) The Hirer undertakes to give to Hofco not less than 14 days' prior written notice of any proposed change in the Hirer 's details, including changes of directorships, ownership, registered and place of business addresses, company or business name and/or contact details during any Rental Period.

(h) Unless otherwise agreed to by Hofco in writing, Hofco and the Hirer will not disclose to any third party any information of the kind referred to in Section 275(6) of the PPSA .

(i) Hofco is not obliged to give the Hirer any notice or provide copies of any documents under the PPSA (including notice of a verification statement under section 157(3) of the PPSA) unless the notice is required by the PPSA and cannot be excluded and the Hirer consents to the waiver of the requirement for notice or copies of any documents under this clause 16.

(j) The Hirer must not do or purport to do any of the following in relation to the Equipment – sell, lease, dispose of, create a Security Interest in, mortgage or part with possession of the Equipment or any interest in it (or purport or attempt to purport to do such thing) or permit any lien or security interest to arise over it, except in relation to Hofco as herein provided. The Hirer may only disclose information or documents, including information of a kind referred to in section 275(1) of the PPSA, if Hofco has given its prior written consent.

(k) Hofco and the Hirer agree that the following provisions of the PPSA do not apply to or in relation to Security Interests of Hofco, to the extent that the PPSA permits the parties to contract out of or wave such provisions: section 95: notice of removal of accession, to the extent that it requires The Hofco as secured party to give a notice to the Hirer as grantor; section 93: when person may retain an accession; section 117: obligations secured by land and personal property; section 118: enforcing securities in accordance with land law; section 125: obligation to dispose of or retain collateral; section 126: apparent possession; section 128: security party may dispose of collateral; section 129: disposal by purchase; section 130: notice of disposal, to the extent it requires The Hofco as secured party to give a notice to the Hirer as grantor; section 132(3)(d): secure party to give statement of account; section 132(4): statement of account if no disposal; section 135: notice of retention of collateral; and section 143: reinstatement of security agreement.

**17. Default and Termination**

(a) An Event of Default occurs if:

(i) any money payable under a Rental Agreement is not paid on the due date for payment;

(ii) the Hirer fails to observe and perform any of the Hirer’s obligations (other than a failure to pay money) and such failure, if remediable, continues for more than 7 days after Hofco has given the Hirer notice requiring the Hirer to remedy the breach;

(iii) any warranty, representation or statement made by the Hirer under or in connection with a Rental Agreement has, is or has been false in any material respect;

(iv) in relation to the Hirer:

(A) the Hirer, being an individual, commits an act of bankruptcy, is declared mentally ill or is convicted of a criminal offence or dies;

(B) a receiver, or an agent in possession for a mortgagee is appointed in respect of any property of the Hirer;

(C) a mortgagee takes possession of any property of the Hirer;

(D) any execution or similar process is made against the property of the Hirer;

(E) an application is made, a resolution is passed or a meeting is convened for the purpose of considering a resolution for the Hirer to be wound up unless the winding up is for the purpose of reconstruction or amalgamation;

(F) a compromise or arrangement is made between the Hirer and its creditors;

(G) a resolution is passed, or a meeting is convened for the purpose of considering a resolution for the Hirer to be placed under official management;

(H) the Hirer admits in writing its inability to pay its debts;

(I) an application is made to a court for an order summoning a meeting of any class of creditors of the Hirer;

(J) an application is made or notice given or other procedure commenced for the dissolution or cancellation of the registration

of the Hirer under the Corporations Act 2001 (Cth) or any similar process; or

(K) an investigation is commenced under section 13 of the *Australian Securities Commission Act 2001 (Cth)* to investigate the affairs of the Hirer.

(b) On the occurrence of an Event of Default, Hofco may take possession of the Equipment with or without notice to the Hirer and the Hirer must at the Hirer's expense immediately on demand deliver the Equipment in good order and repair in accordance with the directions of Hofco and for that purpose, the Hirer irrevocably authorises Hofco to enter any premises occupied or controlled or believed by Hofco to be occupied or controlled by the Hirer and repossess the Equipment and for such purposes, break open any gate or lock and dismantle the Equipment from any part of the premises to which they may be affixed and the Hirer agrees to indemnify and hold Hofco harmless in relation to any Claims, liability, expenses or losses arising from any act done under or by virtue of this provision.

(c) Upon termination of a Rental Agreement following the occurrence of an Event of Default, the Hirer must pay to Hofco by way of liquidated damages, in addition to and without prejudice to any other right or remedy of Hofco, an amount equal to the total of:

(i) the unpaid balance of rental for the Term which would have been payable until the expiration of the Term had the Rental Agreement not been terminated;

(ii) any other amounts payable by the Hirer under clauses 5 or 6 or any other provision of these Hire Terms;

(iii) Hofco's costs and expenses incurred in repossessing and storing, insuring and registering the Equipment and in entering on and removing the Equipment from land or premises on which the Equipment was situated, and make good any injury or damage caused to the land or premises; and

(iv) Hofco's legal costs in relation to the Event of Default; and

(v) interest calculated in accordance with these Hire Terms.

**18. Insurance**

(a) If requested by Hofco, the Hirer will, at all times during the Term, effect and maintain the following insurances:

(i) workers compensation insurance of unlimited cover in respect of all employees and workers of the Hirer under the laws of the place of their employment, or the place of injury, which covers any Claims for Loss for personal injury in connection with the use of the Equipment;

(ii) plant and equipment insurance which covers the Equipment against physical loss or damage for its LOD Cost ;

(iii) third party and product liability insurance covering liability to any third party for death or bodily injury (including illness and nervous shock) and loss of and or damage to property arising out of anything done or omitted to be done by the Hirer for a liability of not less than $20 million in respect of any one event; and

(iv) motor vehicle compulsory third party insurance as required by law and comprehensive insurance for all motor vehicles being the property of the Hirer for a liability of not less than $10 million in respect of any one incident.

(b) The insurance policies must, to the extent possible:

(i) include Hofco as an additional insured party;

(ii) provide that the insurance is primary with respect to the interests of Hofco and that all other insurance maintained by Hofco is in excess to and not contributory with the insurance policies maintained by the Hirer;

(iii) waive all rights of subrogation by insurers against Hofco; and

(iv) contain a "cross liability" endorsement and will operate in the same manner as if there was a separate insurance policy covering each named insured.

(c) Whenever requested by Hofco, the Hirer must immediately provide satisfactory evidence of that insurance required by these Hire Terms has been effected and maintained, failing which Hofco may procure such insurance at the Hirer's cost and risk, provided that this provision does not impose any obligation on Hofco.

(d) The Hirer agrees to assist and co-operate with Hofco in relation to Hofco exercising any and all of its rights in respect to the Equipment, including without limitation Hofco instituting, carrying on and enforcing, compromising or completing any legal proceedings which Hofco reasonably believes are desirable to protect its rights in respect of the Equipment.

**19. General**

(a) If Hofco fails to or delays in exercising any right, power or remedy which it is entitled to under these Hire Terms, such failure does not amount to a waiver of that right, power or remedy nor does it preclude any further exercise of such rights, powers or remedies as may be provided under these Hire Terms.

(b) All warranties, representation and indemnities given pursuant to these Hire Terms will survive the termination of the Rental Agreement. All indemnities given to Hofco under these Hire Terms are also given to Hofco's Personnel and Hofco accepts the benefit of those indemnities and limitations of liability for them as their agent and trustee.

(c) All induction fees for employees and agents of Hofco required to attend the Hirer's Works Sites will be paid for by the Hirer.

(d) These Hire Terms and any Rental Agreement will not be construed against Hofco merely because Hofco was responsible for preparing these Hire Terms and the Rental Agreement.

(e) No Hofco Personnel will have the right to waive or change any of these Hire Terms without the written consent of the CEO of Hofco.

(f) These Hire Terms and any Rental Agreement do not create a partnership, agency, fiduciary or other relationship, except the relationship of independent contracting parties, between the parties. No party is liable for an act or omission of another party, except to the extent set out in these Hire Terms.

(g) Neither party may without the prior written approval of the other, assign its rights or delegate its obligations under a Rental Agreement.

(h) Neither any provision imposing an obligation on a party under these Hire Terms nor any representation or warranty given by a party under these Hire Terms will be limited by any other provision, representation or warranty in these Hire Terms.

(i) The rights and obligations of the parties under these Hire Terms do not merge on completion of any transaction contemplated by these Hire Terms or a Rental Agreement.

(j) Each Rental Agreement supersedes all previous agreements about its subject matter. Each Rental Agreement embodies the entire agreement between the parties concerning its subject matter.

(k) To the extent that a representation, warranty, indemnity, undertakings or acknowledgment given by a party in these Hire Terms for the benefit of a person related to a party (**Third Party**), who is not a party to a Rental Agreement, the benefit of that representation, warranty,

indemnity, undertaking or acknowledgment is held by the relevant party on trust for, and is enforceable by, each such Third Party.

(l) Queensland law governs these Hire Terms and each Rental Agreement. Each party irrevocably submits to the non-exclusive jurisdiction of the Queensland courts and courts competent to hear appeals from those courts.

(m) If any provision of these Hire Terms is invalid or unenforceable in any jurisdiction, it is to be read down, if possible, so as to be valid and enforceable.

(n) If any provision of these Hire Terms or in a Rental Agreement is or becomes illegal, unenforceable or invalid in any jurisdiction, it is to be treated as being severed from these Hire Terms and the Rental Agreement in the relevant jurisdiction, but the rest of these Hire Terms and the Rental Agreement will not be affected.

(o) Additional charges rates as per Schedule 1.

Revised 14 October 2026

HOFCO
OILFIELD SERVICES

# Schedule 1

## Proportional Wear Charges

Are based on 25% increments. For parts that are worn between 25% & 75% per Rental Agreement - these will be charged at the proportional rate of the landed cost of that part. Excessive depletion (75% or more) of the part will be replaced at the landed cost plus 15% for locally purchased and 45% for internationally purchased, unless specified otherwise in the Rental Quote.

Rework threads repaired at either Roma or Gold Coast (Molendinar) yard will be charged at the following rates.

## Repair Pin or Box Connections

| Size | Conn Type | Alternate name | AUD / conn |
|---|---|---|---|
| 2-3/8 to 3-1/2" | IF & REG | NC26, NC31, NC38 | $ 440.00 |
| 4" to 5" | FH, IF & REG | NC40, NC46, NC50 | $ 460.00 |
| 5-1/2" to 6-5/8" | FH, IF & REG | NC55 | $ 890.00 |
| 7-5/8" | REG | | $ 1,070.00 |
| 3-1/2" | REG (include float recess) | | $ 1,030.00 |
| 4-1/2" | REG (include float recess) | | $ 1,205.00 |
| 6-5/8" | REG (include float recess) | | $ 1,325.00 |
| 7-5/8" | REG (include float recess) | | $ 1,775.00 |
| NC23 | | | $ 424.00 |
| 2-3/8" | AOH | | $ 375.00 |
| 1" | AMMT | | $ 375.00 |
| 1-1/2" | AMMT | | $ 375.00 |
| 2-3/8" | PAC | | $ 485.00 |
| 2-7/8" | PAC | | $ 485.00 |
| All EUE threads up to 3-1/2" | EUE | | $ 325.00 |

*Recut to connections includes phosphate coating*

**Hofco MRT Single Shoulder Reface Connection**

| | |
|---|---|
| In Hofco facility | $140.00 |
| At Client's site | $165.00 |

## Repair Premium Connections

| | | | |
|---|---|---|---|
| 2-3/8", 2-7/8" | HT PAC | | $ 485.00 |
| 4" | GP DS40, DS40 | API Double Shoulder | $ 645.00 |
| 5" | GP DS50, CDS50 | API Double Shoulder | $ 645.00 |
| 5-1/2" | GP DS55, CDS55 | API Double Shoulder | $ 645.00 |
| 4" | XT 39 GP, HXT39 | GP / Hilong | $ 645.00 |
| 4-1/2" | XT 43, HLST43 | GP / Hilong | $ 580.00 |
| 5-1/2" | XT 54 | GP / Hilong | $ 876.00 |
| 4" | CET39, CET40 | Command Energy | $ 470.00 |
| 4-1/2" | CET43 | Command Energy | $ 470.00 |
| 5-1/2" | CET54 | Command Energy | $ 470.00 |

*Connections with a stress relief groove and or float bore will have an additional charge.*

**Hofco MRT Double Shoulder Reface Connection**

| | |
|---|---|
| In Hofco facility | $250.00 |
| At Client's site | $280.00 |

**Repair Non-Magnetic Connections**

| | | | | |
|---|---|---|---|---|
| 2-3/8 to 3-1/2" | IF & REG | NC26, NC31, NC38 | $ | 580.00 |
| 4" to 5" | FH, IF & REG | NC40, NC46, NC50 | $ | 670.00 |
| 5-1/2" to 6-5/8" | FH, IF & REG | | $ | 795.00 |

*Connections with a stress relief groove and or float bore will have an additional charge*

**Repair Casing Connections**

| | | | | |
|---|---|---|---|---|
| 5", 5-1/2" Casing | BTC | CASING DRIVE SUB | $ | 455.00 |
| 7" Casing | BTC | CASING DRIVE SUB | $ | 465.00 |
| 9-5/8" Casing | BTC | CASING DRIVE SUB | $ | 475.00 |

**Repair Washover Connections**

| | | | | |
|---|---|---|---|---|
| 4-1/2" & 5-3/4" Washover | TSWP | | $ | 605.00 |
| 7-5/8" & 8-1/8" | TSWP | | $ | 650.00 |

**Straighten bent pipe includes re-inspection per joint**

| | | | | |
|---|---|---|---|---|
| Straighten Drill pipe 2-3/8" to 4" | | | $ | 320.00 |
| Straighten Drill pipe 4-1/2" to 5-1/2" | | | $ | 320.00 |

**Re-cut Stabilizer Mandrel**

| | | | | |
|---|---|---|---|---|
| 3-1/2" IF | | | $ | 1,205.00 |
| 4" IF | | | $ | 1,775.00 |
| 6-5/8" Reg | | | $ | 2,150.00 |

*Connections with a stress relief groove and or float bore will have an additional charge*

**Hardbanding Services – Duraband NC**

| **Drill Pipe**<br>**Drill Pipe 3 x 1" Bands on Box TJ (Optional 1" Band on Pin TJ)** | **Price per 1" Band** | **Price per Box TJ**<br>**(Based on 3 x 1" bands)** | **Plasma removal and Build up** | |
|---|---|---|---|---|
| | | | **Price per TJ**<br>**(Based on 3 x 1" bands)** | **Price per 1" Band** |
| 2 3/8" Drill Pipe 3.375 TJOD | $120.00 | $360.00 | $246.00 | $82.00 |
| 2 7/8" Drill pipe 4.125 TJOD | $120.00 | $360.00 | $246.00 | $82.00 |
| 3 1/2" Drill pipe 5.0 TJOD | $120.00 | $360.00 | $246.00 | $82.00 |
| 4" Drill Pipe 4.875 TJOD | $120.00 | $360.00 | $246.00 | $82.00 |
| 4 1/2" Drill pipe 5.375 TJOD | $131.00 | $393.00 | $246.00 | $82.00 |
| 5" Drill pipe 6.625 TJOD | $131.00 | $393.00 | $246.00 | $82.00 |
| 5 1/2" Drill pipe 6.625 - 7.0 TJOD | $151.00 | $453.00 | $246.00 | $82.00 |
| 6 5/8" Drill pipe 8.5 TJOD | $151.00 | $453.00 | $321.00 | $107.00 |

| **HWDP**<br>**HWDP - Typical 4 x 1" Bands Pin and Box TJ Centre Wear Pad 2 x 1" Bands each side** | **Price per 1" Band** | **Price per TJ** | **Plasma removal and Build up** | |
|---|---|---|---|---|
| | | | **Price per TJ** | **Price per 1" Band** |
| 3 1/2" HWDP 5.0 TJOD | $120.00 | - | - | $82.00 |
| 4" HWDP 4.875 TJOD | $120.00 | - | - | $82.00 |
| 4 1/2" HWDP 5.375 TJOD | $131.00 | - | - | $82.00 |
| 5" HWDP 6.625 TJOD | $131.00 | - | - | $82.00 |
| 5 1/2" HWDP 6.625 - 7.0 TJOD | $151.00 | - | - | $82.00 |
| 6 5/8" HWDP 8.5 TJOD | $151.00 | - | - | $107.00 |

| Drill Collars (Number of bands to be advised) | Price per 1" Band | Price per TJ | Plasma removal and Build up | |
|---|---|---|---|---|
| | | | Price per TJ | Price per 1" Band |
| 4 3/4" Drill Collar | $120.00 | - | - | $82.00 |
| 5 1/2" Drill Collar | $131.00 | - | - | $82.00 |
| 6 1/4" Drill Collar | $131.00 | - | - | $105.00 |
| 6 1/2" - 6 3/4" Drill Collar | $151.00 | - | - | $105.00 |
| 8" - 9" Drill Collar | $164.00 | - | - | $115.00 |

**Hard Banding Repairs** *If Third Party HB is required, fees will be quoted post inspection cost plus 15%*
**Welding** AUD $190.00 per hour, min 1 hour
**Serviceman** AUD $190.00 per hour, min 1 hour

**Breaking Connections** AUD $280 (per simple break) Increased charges apply for difficult breaks.

## Other Charges

If any of the outside diameters (OD's) of drill collars, non- magnetic drill collars, or subs provided, were to wear down to below the requirements or non-conforming as per TH Hill DS-1, Volume 3, 4th Edition while in the Hirer's possession, then the tool would not be able to be rented and will be deemed "Damaged Beyond Repair" and the quoted LIH price will apply.

All Equipment that has rotary shouldered connections (drilling tools) are supplied with thread protectors fitted. Any thread protectors missing when these drilling tools are returned will be charged for at:

(i) AUD $80.00 each, for either box or pin type thread protectors - for over 4-1/2" IF, 6-5/8" Reg, XT50, XT57.
(ii) AUD $70.00 each, for either box or pin type thread protectors - for up to 4-1/2" IF, XT39 size connections.
(iii) AUD $495.00 each, for 4-1/2", 5-3/4" TSWP connections.
(iv) AUD $591.00 each, for 7-5/8", 8-1/8", 9-5/8" TSWP connections.

Hofco mud motors that are returned to Hofco for inspection and repair that have not been flushed of drilling muds and chemicals will incur an additional fee of AUD $1,500.00.

**Service Charges for Mills** as per the Hofco tool list pricing schedule is based on normal wear. If Excessive wear on the mills then the service charge will be at cost plus 15% in lieu of the listed service fee. Excessive wear means that the carbide is completely stripped and / worn into the body of the mill.

**Standard Load Out Fee** – charges are AUD $190.00 per load or per truck trailer load.

**After Hours Call Out Fee** – charges are AUD $700.00 per call out up to 3 hours and AUD $190.00 per hour thereafter.

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